

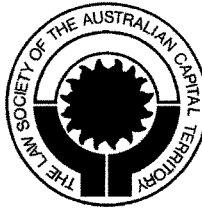
THE LAW SOCIETY
OF THE AUSTRALIAN CAPITAL TERRITORY

ANNUAL REPORT
2004-05

**THE LAW SOCIETY
OF THE AUSTRALIAN CAPITAL TERRITORY
ANNUAL REPORT 2004-05**

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THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTICE CONVENING THE ANNUAL GENERAL MEETING

The **Annual General Meeting** of the Society will be held on
Thursday, 15 September 2005 commencing at 12.30pm
In the **Functions Room at the Canberra Club,**
45 West Row, Canberra City

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
 - 5.1 Collapse of HIH/FAI – Assistance to ACT Law Firms - Agenda paper attached.
 - 5.2 Amendment to Clause 2(c) of the Constitution – Expansion of the Executive Committee - Agenda paper attached.

Pre-lunch drinks and a **Members' Lunch** will follow the Annual General Meeting at the same venue.

A handwritten signature in cursive script, appearing to read "L Vardanega".

L Vardanega
Secretary

26 August 2005



**MINUTES OF THE ANNUAL GENERAL MEETING OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
HELD IN THE FUNCTIONS ROOM, CANBERRA CLUB, 45 WEST ROW, CANBERRA
ON THURSDAY, 16 SEPTEMBER 2004 AT 12.30PM**

Present: Messrs Denis Farrar, Uwe Boettcher, Athol Opas, Jim Gralton, John Bundock Trevor Barker, Walter Hawkins, Don Malcolmson, Jason Parkinson, Michael Higgins, Peter Woulfe, Rod Barnett, Michael Phelps, Andrew Jones, David Wood, Michael Eley, Richard Nesbitt, Andrew Jory, Tim Chadwick, Bill Redpath, Bill Coombes, Ross Watch, Andrew Fleming, Brian Loftus, Rod MacDonald, Chris Chenoweth, Greg Walker, Richard Refshauge, Ken Hubert, Andrew Freer, Geoff Mazengarb, Jonathan Mandl, Ken Power, Hugh Jorgensen, Brian Hatch, Greg Burnett, Robert Coen, Mark Blumer, Terry Dwyer, Michael Flynn, Michael Deasey, Geoff Capon, and Mark Tigwell

Mss Barbara Maquire, Clare Besemeres, Amy Burr, Maria Mitchell, Linda Crebbin, Susan Proctor, Elizabeth Carter, Eunice Ryan, Kay Barralet, Julie O'Donnell, Joanne Purcell, Thena Kyprianau, Helen Small, Olivia Holm, Noor Blumer, Louise Vardanega, Rachel Bird, Debbie Dwyer, Tricia Townsend and Sue Bird

In attendance: Messrs King, Kidney and MacArthur, and Mss Sims, Mathieson, and MacKay

The meeting opened at 12.36 pm

The President, Mr Redpath, welcomed members to the AGM. Mr Redpath noted with regret the delay in the Annual Report getting to some members thus giving some members a short time to read the report. This was due to problems encountered with Australia Post and the DX. He assured Members that the Report had been despatched in time to meet the requirements of the Constitution. The Members agreed that the AGM should not be adjourned to another date because of the delay.

1. APOLOGIES

Ms Margie Reid, Mr John Lundy and Mr Gerard Brennan

2. MINUTES

The minutes of the Annual General Meeting held on 19 September 2003 were confirmed (**Hatch/Watch**).

3. PRESIDENT'S REPORT

Mr Redpath reported that Mr Colin Maclachlan (Dibbs Barker Gosling) had been rushed to hospital with chest pains that morning. On behalf of members the President and wished him a speedy recovery.

Mr Redpath thanked the members for their faith in endorsing him for a further term as President. He summarised his written report in the Annual Report. Highlights of the year included:

- The significant changes to conveyancing in the ACT. He thanked Messrs Ross Watch, Chris Wheeler and members of the Property Law Committee for the work they had done to ensure the legislation came smoothly into effect on 1 July 2004;
- The establishment of the Members' Adviser service is not operating. He thanked Mr Rod Barnett for his work in setting up the Members' Adviser service;
- Tort law "deform" – the ACT was more fortunate than other States whose rights were being more seriously eroded. He thanked the Committee for its work.

Mr Redpath said that the next twelve months will see the most significant changes to the legal profession in many years. The national model law which sets the framework for regulating practitioners will be consistent across all States and Territories. There will be advantages to the ACT in terms of incor-

porated and multidisciplinary practices. There will also be some technical issues about the way the profession will be organised, i.e., practising certificates and discipline. It is expected that as from 1 July 2005 practitioners will be practising under the new regime.

There will be a review and changes to the structure and operation of the Magistrates Court, the workhorse of the court system.

The next twelve months will see the establishment of the Pro Bono Clearing House which will coordinate the current efforts of firms in the pro bono area. It will match up people willing to undertake pro bono work with worthy cases.

There will be a review of legal costs in which the Society will be heavily involved.

The Law Society will be more involved with the Law Council of Australia on a range of national projects such as clawing back tort law rights taken away over the last few years.

It was **resolved** (Hatch/Watch) that the President's Report be noted.

4. FINANCIAL STATEMENTS

Members noted that the 2003 Financial Statements had been distributed to all members with the Annual Report. Mr Barnett noted that the Society's financial result for the year was the latest in a long line of good performances.

Mr Chenoweth commended the out going Treasurer for his devotion to the interests of the Society and maintaining a healthy position in the Society's financial affairs. This was endorsed by acclamation.

It was **resolved** (Hatch/Watch) that the financial statements be received.

5. ELECTION OF COUNCIL

The President called on the Executive Director to report on the 2004-05 election results.

The Executive Director noted that the Returning Officers appointed by Council, Mr T J Barker and Mr A S Kidney, had written to him to confirm that a ballot had been unnecessary because there was exactly the same number of nominations as there were positions. The Executive Director announced that the following office bearers had been elected unopposed:

President:	Mr Bill Redpath
Vice Presidents:	Mr Greg Walker Mr Rod Barnett
Secretary:	Ms Louise Vardanega
Treasurer:	Mr Bill Coombes
Councillors:	Ms Kay Barralet Ms Rachel Bird Ms Linda Crebbin Mr Michael Flynn Ms Juliette Ford Mr Brian Hatch Ms Joanne Purcell Mr Athol Opas Mr Paul Vane-Tempest Mr Peter Woulfe

Mr Redpath resumed the Chair. He congratulated the successful candidates and welcomed the new Councillors, Mss Kay Barralet, Rachel Bird and Mr Peter Woulfe. He thanked the outgoing Councillors,

Mss Jann Lennard, Jennifer Saunders and Mr Chris Chenoweth for their contribution to the Society and the profession. On behalf of the membership he moved a vote of thanks to the Returning Officers, Mr Trevor Barker and Mr Tony Kidney for their work for this year's election. This was carried by acclamation.

7. APPOINTMENT OF AN AUDITOR

The meeting **resolved** (Hatch/Coombes) that Duesburys be appointed auditor for 2004-05.

8. OTHER BUSINESS

Legal Aid: Mr Farrar, Immediate Past President and President of the Legal Aid Commission addressed members on the erosion of legal aid. He said that the Law Council of Australia had issued a major report this year on the erosion of justice and the legal profession's stance about the state of legal aid. Current legal aid scales are inadequate. Over the last 10-15 years a whole generation of practitioners have opted out of legal aid largely due to the level of fees. It is clear that the current level of fees payable on legal aid in criminal and family law is less than the cost of production and less than 60% of the market rate of fees in these areas. Private practitioners no longer undertake that type of legal aid work. The Law Society has been generous in its support of the Legal Aid Office. It has allocated approximately \$800,000 annually from SIA funds under the *Legal Practitioners Act*. This year the Society has approved an allocation of monies in the order of \$1.2 million from the SIA and the bulk of it will go to the Legal Aid Office. Mr Farrar said that legal aid scales are likely to increase in the next six months by a considerable amount. He asked members who used to take on referrals but who no longer do so to revisit that decision and place their name on a list of practitioners who will take on referrals. Mr Farrar said the way to restore the quality of service is to restore the quality of fees. As a profession we have to proudly support legal aid service.

The President thanked Mr Farrar for his comments and commended his message to Members.

There being no other business, the President declared the meeting closed at 12.55 pm

Confirmed: Date:

OFFICE BEARERS — 2004-05

President:	Mr Bill Redpath
Vice President:	Mr Greg Walker
Vice President:	Mr Rod Barnett
Secretary:	Ms Louise Vardanega
Treasurer:	Mr Bill Coombes
Immediate Past President:	Mr Denis Farrar

COUNCIL MEMBERS

Ms Kay Barralet
Ms Rachel Bird
Ms Linda Crebbin
Mr Michael Flynn
Ms Juliette Ford
Mr Brian Hatch
Mr Athol Opas
Ms Joanne Purcell
Mr Paul Vane-Tempest
Mr Peter Woulfe

SOCIETY SECRETARIAT

Executive Director:	Mr Larry King
Professional Standards Director:	Mr Tony Kidney
Accountant:	Mr Stewart MacArthur
Executive Secretary:	Ms Debbie Sims
Member Services Officer:	Ms Yvette De Paoli
Committee Administrator:	Ms Sue-Ellen Keir
Bookkeeper:	Mrs Kathleen Lui
Complaints Secretary:	Mrs Linda Mackay
Project Officer:	Ms Jo Clay
Receptionist:	Ms Jocelyn Campbell

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

PRESIDENT'S REPORT 2004-05

It has been a busy year, characterised by consolidation and growth on the part of the Society.

National Model law

Much of the Society's time has been taken in developing an appropriate response to the national model law that maintains the important parts of the existing *Legal Practitioners Act* whilst ensuring it is compatible with a national approach.

The proposed legislation is enormous as reflected in our 61 page response to the Department.

The principle of a national legal professional is an important one.

There are some real benefits for legal practitioners in respect of incorporation and the prospect of multi-disciplinary practices.

In between there is an awful lot of detail that needs to be waded through in order to make sure that we get it right.

Government Lawyers

The opening up of the government legal market has blurred the traditional distinctions between private sector lawyers and government lawyers.

What unites us is a commitment to the ideals of a profession, namely providing independent legal advice.

The Society's campaign to recruit government lawyers received a boost from the decision of Justice Crispin in *Vance*. Over the last 12 months about 120 government lawyers have joined the Society. The challenge ahead is to ensure that the Society's activities are relevant to all our members.

New Premises

2005 saw the Society return to the old Law Society Building at 11 London Circuit.

Any one who has visited the new premises can observe the real advantages in terms of the newer look and importantly more space for lower rent which means that we can do more in the way of servicing the membership.

The cost to members funds of the fit out was mitigated by the successful negotiation of a six month rent free period. We would have had to refurbish the old premises had we stayed.

Although the Society had actively been considering alternatives to our previous accommodation, I would concede that the process of moving was less than ideal. Nevertheless the outcome has been a good one.

Law Week

This year's Law Week was one of the most successful yet. One of the highlights of the week was the well attended Blackburn lecture delivered by South Australian Human Rights lawyer Stephen Kenny. More than 100 people attended the Law Forum organised by the Women's Legal Centre. The week attracted more attention from the media with stories running in the press and electronic media on most days. The Quiz Night was bigger and better than ever and I thank Quiz Master, Richard Refshauge, SC, for the masterly and efficient way he guided us through the evening. There are many people to thank but special mention should be made of the members of the Functions and Law Week Committee, Law Society staff members, Yvette De Paoli, Sue-Ellen Keir and Ben Caddaye from the Law Council.

Media

Over the last 12 months the Society has made a conscious decision to lift its profile in the media.

We have been successful in providing a regular source of information and comment to journalists covering legal issues.

Tort Law Reform

The ACT has been fortunate that we have avoided the hysteria of the "Tort law Deform" process which has been inflicted on other jurisdictions.

Nevertheless there are some changes that need to be examined. One of these is the single expert proposal and we have worked with the ACT Branch of the AMA to develop a more workable model to deal with expert witnesses.

At a national level I have been actively involved in the

Law Council campaign to alleviate the injustices created by changes to personal injuries law in other jurisdictions. This included chairing the successful Tort Law Forum in Sydney on 3 June 2005. The centrepiece of this forum was a presentation by actuary Richard Cumpston of research showing that the insurance crisis was caused not by an excessive increase in claims but by the claw back of profitability by the insurance industry.

Practical Legal Training

The review of the ANU Legal Workshop has been completed and a new advisory committee established. Although the Society regarded the outcome on governance as disappointing we have pressed for greater practical input to ensure the profession is actively involved in practical legal training at the Workshop.

We have also been actively involved developing ties with the College of Law to ensure that their Canberra based program has relevance to future ACT practitioners.

Finally, we have established a Legal Education Committee as a reference point for considering initiatives in legal education.

Re-badging

The Council has been involved in a project to develop a new letterhead, emblem and look for the Law Society.

The new letterhead and logo are modern without being *avant garde*. They are appropriate for a new century and I commend them to you.

Member Services

Over the year we have continued to develop member services. These include a new members kit, a new councillor's kit and steps to ensure reciprocal access to the services of Law Societies around Australia.

.....and finally

When first elected to the Council I stood on a platform of:

- Greater consultation with members.
- A proactive approach to assisting solicitors with problems.
- Minimal conditions and terms of employment for junior practitioners.
- An end to exclusive black-tie functions.
- Strong opposition to removal of common law rights.
- A role for the Law Society commenting on legislative change including civil liberties, due process and justice implications.

- A committee to represent any interest of local law firms.

Since 1998 many of these have been achieved.

We now have a more open process in which vacancies on committees and bodies are advertised to all members and there is an open, tender process for Law Society work.

The Members Advisers and the counselling agreement with Relationships Australia are just two of the ways in which we have taken an active approach in assisting solicitors rather than prosecuting them.

We have ended black-tie functions. Instead we have developed informal, convivial, quality members lunches and other functions.

Throughout the period the Society has been a strong advocate for common law rights both at a local and a national level.

The Society has also had an effective role in commenting on legislative change by way of consultation with the Department but also through our public comments.

The Society very much represents the interest of local law firms as reflected in the membership of its Council over the last few years. In some ways it is now disappointing that some of the larger national firms are less involved in the activities of the Law Society.

I remain hopeful that a model contract of employment will be developed for young lawyers in the next 12 months.

I don't claim that these initiatives were all my doing, only that I have been proud to be a part of them.

None of these changes have been achieved without the active role of the Presidents I have served under and the Councillors, Executive members and members of our committees who have given up so much of their time to ensure that we are more than just a regulatory body.

These changes could also not have been achieved without the hard work of the Law Society staff. In particular, I would like to acknowledge the efforts of our Executive Director, Larry King, who remains a tremendous asset to the organisation.

Finally, thanks to the members of the Law Society for their confidence and commitment to me. I have enjoyed it.



Bill Redpath
President ■



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

**COMMITTEES MEMBERSHIP & REPORTS
2004-05**

**CHILDREN'S SERVICES AND MENTAL
HEALTH ♦**

Lessli Strong (Chair)
Barbara Campbell
Linda Crebbin
Rebecca Curran
Sheila Foliaki-Singh
Helen Hayunga
Jerry Leyland
John Lundy
Roberta McRae
Athol Morris
Amanda Nutall
Darryl Perkins
Greg Stagg
Louise Taylor
Amanda Tonkin

The Committee has been busy over the past year considering proposed and/or anticipated legislative amendments affecting both Mental Health and Children's issues.

The Mental Health (Treatment and Care) Amendment Bill has given rise to various issues of concern such as the capacity of children, in particular, to give consent to treatment including electric shock treatment. The time frames for emergency non consensual treatment are being considered in relation to necessity and, where children are involved, in relation to whether parental consent would be sufficient or whether the court should be involved.

Amendments to the Domestic Violence and Protection Orders Act have also been the subject of discussion. Committee members have made representations about the amendments, some of which appear to be in breach of Human Rights Legislation. The Committee is awaiting the outcome of a current Supreme Court appeal relating to some of these issues.

The final version of 'Guidelines for Lawyers Representing Children' was officially launched in May. The document was completed by the Committee late last year and the launch took place in the Magistrate's Court. The Guidelines were presented by Bill Redpath

and received by Acting Chief Magistrate Somes and Magistrate Dingwall during a special sitting. A copy of the Guidelines are available from the Law Society website.

The proposed appointment of a Children's Commissioner has been a topic of discussion and the Committee is awaiting further developments. Because the appointment process will not be completed for some time, the Committee has communicated with the Community Advocate to identify current protocols about court attendances with children and with people suffering incapacity due to mental health issues. A representative from the Community Advocate's office will be attending the next Committee meeting to discuss concerns and advise of plans to address these issues.

The Committee has been advised that Corrective Services have removed their court liaison officers from the Magistrates Court. This has impacted on the preparation of urgent pre sentence reports which had previously been able to be given verbally by the liaison officers. The Committee has also been advised that reports will now take 6 weeks, even in circumstances where children are in custody. Committee members are discussing a forum to be held in relation to this issue.

The ongoing lack of appropriate detention facilities for children and appropriate facilities for children and adults with mental health conditions remains a serious concern. The matter has been considered by the Committee a number of times, there is little hope of resolution at present.

The complex issue of communication between Family Services and legal practitioners has been raised by the Committee a number of times. Frank Duggan will be attending the meeting in September to discuss mutually acceptable protocols which might address these difficulties and he is looking forward to working with the Committee.

I thank all members of the Committee for their input and commitment during this year.

Lessli Strong (Chair)

CHRISTIAN LAW FELLOWSHIP ♣

On the third Friday of each month we meet at lunch time for either a seminar or a cup of coffee to pray, talk and to support each other. On each alternate month we have a more formal talk on topics of mutual interest over lunch. We pray for each other and the profession generally.

Our next lunch time meeting is 21 October 2005. We will share perspectives on attitudes and ways that resolve disputes. We have discussed our ways of practise including being a defence lawyer and what is a Christian world view.

We share ultimate issues about God, Right and Wrong and life generally as they relate to our work. We enjoy the company and the support of our group and the Society who lets us use their premises.

This group is open to Christian (or interested) people from any background working in the legal profession.

Ken Hubert (Chair)

CHURCH ♣

Lady Lorraine Bevan (Chair)

Ken Hubert

Chris Erskine

The Rev Elaine Farmer

Barbara Campbell

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

The service this year was held at the Uniting Church, Pilgrim Place, Canberra City.

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, Mr. Sean Stanton, The assemblies of God Minister from Charnwood whose address was "The weightier matters of the law" who we wish to particularly thank.

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 also wish to thank Ms. Barbara Campbell for her participation.

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

tending the Church Service.

I wish to thank all those clergy who have assisted, the Choir for their beautiful rendition of song, the organist, and the various members of the Courts and our House of Assembly for being involved.

I wish to particularly thank Mr. Chris Erskine and Rev. Elaine Farmer for putting together the service, which I believe as usual, was excellent. Chris' expertise with music and organising that side of things is invaluable. And speaking of music, Mr. Alyn Doig for his participation with his vocals and guitar.

I also wish to thank the Governor-General of the Commonwealth of Australia, His Excellency Major General Michael Jeffery AC CVO MC and Her Excellency Mrs. Marlena Jeffery for attending.

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.

It is, however, very unfortunate that despite a number of requests we have not been advised of a date for the service prior to June of this year or indeed any year. This would have made our job a lot easier. The reason being simply that the Governor General's appointments are often taken up prior to July, and the High Court Judges (who we would like to have involved more often) have their leave and other engagements booked prior to July. Not having this date by end June inhibits the Committee in their choice of speakers available, and also restricts the format for the service.

Lorraine Bevan (Chair)

CIVIL LITIGATION ♦

Richard Faulks (Chair)

Chris Behrens

Graeme Blank

Doris Bozin

Mary Brennan

Jill Circosta

Rebecca Curran

John Henry

Steven Hausfeld

Walter Hawkins

John Little

Melanie McKean

Sarah Simpson

Russell Patrick

Karl Pattenden

Richard Refshauge

Phil Thompson

Peter Ward

Once again, this committee has had a busy year. Previous members of the medico-legal committee have now joined and we have representatives from many firms in the ACT as well as the Registrars of the court, the Director of Public Prosecutions, Richard Refshauge, and a representative from the ACT Bar.

We have seen ongoing monitoring of the procedures under the *Civil Law (Wrongs) Act 2002* and provided advice to the Executive about some issues relating to the pre-court procedures.

Further, we have assisted the Executive Director and President in relation to the development of a submission concerning the single expert witness provisions in the legislation. That matter remains on the agenda for further discussion with government.

I have continued to represent the committee and the Society on what is now known as the Law Courts of the ACT Joint Rules Advisory Committee, and a major project has commenced relating to the harmonisation of the Rules for the ACT courts. This has involved significant input from members of the committee from time to time. The project will hopefully lead to the introduction of a harmonised set of rules from 1 July 2006.

The Civil Litigation Committee has also considered, and dealt with, matters arising under the *Workers' Compensation Act* throughout the year. I have received guidance from the committee about matters raised with the Workers' Compensation Advisory Committee and various amendments to the Act have been recommended, and are currently under consideration.

Amidst these major policy areas, the committee has considered numerous other issues relating to civil litigation and procedures before the courts. Meetings have been well attended and the input from committee members has been outstanding. I am very grateful to all members of the committee for their contribution.

Richard Faulks (Chair)

COMMERCIAL & BUSINESS LAW ♦

Brian Tetlow (Chair)
 Rod Badgery
 Wendy Dawes
 Peter Garrison
 David Hanstein
 Richard Lewis
 Chris Macphillamy
 Jill McSpedden
 Delia Rickard
 Alison Pratt
 Peter Quinton
 Russell Wilson

This Committee meets monthly and endeavours to act pro-actively in relation to issues of significance to the profession.

This year the major matters dealt with by the Committee have been:-

- Consideration of the implications of incorporation of legal practices. The Committee arranged a seminar for members of the Society on Incorporated Legal Practices which was held on 16 March 2005. It is hoped the legislation will commence in the A.C.T. on 1 January 2006.
- The Committee has considered recent proposed legislative changes to contractors who may be deemed to be employees. A presentation was made to the Committee by Mr Fitzpatrick.
- Ms Dawes has represented the Committee in relation to the work of the Law Society on the asbestos laws.
- The Committee considered at length the changes that were made with respect to choice in superannuation.

Consideration is being given to the practice papers in Commercial Law currently being used by the Legal Workshop.

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)
 Rod Barnett
 Bill Coombes
 Sheena Dadge
 Mel Davis
 Michael Deasey
 Jim Dunn
 Michael Eley
 Karen Fogarty
 Jeanine Lloyd
 Col Maclachlan
 Joanne Purcell
 Ross Reid
 Tal Williams
 Tony Kidney

The Council of the Society has delegated to the Complaints Committee, the task of the initial investigation of complaints received by the Society. The function of the Committee is to review all of the material submitted by the complainant and the solicitor and to determine whether or not the complaint discloses pos-

sible professional misconduct or unsatisfactory professional conduct. The Committee also has the function of reviewing complaints against employees as a consequence of the definition of "unsatisfactory employment conduct" in the *Legal Practitioners Act 1970*. Where the Complaints Committee is of the view that the conduct of the solicitor warrants further consideration, the complaint is referred by the Committee to the Executive of the Society.

To ensure complaints are handled expeditiously, it is important for practitioners to remember their obligations under the Professional Conduct Rules in responding to requests from the Committee for information. Unfortunately, on a number of occasions it has been necessary to formally remind practitioners of Rule 41 of the Society's rules which requires not only that the solicitor provide a full and frank response, but that the response be provided within the time requested by the Committee. This seems to be a continuing problem and does not assist in resolving complaints in a timely fashion.

Two matters have been referred to the Professional Conduct Board alleging a breach of Rule 41 (both complaints arose in the 2003/04 year). One complaint went on appeal to the Supreme Court from the decision of the PCB. The appeal was upheld. However, the other complaint was referred by the Professional Conduct Board to the Supreme Court. The Court found that a failure to comply with a proper direction under Rule 41 constituted unsatisfactory professional conduct.

It is appropriate to remind members of the Society's initiative of appointing a panel of members' advisers who will be available at no cost to the practitioner who is the subject of a complaint to assist in responding to a complaint made against the solicitor. The Committee hopes that this will ensure that not only will complaints be handled in a more timely fashion, but the responses will focus on the issues raised without the need to provide, what in many instances, is irrelevant material.

One of the heartening aspects for last year is that the number of formal complaints is less than that received for the same period the previous year. From 1 July 2004 to 30 June 2005, 111 complaints were received. This is slightly less than the number of complaints received last year.

A disturbing trend however, is the number of complaints referred by the Committee to Executive and the Council. Of the complaints received, 19 have been referred to Executive, with to date, 10 being considered by Council. Four of these complaints have resulted in the solicitor consenting to a reprimand by the Council. The remainder are still under consideration with 2 having been referred to the Professional Conduct Board. Of concern is the fact that most

complaints concern the conduct of experienced solicitors. This is also reflected in the complaints referred to Executive.

In addition to the handling of the formal complaints that were received, 260 enquiries were received from practitioners and 280 from members of the public. These figures are lower than received from the previous years of 286 and 306 respectively. To assist practitioners, an analysis of the complaints received has been carried out. This analysis considers the complaints which relate to various areas of practice and are also an indication of the type of conduct which are raised in the complaint. A comparison with the previous three years has been included so the member can see whether or not a pattern is emerging.

Type of Matter	2004/05	2003/04	2002/03	2001/02
Family Law	32	33	32	24
Personal Injuries/ Worker's Comp	17	27	29	26
Conveyancing	18	13	17	27
Civil Litigation	9	11	10	8
Commercial Law	16	6	6	10
Probate	7	8	7	3
Criminal Law	6	4	5	-

In relation to the nature of the complaints, the major areas of concern were:

Type of Matter	2004/05	2003/04	2002/03	2001/02
Costs	32	28	23	13
Failure to communi-	19	7	16	31
Failure to follow instructions	5	6	4	4
Possible negligence	10	5	1	8
Discourtesy	20	6	9	4
Conflict of interest	11	3	8	4
Delay	15	13	3	-
General Conduct	18	18	8	-
Acting without instructions	6	1	9	-
Failure to pay 3rd parties	3	6	13	-

I would like to thank the Professional Standards Director, the Secretary to the Complaints Committee and all of the members of the Committee for their hard work and dedication over the last year.

Graeme Finlayson (Chair)

CONTINUING LEGAL EDUCATION ♣

Mark Blumer (Chair)
 Graeme Blank
 Michael James
 Fabio Fior (until March 2005)
 Gavin Lee
 Stefanie Cordina
 Alison Osmand
 Barbara Campbell
 Julie O'Donnell
 Leah-Barbara Maguire
 Maria Mitchell
 Jaleh Johannessen
 Caroline Bush
 Avinesh Chand
 Anthony Field
 Simon Taylor

During the financial year ending 30 June 2005, an average of 39 people attended each of 24 seminars or workshops. This compares with 15 seminars last year attracting an average of 68 people each. The committee feels this year's is about the right number of seminars and workshops.

A wide range of topics were covered, many to do with changes to the law in the ACT. Because the ACT is a small jurisdiction, the economics of text books and loose leaf practices make their production not possible, so seminars are often the only way for practitioners to keep up.

Three or four seminars in relation to topics of mutual interest were held jointly with Australian Lawyers Alliance, again reflecting the size of the ACT jurisdiction and our ability to co-operate with those with similar aims – in this case our members' education in new laws and practices.

Although we continue to present seminars at very competitive prices, (mostly because most speakers don't charge for their time and knowledge), CLE activities generated a gross profit of approximately \$24,000. This figure does not take into account the wages of our CLE co-ordinator. After Megan Mathieson left and a few false starts, we now have a very good co-ordinator in Yvette De Paoli. I understand that Yvette spends about one third of her time on CLE activities.

The emphasis in the second half of the year was to source and present CLE of some interest to government lawyers; the result of this effort will be seen in the first part of the new year.

The issue of Mandatory CLE has not been resolved by the Society and, if introduced in the ACT, is likely to make the work of the CLE committee more onerous. Notwithstanding that possibility, the committee members look forward to next year with enthusiasm

for better and better CLE presentations. I thank the members for their valuable contribution this year.

Mark Blumer (Chair)

CRIMINAL LAW ♦

Martin Hockridge (Chair)
 Peter Bevan
 Rachel Bird
 Helen Child
 Jill Circosta
 Paul Edmonds
 Mark Fleming
 Shiela Foliaki Singh
 Cath Garvan
 Shane Gill
 Jerry Leyland
 John Lundy
 Claude Monzo
 Matt O'Brien
 Darryl Perkins
 Richard Refshauge SC
 James Sabharwal
 Tim Sharman
 Jon White
 Phil Thompson

The Criminal Law Committee has been active during the past 12 months.

The most important matter in relation to law reform that has occupied the committee's attention is the proposed review of the ACT Sentencing legislation.

The Committee welcomes the consolidation of the sentencing law in the Territory, the innovation that is contained in the package and the more comprehensive approach to sentencing that will result. We have expressed some concerns regarding particular issues, but on the whole we are supportive of the approach taken.

It will be regrettable if the changes extending sentencing options are hamstrung because of a lack of resources to allow them to be properly implemented. The Committee is critical of the decision taken to remove the option of Home Detention.

We have also taken a keen interest in the introduction of the Restorative Justice legislation. Again, we are of the view that the change that flows from introducing a formal restorative justice scheme is very positive. We will continue to support options that allow the community the widest possible scope for dealing with offending behaviour.

The Committee also discussed, and agreed with, the plan to allow community based sentence options to be "portable" so that sentenced offenders could complete Orders interstate.

Other law reform issues the committee has commented on include the changes to major drugs offences, and other areas, as the Criminal Code continues to be introduced.

On a different level, our Committee monitors the operation of the criminal lists in both the Magistrates Court and Supreme Court.

We note with interest the announcement of a proposal to alter the organisation of the Magistrates Court and anticipate some continuing involvement in the introduction of the new arrangements. We have approached the Magistrates with suggestions to improve the running of the general criminal list and expect that we can continue this cooperative approach.

The introduction of new Rules in the Supreme Court has been reviewed at several of our meetings. The Committee continues to be supportive of measures that increase the efficiency of criminal proceedings in the Territory where changes do not unfairly impact on the right of an accused person to a fair trial.

I take this opportunity to thank the members of the Criminal Law Committee for their hard work during the year. We may not always agree, but it is important that there is a forum for debate regarding criminal law issues in the ACT.

Martin Hockridge (Chair)

ELDER LAW ♦

James Gralton (Chair)

Brian Brown

Barbara Maguire

Andreas Mamchak

Julie O'Donnell

John Pola

David Walsh

James Millea

In July, 2004, Mr Bryan Brown of O'Connor Harris wrote to the Society raising various issues of concern relating to the impact of our legal system on elderly people. After some discussion and a call for volunteers, the Elder Law Committee was formed and had its first meeting on 15 November, 2004.

The committee has met monthly since then and most of its time is being taken up by consideration of a proposal for reform of the ACT law relating to enduring powers of attorney, including so-called "living wills".

The Department of Justice and Community Safety (JACS) has indicated that it would like to base its new legislation on the Queensland Powers of Attorney Act 1998. JACS felt this was better than the NSW system, which has one act covering the financial aspects of enduring powers of attorney and another

covering the guardianship aspects.

After several meetings at which the JACS proposal (not the draft legislation) was considered, a letter largely (but not completely) reflecting the committee's views of various aspects of the proposal was forwarded to JACS by the Society. JACS has undertaken to consider the Society's submission when draft legislation is prepared.

The committee also discussed many other matters relating to "elder law". As a whole, the committee is concerned as to the level of "elder abuse", financial and social (as to which there is only anecdotal evidence) in our community. Currently, members of the committee are exploring ways and means by which elderly people can be made more aware of their rights.

The next 12 months will be very interesting. Having found its feet, and with some changes to people attending, the committee is looking forward to being able to take some more substantial steps in the coming year. The chairman would like to express his gratitude to the members of the committee for their generous help and wise counsel.

James Gralton (Chairman)

FAMILY LAW ♦

Greg Burnett (Chair)

Kay Barralet

George Brzostowski SC

Mary Burgess

Barbara Campbell

Lois Clifford

Julie Dobinson

Juliette Ford

Olivia Gesini

Gavin Howard

Lyn McGuinness

Lessli Strong

Margaret Reid

The committee has been engaged in responding to a large volume of new legislation in the Family Law area from the Federal Government.

The first was new legislation regarding the increased powers of the Family Court and the Federal Magistrates Court in respect to third parties.

Second, there was new legislation in relation to Family Law and bankruptcy.

Third, is very current proposed legislation in the Shared Parenting Bill which is being issued by the Government for public comment.

In addition to new legislation, there has been a series of very important cases relating to the area of splitting of superannuation funds.

Kay Barralet has continued with her highly informa-

tive newsletter entitled "The Family Way".

In addition to work at a Federal level in terms of legislation and case law, there has also been a large number of changes in the local ACT Domestic Violence and Protection Act which operates via the ACT Magistrates Court.

The Committee has also been liaising with Deputy Chief Justice John Faulks in regular case management meetings and also with Federal Magistrate Brewster and Federal Magistrate Burt Mowbray. Mr Mowbray has now been transferred from Sydney to the Canberra Registry which will be of great assistance to practitioners.

Deputy Chief Justice Faulks has devoted a large amount of his own personal time arranging different Family Law Forums to assist practitioners and prepare them for the changes that lie ahead, such as the combined registry project.

In addition to monitoring the abovementioned matters the committee is also playing an active role in the development of the Children's Cases Program, which involves a move away from the traditional adversarial approach of the past and developing a new model for the hearing of children's cases, which involves far less formality.

The Federal Government has introduced plans for 65 Family Relationship Centres to be set up within the next 3 years and approximately 15 by the middle of next year. The purpose of the centres is to help parents agree on comprehensive parenting plans after separation. These relationship centres are currently in their infancy and the committee will be monitoring their progress as they develop over time.

Greg Burnett (Chair)

FUNCTIONS LAW WEEK ♣

Jason Parkinson (Chair)

Bill Redpath

Ben McDonald

Athol Opas

Sheila Foliaki-Singh

Rachel Bird

Sarah Simpson

Scott Moloney

John Kirubaitilakan

Rosemary Budavari

Shane Drumgold

Elenore Eriksson

Ben Caddaye

Larry King

Sue-Ellen Keir

Sharlene Whyte

Dean Sahu-Khan

Rebecca Rousell

It was a year of transition for the Functions committee. No longer just the 'public stomach' of the Law Society, we added to our body corporate by becoming the society's "PR Arm" when the "Law Week" Committee joined us.

The infusion of fresh ideas to the committee was immediate and welcome. Elenore Eriksson and Ben Caddaye from the Law Council made their mark, as did Sue-Ellen Keir and Athol Opas. Our new assistant Yvette De Paoli worked hard to make all the new ideas a reality - she is a gem.

Three particular innovations added greatly to Law Week's success. Firstly, the Blackburn Lecture venue and time was changed to make it a focal point for the public and the profession. This year it was held at the Pilgrim House Conference Centre in the middle of Civic and the lecturer was Mr Stephen Kenny, well-known to the public as the former solicitor of Australia's best-known prisoner, David Hicks. Stephen spoke to a full house and was well received. Secondly, Ben Caddaye railed against history by throwing out the touch-football competition and heralding in a new feature sports event, the firm's soccer competition - another tremendous success. And finally, the free legal advice bureaux were held during Law Week in the Territory's three main shopping complexes. Thank you to all members who gave up their time to provide advice to the community. In the future we expect to receive a great deal more exposure by being in the malls for Law Week than working from the society's office.

Law Week 2005 was a complete success. Thanks again to the committee and volunteers.

On the functions side of the ledger, this year's lunches have been a sell-out - perhaps because of the focus being on quality food and the President's selected wines extraordinaire! The Annual Dinner was again held at the Lobby Restaurant, and building on the previous year's success, the finals of the "Golden Gavel" were well received. Congratulations to Andrew Jory of KJB Law for his win.

2006 will be a challenging year for the committee and we look forward to the assistance and support from all members of the Society.

Jason Parkinson (Chair)

LEGAL PRACTITIONERS ACT & ETHICS ♦

Michael Phelps (Chair)

Trevor Barker

David Crossin

Mary-Therese Daniel

Graeme Finlayson

Tony Kidney

Gerald Santucci

Julie Dobinson
 Paul Armarego
 Gloria Wong
 Gonzalo Villalta Puig
 Linda Glover replaced Robert Wood (January 2005)

The Committee met on eight occasions throughout the year.

Many of the issues considered by the Committee arose from requests for rulings or guidance from practitioners on ethical matters or issues of a regulatory nature.

Other issues of significance included:-

1. **Norfolk Island Practitioners:** The Committee responded to a request from the Norfolk Island Administration for the ACT Law Society to assume responsibility for the conduct of disciplinary matters involving Norfolk Island practitioners. The Committee recommended that the Society lend its in principle support subject to a number of procedural issues being addressed. Importantly the funding of the process would need to be met from sources other than the general funds of the Society;
2. **ANU Legal Workshop – review of GDLF Courses:** In response to a request from the Workshop, a Subcommittee reviewed and provided comments on the Ethics and Accounts Course materials;
3. **Statement of Ethics:** The Committee has recommended the adoption of the New South Wales Law Society Statement of Ethics, which it proposes be distributed to newly admitted practitioners and practitioners issued with a first unrestricted practising certificate;
4. **Model Laws:** Committee members joined with members of Council and other practitioners to form a series of subgroups to review the Model Law Provisions and assist in the formulation of the Society's response to the ACT Government on the proposed Legal Profession Act.

I thank all Committee members, the Committee Administrator and the Society staff for their contribution and continued support to the important work of this Committee.

Michael Phelps (Chair)

LAW OFFICE MANAGERS FORUM ♦

Hilary Saunders (Acting Chair)
 Julie Barton (Deputy Chair)
 Dianne Betts
 Sue Hayes
 Jessica Hockings
 Marilyn MacLeod

Lissa Miller
 Bronwyn Nicholls
 Fran Nichols
 Andrea Sayyah
 Anne Wilkes
 Emily Wilson-Kwong

The Law Office Managers Forum meets on the fourth Wednesday of each month between the hours of 1pm and 2pm. The Forum generally has a guest speaker addressing various topics of interest. Over the past twelve months we heard from the following;

- Valerie Dellit, Careers Unlimited discussing recruitment;
- Mr England & Ms Lane, Macquarie Bank discussing client investment and controlled money;
- Mr Pharaoh, Injury & Prevention Management, ACT Health dealing with various aspects of OH&S;
- Mr David Cooke, DX Mail discussing DX mail services and new DX initiatives;
- Ms Delia Rickard from ASIC dealing with changes to the superannuation law.

We have also conducted two very successful seminars:

- Your People – Your Business presented by Kriss Will;
- Conveyancing Seminar for Support Staff presented by Ross Watch.

The conveyancing seminar was run over two afternoons and was very well received by the 77 attendees. Many thanks must go to Ross who has given freely of his time on a number of occasions when asked to run a seminar on ACT conveyancing (for support staff) on behalf of LOMF.

The Forum's lunchtime meetings provide a venue for networking and exchange of ideas and strategies. LOMF is keen to welcome all new members who are interested in sharing ideas and issues relating to legal management.

Hilary Saunders (Acting Chair)

PRACTICE MANAGEMENT ♠

Rod Barnett (Chair)
 Bill Baker
 Graeme Blank
 Phillip Davey
 Tony Kidney
 Jane Haddock (until November 2004)
 Stewart MacArthur
 Byll Swan
 Gary Tamsitt
 Paul Vane-Tempest

It is a fact of life that both continuing legal education and education in relation to the management of practices is becoming an important factor in the practitioner's lifestyle. The need for these services from the Law Society is further reinforced by the fact that the Model Law initiative envisages compulsory legal education.

This year, the Committee has added another string to its bow. Apart from providing the Practice Management Course itself, a program for close and personal talks to newly admitted Solicitors by way of small seminars was promulgated this year. Unfortunately, the latter has not been as well supported as the Committee anticipated.

This, in my view, was somewhat of a shame in view of the fact that it sought to make newly admitted Solicitors fully aware of various aspects of the Law Society upon which they could draw for assistance and mentoring if they needed it. It may well be that the timing of the seminars relating to the new initiative, may not be convenient for newly admitted Solicitors and we are investigating this aspect of the matter with the assistance of the Young Lawyers Committee.

Young Lawyers have made some interesting suggestions which should increase the popularity of those seminars.

Our Local Magistrates have indicated that there seemed to be a need for young Lawyers to be fully conversant with legal etiquette, in relation to Court proceedings. As a consequence, our first large seminar was held in relation to matters of Court etiquette which the Magistrates had found lacking in the past. This seminar was extremely successful and very well attended and it is the Committee's intention to conduct a seminar of a similar nature for newly admitted Solicitors.

During the course of the year, Jane Haddock, who was an integral part of our Committee, had to stand down. Whilst Jane had to stand down from the Committee, she is still presenting seminars in relation to Risk Management and Trust Accounting for Support Staff and the Committee values Jane's continued contribution.

To give some indication of how proactive the Practice Management Committee really is, the numbers of attendees in relation to all of our activities, increased during the currency of the year.

Set out below are the details of the numbers of members who have attended the various courses during the reporting year. Those numbers are as follows:-

Practice Management Course	11
Risk Management Seminars	58
Trust Accounting Seminars	25
File Management	30
Communications	30
Court Etiquette	85
Young Lawyers	10

The promulgation of these courses and seminars have resulted in a gross income of \$24,063.63.

As always, each member of the Committee has made a constructive contribution to the running of what has become a relatively complex system of legal education. Credit must go as usual to Tony Kidney who has always been, (and will continue to be so hopefully), the driving force behind our Practice Management resources. During this year, however, Tony was unavoidably away from his post due to recuperation from a knee injury. This took longer than was originally anticipated and in the circumstances, I must record my appreciation for Linda Mackay, who jumped into the breach and kept everything on an even keel.

Finally, I believe that the new Model Law project, as it is embodied in the new Legal Practitioners Act which is currently being worked on by the Law Society and Government, will place a greater emphasis on legal education of all kinds. As a result, the importance of the conduct of this Committee will become greater as legal education becomes an ever more important element of the ethos of the Legal Practitioner.

Rod J. Barnett (Chair)

PROFESSIONAL INDEMNITY INSURANCE ♦

David Ridge/Ken Cush (Chair)
 Bill Andrews
 Larry King
 Brian Kildea
 Jill McSpedden
 Elizabeth Thomas
 Denis Farrar
 David Lander

Although the Committee met infrequently in 2004-2005, the Chairman and other members held discussions with Willis Australia Ltd, QBE and Law Cover in the lead up to settling arrangements for 2005-06.

PROPERTY LAW ♦

Michael James (Chair)
 Alfonso del Rio
 Mark Fitzpatrick

Robin Gibson
 Geoff Hay
 John Irvine
 Susan McCarthy
 Jill McSpedden
 Richard Nesbitt
 Mark Phillips
 John Power
 Byll Swan
 Peter Waight
 Chris Wheeler
 Ruth Harris
 Margie Rowe
 Emma Crean
 Tony Thew
 Roberta McRae

The past 12 months have, as always, been very busy for this hardworking and enthusiastic committee. At the end of 2004, the Chair of the committee, Mr Ross Watch, after nearly 20 years of hard work, handed the baton onto the writer as current Chair. I should like to record the committee's greatest appreciation for all the hard work done by Mr Watch in his outstanding period of Chairmanship.

The committee started the 2005 calendar year being involved in discussions in relation to the new ACT Asbestos Disclosure legislation, and has continued to be an active participant in the consideration of the same.

It has continued to liaise with ACTPLA in relation to matters affecting practitioners, and constituted a sub-committee chaired by Mr Mark Fitzpatrick to prepare a submission on the Planning System Reform Project.

Mr Chris Wheeler has continued providing outstanding time and effort in negotiating changes relating to Unit Titles legislation, both with ACTPLA and with the Registrar General's Office.

As Chair, I have continued to oversee further development of the Sale of Residential Property legislation, as well as providing various ad hoc submissions on planning and property related matters.

The committee has also been looking at issues as diverse as the insurance risk on exchange of contracts, ministerial consent on transfer of vacant land, stamp duty on leases, and the possibility of electronic conveyancing.

I would like to record my appreciation for the outstanding support given to me as Chair by the hardworking members of this committee, and to encourage any other practitioners who may wish to contribute to the valuable work it does to join us.

Michael James (Chair)

REVENUE LAW ♦

Stephen Jagers (Chair)
 David Toole
 Rod Badgery
 Chris Macphillamy
 Susan McCarthy
 Alan Powrie
 George Marques

This Committee focuses on ACT revenue law in particular stamp duty.

Over the past year the Committee has met infrequently due to a relatively static regulatory environment in this area. The Committee has continued its dialogue with the ACT Revenue Office with representatives from the ACT Revenue Office attending meetings to discuss operational and legal issues in connection with the administration of revenue laws in the ACT.

Last year the Law Society made a submission on a proposal for revision of land rich duty raising a number of legal and policy arguments. This proposal has not progressed further and the ACT Revenue Office have reiterated to our Committee that we will be provided with a further opportunity to comment on a revised proposal.

The Committee provides an avenue for members to have issues relating to ACT revenue laws and their administration by the ACT Revenue Office canvassed before the Commissioner for ACT Revenue and senior officers of the ACT Revenue Office. In the past year, we have raised the delay experienced by members in the processing of objections to stamp duty assessments. Members are encouraged to contact a member of the Committee should they have issues concerning the ACT Revenue Office.

I thank all members of the Committee for their contribution over the past year.

Stephen Jagers (Chair)

TENANCY CODE ♦

Brian Tetlow (Chair)
 Chris Wheeler
 Wendy Dawes
 Time Johnstone
 Malcom Brennan
 Mark Fitzpatrick
 Chris Donohue

The Committee has continued to consider the issues raised by the Leases (Commercial and Retail) Act. The Committee expects shortly to put a detailed submission to Government regarding further issues that exist under the Act.

The Committee has also liaised with the Magistrates Court to streamline the procedures for dealing with disputes in that Court and as a result, a set of guidelines for matters before the Court has been set down. On 25 October 2004 the Committee arranged for Magistrate Burns to present a seminar to the members of the Society on the new procedures. These are set out in the Court's Practice Direction No. 3 of 2004.

My thanks go to all of the Tenancy Code Committee members.

Brian Tetlow (Chair)

TORT LAW ♦

Richard Faulks (Chair)

Mark Blumer

Bill Redpath

Nigel Gabbedy

Doug Galbraith

Walter Hawkins

Graeme Lunney

John Little

Bill McCarthy

Karl Pattenden

Daniel Shillington

Much of the work of the Committee has been undertaken by ad-hoc sub-committees of the Civil Litigation Committee. The principal activities have included negotiations with ACT AMA and NRMA in respect of the changes to the Wrongs Act.

YOUNG LAWYERS ♦

Peter Woulfe (Chair)

Joanne Purcell (Vice Chair)

Maxine Feletti

Amy Burr

James Fletcher

Brendan Ding

Belinda Poole

Barbara Maguire

Paul Salinas

Dannelle Howley

Peter Lee

Cleo Wilson

Tanya Hebertson

Peter Nicholas

Over the last 12 months, the Young Lawyers Committee has grown and taken an active role in furthering the interests of young lawyers.

Year in review

This year saw the return of the local Golden Gavel Public Speaking Competition to the Law Society An-

nual Dinner. For the second year running, Andrew Jory, KJB Law, was the victor and received high praises from the event adjudicator, his Honour Higgins CJ. The ACT fielded two finalists in the national competition and the honour on this occasion went to Elizabeth Bicevskis (formerly of Hunt and Hunt). Both Hughes Castell and LexisNexis kindly sponsored the event.

November saw the Nation's Capital host the National Golden Gavel Competition and the Australian Young Lawyer Awards. This was significant for the Committee, who undertook the majority of work in organising this event. Members of the Law Council of Australia were very grateful for the efforts of the Committee. Both Andrew Jory and Elizabeth Bicevskis performed admirably, with Andrew winning the Peoples' Choice Award.

The Committee was instrumental in delivering the Annual Law Week Quiz. Richard Refshauge SC adopted the role of quizmaster. Brendan Ding again supplied all of the questions and stumped even the most trivia-literate of competitors. Jonathan Mandl of LexisNexis kindly acted as chief scorer. The Committee raised over \$2,900 in this event. The funds raised were donated to Canberra Refugee Support Inc at the Members' Lunch in mid-July.

The Committee continues to publish *Obiter Dictum* (quarterly). The current Editor in Chief is James Fletcher of AGS. Paul Salinas of Nicholl and Co is the Assistant Editor. Both editors have kept the standard of *Obiter* very high during their tenure. The ongoing sponsorship of *Obiter* was a difficult issue for the Committee. However, LexisNexis made a significant contribution to the publication of one edition and, at present, the Australian Government Solicitor is kindly providing sponsorship. The Committee is hopeful that this sponsorship will continue for our important magazine.

The Committee coordinated the inaugural Young Professional's Cocktail Function on 9 September 2004. This event allowed lawyers, doctors, engineers and accountants to meet and network. The evening was a great success and the efforts of Justin Cudmore (former young lawyer) instigating this event were praiseworthy. James Moody (ABC's new inventors) provided a motivational speech and was highly complimentary of the function. This year the Young Professional's Alliance has said it will arrange this event.

Representatives on the Law Society Council this year were Joanne Purcell, Corrs Chambers Westgarth, and Peter Woulfe, Dibbs Abbott Stillman.

The Committee worked with the Practice Management Committee to generate a series of seminars designed to assist young lawyers integrate into the profession. These seminars were presented during lunch

hours at minimal costs. Unfortunately, despite the seminars being of an exceptional standard, the first series was under-attended.

The first in a planned series of wine tasting events was held on 21 July 2005. This event was sponsored by the Canberra Club and was a tremendous success. The next wine tasting is likely to be hosted by Gary Parker, barrister.

The year to come

The Committee is drafting a model employment contract for young lawyers. The aim is to set out basic principles of responsibility together with preventing workplace bullying. The document is in its first draft stage and the Committee hopes to shortly be providing it, through Law Society Executive, to firms for comment.

From February 2006, further impetus is to be given to the series of seminars designed at assisting young lawyers integrate into the profession. Marketing for these seminars will soon commence in *Obiter Dictum* and through welcome letters being sent to young lawyers. The timing of the seminars has been revised to better

accommodate workplace commitments.

The Committee will be liaising further with the Young Professional's Alliance. It has been resolved that a member of the Committee be appointed as YPA liaison.

Obiter Dictum will continue to be published provided sponsorship is available. The Committee is keen to retain ongoing sponsorship from AGS.

The local Golden Gavel is to be held at the Law Society Annual Dinner on 28 October 2005. The National Final is to be held in Brisbane.

The Committee hopes to continue its series of young lawyers' wine-tasting evenings into 2006.

The Committee also hopes to support the Law Week Quiz in 2006.

We look forward to an interesting and, yet another, very busy year ahead.

Peter Woulfe (Chair)

**LAW SOCIETY COMMITTEE
SUPPORT STAFF**

- ♠ **Linda Mackay**
Complaints Committee Secretary

- ♣ **Yvette De Paoli**
Member Services Officer

- ♦ **Sue-Ellen Keir**
Committee Administrator



THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

Treasurer's Report on the 2004/05 Financial Statements

I am pleased to present the Annual Report on the Society's accounts for 2004/05.

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 is operated in accordance with Division 11.8 of the Legal Practitioners Act (LPA) and comprises deposits of solicitors' trust moneys lodged with the Society under Section 123 of the Act.

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

As at 30 June 2005 the accumulated funds of the Society stood at \$705,539. This is a decrease of 6% on the previous year. The decrease is the result of a loss of \$46,290 for the 2004/05 financial year.

The Society's income increased by almost 7%. This was due largely to increased revenue from practising certificate fees as a result of an increased number of practitioner members. This included more than 120 government lawyers who applied for ACT practising certificates for the first time.

However, the Society's expenditure increased by over 12%. This was largely due to a number of abnormal factors, the most significant being the expenditure associated with the relocation of the Society's offices from 1 Farrell Place to 11 London Circuit. The relocation necessitated additional expense on removalists and legal fees and increased the level of depreciation.

The cost of fit-out of the new premises was met from the Society's reserves. The enhanced amenity of the new offices is expected to benefit members and staff for many years to come.

The Society also incurred additional expense for legal advice regarding the implementation of the Na-

tional Legal Profession Model Law. Council considered this to be a sound investment in formulating the Society's approach to the Model Laws Project, as the Project will have ramifications for the profession well into the future.

Council continues to scrutinise all areas of expenditure and has approved a budget for 2005/2006 which is expected to return the Society to surplus.

Statutory Deposits Trust Account

Total deposits at 30 June 2005 amounted to well over \$8.6 million, an increase of 3.5 % on the previous year. It will be noted from the statement of cash flows that this increase was due to additional deposits totalling \$2,786,925 less repayments of deposits amounting to \$2,490,785.

Statutory Interest Account

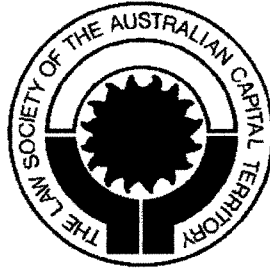
The Statutory Interest Account derives its income from interest on solicitors' deposits, interest on the balance in solicitors' trust accounts, and from the investment of the funds held in the Statutory Interest Account itself. The income of the Account of \$1,654,920 was an increase of 4.7% on the previous year. Council has decided that a record amount of \$1.3 million will be made available during 2005/2006 for grants to the Legal Aid Commission and other community legal aid organisations.

Solicitors' Fidelity Fund

The accumulated funds of the Fidelity Fund increased by 3.2% to a total of \$4,002,335. It is pleasing to note that the Society has not been required to pay compensation from the Fund as a result of a defalcation since 1999. The cost of random inspections in 2004/05 was lower than usual due to changes in the timing of the inspection programme. Substantial costs were incurred in the examination, investigation and management of one particular practice. These costs are expected to be substantially less in 2005/06.

W.G. Coombes

Treasurer ■



THE LAW SOCIETY

OF THE AUSTRALIAN CAPITAL TERRITORY

FINANCIAL STATEMENTS

30 June 2005

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

FINANCIAL REPORT – 30 JUNE 2005

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THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Notes	2005	2004
		\$	\$
Current assets			
Cash assets	5	617,772	856,867
Investments	6	451,251	433,670
Receivables	7	156,642	58,933
Other receivables	8	70,598	44,233
Inventory	9	<u>2,913</u>	<u>3,034</u>
Total current assets		<u>1,299,176</u>	<u>1,396,737</u>
Non-current assets			
Office furniture and equipment	10	246,523	74,969
Rental bond		<u>26,565</u>	<u>-</u>
Total non-current assets		<u>273,088</u>	<u>74,969</u>
Total assets		<u>1,572,264</u>	<u>1,471,706</u>
Current liabilities			
Payables	11	819,630	683,262
Provisions	12	<u>42,599</u>	<u>20,966</u>
Total current liabilities		<u>862,229</u>	<u>704,228</u>
Non-current liabilities			
Provisions	13	<u>4,496</u>	<u>15,649</u>
Total non-current liabilities		<u>4,496</u>	<u>15,649</u>
Total liabilities		<u>866,725</u>	<u>719,877</u>
Net assets		<u>705,539</u>	<u>751,829</u>
Equity			
Accumulated Funds	14	<u>705,539</u>	<u>751,829</u>
Total equity		<u>705,539</u>	<u>751,829</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
Revenue from ordinary activities	3	1,175,063	1,102,125
Employee benefits expense		(624,786)	(591,501)
Rent and related expense		(109,306)	(92,479)
Functions and seminars		(91,202)	(67,141)
President's allowance		(68,293)	(65,842)
Capitation fees		(67,181)	(59,919)
Depreciation expense	10	(36,990)	(32,721)
Postage and couriers		(27,165)	(28,743)
Printing and stationery		(22,206)	(17,052)
Insurances		(21,908)	(19,850)
Legal expenses		(17,069)	(3,240)
Travel and accommodation		(16,803)	(9,751)
Committee and executive working lunches		(15,971)	(17,376)
Other expenses from ordinary activities		<u>(102,473)</u>	<u>(83,897)</u>
Net Profit / (Loss)	4,14	<u>(46,290)</u>	<u>12,613</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from members and others		1,149,261	1,167,320
Payments to suppliers and employees		<u>(1,244,685)</u>	<u>(1,395,527)</u>
		(95,424)	(228,207)
Interest received		<u>53,900</u>	<u>53,005</u>
Net cash (outflow) from operating activities	20	<u>(41,524)</u>	<u>(175,202)</u>
Cash flows from investing activities			
Payments for investments		(17,581)	(8,670)
Payments for property, plant and equipment		<u>(179,990)</u>	<u>(57,222)</u>
Net cash (outflow) from investing activities		<u>(197,571)</u>	<u>(65,892)</u>
Net increase (decrease) in cash held		(239,095)	(241,094)
Cash at the beginning of the financial year		<u>856,867</u>	<u>1,097,961</u>
Cash at the end of the financial year	5	<u>617,772</u>	<u>856,867</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Practitioners Act 1970 (as amended). The financial report covers the Law Society of the Australian Capital Territory as an individual entity.

The following significant policies have been adopted in the preparation of this financial report.

(a) Income tax

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

(b) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(c) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

Practicing certificates

Receipt of funds for the current year's certificate.

Interest

Control of a right to receive the interest payment.

(d) 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. Collectibility of trade debtors is reviewed on an ongoing basis.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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

(e) Stock on hand

Stationery stocks of standard forms are valued at the lower of cost and net realisable value.

Costs incurred in purchasing and bringing each product to its saleable condition are accounted for using the First In First Out (FIFO) method.

(f) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount.

(g) Investments

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

(h) Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each non-current asset over its expected useful life. Estimates of remaining useful lives are made on a regular basis. The expected useful lives are as follows:

Office furniture and equipment 3-15 years.

(i) Operating lease

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Law Society of the ACT 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

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

(k) Employee Benefits

i. Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled plus related on-costs.

ii. Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for long service leave and is in accordance with (i) above. The liability for long service leave expected to be settled more than 12 Months from the reporting date is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The total number of full time equivalent employees at year end was 10 (2004: 10 employees)

(l) Cash

For purposes of the statement of cash flows, cash includes cash on hand and cash at bank.

(m) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the Introduction of Australian Equivalents to the International Financial Reporting Standards (AEIFRS) effective for the Society's 30 June 2006 financial year. This requires the production of accounting data at 30 June 2005 for comparative purposes.

The Society's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The Councillors are of the opinion that there are no key differences in the accounting policies or impacts on the financial report of the Society which will arise from the adoption of AEIFRS.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 2 SEGMENT INFORMATION

The Law Society of the ACT operates within the Australian Capital Territory and is domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

	2005	2004
	\$	\$
NOTE 3 REVENUE		
Revenue from operating activities		
Practising certificate fees	539,384	486,830
Members' subscriptions	12,662	12,068
Capitation fees	66,815	59,255
Reimbursement of expenses		
- Statutory Interest Account – administration*	60,314	54,188
- Statutory Interest Account – Legal Advice Bureau*	23,960	22,598
- Statutory Interest Account – professional standards*	64,494	65,252
- Solicitors' Fidelity Fund of the Australian Capital Territory – administration*	33,628	28,883
Profit on standard forms	63,609	69,139
Income from functions	40,790	15,146
Ethos advertising and subscriptions	16,799	10,745
Subscription from seminars	59,109	63,125
Project Officer contributions	31,659	30,250
Certificates of good standing	12,100	13,599
Settlements Office contributions	55,538	54,685
Practice management courses	16,100	31,220
	<u>1,096,961</u>	<u>1,016,983</u>
Revenue from outside the operating activities		
Sponsorship	13,125	22,764
Interest	52,532	53,432
Miscellaneous income	12,445	8,946
	<u>78,102</u>	<u>85,142</u>
Revenue from ordinary activities	<u>1,175,063</u>	<u>1,102,125</u>

* These amounts are received from entities managed and administered by the Society under the Legal Practitioners Act 1970 (as amended).

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 4 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES		
Revenue from ordinary activities	1,175,063	1,102,125
Cost of sales of goods and services	(1,184,363)	(1,056,791)
Depreciation	<u>(36,990)</u>	<u>(32,721)</u>
	<u>(46,290)</u>	<u>12,613</u>
 NOTE 5 CASH ASSETS		
Cash on hand	300	300
Cash at bank	<u>617,472</u>	<u>856,567</u>
	<u>617,772</u>	<u>856,867</u>
 The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	<u>617,772</u>	<u>856,867</u>
Balances per statement of cash flows	<u>617,772</u>	<u>856,867</u>
 NOTE 6 INVESTMENTS		
St George Bank term deposits	<u>451,251</u>	<u>433,670</u>
	<u>451,251</u>	<u>433,670</u>
 NOTE 7 RECEIVABLES		
Trade debtors	73,736	34,867
Other accrued income	<u>82,906</u>	<u>24,066</u>
	<u>156,642</u>	<u>58,933</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 8 OTHER RECEIVABLES		
Prepayments	27,206	27,669
Deposits paid	9,677	3,500
Accrued interest receivable	11,697	13,064
GST refund receivable	<u>22,018</u>	<u>-</u>
	<u>70,598</u>	<u>44,233</u>

NOTE 9 INVENTORY

Contracts for sale	2,285	2,538
Tenancy agreements	<u>628</u>	<u>496</u>
	<u>2,913</u>	<u>3,034</u>

NOTE 10 OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment		
At cost	380,593	279,173
Less: accumulated depreciation	<u>(134,070)</u>	<u>(204,204)</u>
Total office furniture and equipment	<u>246,523</u>	<u>74,969</u>

Reconciliation

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

	Office furniture and equipment \$
Carrying amount at 30 June 2004	74,969
Additions	208,703
Disposals	(159)
Depreciation expense	<u>(36,990)</u>
Carrying amount at 30 June 2005	<u>246,523</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 11 PAYABLES		
Other liabilities		
Subscriptions in advance	648,222	575,000
Accruals	49,330	18,805
Payable – Solicitors’ Fidelity Fund of the Australian Capital Territory	3,840	3,840
Professional indemnity insurance premiums	-	6,572
Lease incentive	<u>28,980</u>	<u>-</u>
 Total other liabilities	 730,372	 604,217
Employee benefits payable	68,957	53,715
Trade Creditors	<u>20,301</u>	<u>25,330</u>
	 <u>819,630</u>	 <u>683,262</u>
 NOTE 12 PROVISIONS		
Provision for long service leave	<u>42,599</u>	<u>20,966</u>
 NOTE 13 PROVISIONS		
Provision for long service leave	<u>4,496</u>	<u>15,649</u>
 NOTE 14 ACCUMULATED FUNDS		
Accumulated funds at the beginning of the financial year	751,829	739,216
Net surplus/(deficit)	<u>(46,290)</u>	<u>12,613</u>
Accumulated funds at the end of the financial year	<u>705,539</u>	<u>751,829</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 15 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposures

The Society's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2005	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash assets	617,472	-	300	617,772
Receivables	-	-	156,642	156,642
Investments	-	451,251	-	451,251
Total	<u>617,472</u>	<u>451,251</u>	<u>156,942</u>	<u>1,225,665</u>
Weighted average interest rate	5.00%	5.64%		
 Financial liabilities				
Creditors and accrued expenses	<u>-</u>	<u>-</u>	<u>73,471</u> *	<u>73,471</u>
Total	<u>-</u>	<u>-</u>	<u>73,471</u>	<u>73,471</u>
Net financial assets (liabilities)				<u>1,152,194</u>
* Trade creditors and accruals	69,631			
Payable – Solicitors' Fidelity Fund	<u>3,840</u>			
	<u>\$ 73,471</u>			

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 15 FINANCIAL INSTRUMENTS (CONT'D)

2004	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash assets	856,567	-	300	856,867
Receivables	-	-	58,933	58,933
Investments	-	433,670	-	433,670
Total	<u>856,567</u>	<u>433,670</u>	<u>59,233</u>	<u>1,349,470</u>
 Weighted average interest rate	 4.75%	 5.54%		
Financial Liabilities				
Creditors and accrued expenses	-	-	54,547*	54,547
Total	<u>-</u>	<u>-</u>	<u>54,547</u>	<u>54,547</u>
 Net financial assets (liabilities)				<u>1,294,923</u>
 * Trade creditors and accruals	 44,135			
Payable – Solicitors’ Fidelity Fund	3,840			
Professional Indemnity Insurance	<u>6,572</u>			
	<u>\$ 54,547</u>			

(b) Net fair value of financial assets and liabilities

All financial assets and liabilities are shown at their net fair value at balance date.

	2005	2004
	\$	\$
NOTE 16 REMUNERATION OF AUDITORS		
Audit of the Society’s financial report	<u>7,300</u>	<u>8,250</u>

No other benefits were received by the auditors

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 17 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	81,176	53,167
Later than one year but not later than 5 years	<u>374,240</u>	<u>-</u>
	<u>455,416</u>	<u>53,167</u>

The total amount of rental expense recognised in the reporting period was \$101,781(2004: \$84,708).

NOTE 18 LEGISLATION

The Society is constituted under the Legal Practitioners Act 1970 (as amended). 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.

**NOTE 19 THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY -
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION
CAMPAIGN FUND**

The Society established the above Fund and is responsible for its administration. The financial report of the Fund is published separately and is attached to this report.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 20 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net surplus/(deficit)	(46,290)	12,613
Depreciation	36,990	32,721
Loss on disposal of fixed assets	159	178
Change in operating assets and liabilities:		
(Increase)/decrease in rental bond	(26,565)	-
(Increase)/decrease in stock	121	3,888
(Increase)/decrease in receivables and prepayments	(124,074)	28,938
Increase/(decrease) in subscriptions received in advance	73,222	58,976
Increase/(decrease) in creditors and accrued liabilities	(3,217)	(10,286)
Increase/(decrease) in Solicitors' Fidelity Fund of the ACT payable	-	600
Increase/(decrease) in provision for long service leave	10,480	7,655
Increase/(decrease) in employee benefits payable	15,242	9,318
(Decrease) in professional indemnity insurance premiums	(6,572)	(169,803)
Increase/(decrease) in restitution fund	-	(150,000)
Increase/(decrease) in lease incentive	<u>28,980</u>	<u>-</u>
Net cash inflow/(outflow) from operating activities	<u>(41,524)</u>	<u>(175,202)</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 21 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 follow:

Mr W M Redpath	President
Mr R J Barnett	Treasurer to 15 September 2004 Vice President from 16 September 2004
Mr G P Walker	Vice President
Mr W G Coombes	Vice President to 15 September 2004 Treasurer from 16 September 2004
Ms L E Vardanega PSM	Secretary
Mr D W Farrar	Immediate Past President
Ms K Barralet	from 16 September 2004
Ms R Bird	from 16 September 2004
Mr C G Chenoweth	to 15 September 2004
Ms L Crebbin	
Mr M Flynn	
Ms J Ford	
Mr B Hatch	
Ms J Lennard	to 15 September 2004
Mr A Opas	
Ms J Purcell	
Ms J Saunders	to 15 September 2004
Mr P Vane-Tempest	
Mr P Woulfe	from 16 September 2004

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, as disclosed in the statement of financial performance. 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 \$2,766 (2004: \$2,769) in premiums for Directors and Officers liability insurance.

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005**

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

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Society's financial position as at 30 June 2005 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 Practitioners Act 1970 (as amended); 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

Councillor

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY**

Scope

We have audited the financial report of The Law Society of the Australian Capital Territory (The Society) for the year ended 30 June 2005 as set out on pages 1 to 16. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), so as to present a view of the Society which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Society as at 30 June 2005 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia
Chartered Accountants
Canberra 29 August 2005



R C Scott
Partner

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

FINANCIAL REPORT – 30 JUNE 2005

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

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Revenue from ordinary activities		<u>-</u>	<u>-</u>
Net Surplus/ (deficit)		<u>-</u>	<u>-</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Current assets			
Cash assets	2	4,760,107	4,566,852
Investments	3	<u>3,893,714</u>	<u>3,790,829</u>
Total current assets		<u>8,653,821</u>	<u>8,357,681</u>
Total assets		<u>8,653,821</u>	<u>8,357,681</u>
Current liabilities			
Other liabilities	4	<u>8,653,821</u>	<u>8,357,681</u>
Total current liabilities		<u>8,653,821</u>	<u>8,357,681</u>
Total liabilities		<u>8,653,821</u>	<u>8,357,681</u>
Net assets		<u>-</u>	<u>-</u>
Equity			
Accumulated Funds		<u>-</u>	<u>-</u>
Total equity		<u>-</u>	<u>-</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
Cash flows from investing activities			
Payments for investments		<u>(102,885)</u>	<u>(50,800)</u>
Net cash (outflow) from investing activities		<u>(102,885)</u>	<u>(50,800)</u>
Cash flows from financing activities			
Proceeds from deposits		2,786,925	2,290,884
Repayments of deposits		<u>(2,490,785)</u>	<u>(2,134,444)</u>
Net cash inflow (outflow) from financing activities		<u>296,140</u>	<u>156,440</u>
Net increase (decrease) in cash held		193,255	105,640
Cash at the beginning of the financial year		<u>4,566,852</u>	<u>4,461,212</u>
Cash at the end of the financial year	2	<u>4,760,107</u>	<u>4,566,852</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

No statement is required to be prepared under Accounting Standard AAS 1 *Statement of Financial Performance* as the trust account does not receive income and does not incur any expenditure in its operations.

This financial report covers The Law Society of the Australian Capital Territory Statutory Deposits 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) Income tax

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

(b) Cash

For purposes of the statement of cash flows, cash includes cash on hand and cash at bank

(c) Investments

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

(d) Monies deposited by solicitors

Monies deposited by solicitors are recognised upon receipt. Amounts are repayable in accordance with the Legal Practitioners Act 1970 (as amended).

(e) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the Introduction of Australian Equivalents to the International Financial Reporting Standards (AEIFRS) effective for the Trust Account's 30 June 2006 financial year. This requires the production of accounting data at 30 June 2005 for comparative purposes.

The Trust Account's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The Councillors are of the opinion that there are no key differences in the accounting policies of the Trust Account, or significant impacts on the financial report, which will arise from the adoption of AEIFRS.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 2 CASH ASSETS		
Cash at bank	<u>4,760,107</u>	<u>4,566,852</u>
	<u>4,760,107</u>	<u>4,566,852</u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows.		
Balances as above	<u>4,760,107</u>	<u>4,566,852</u>
Balances per statement of cash flows	<u>4,760,107</u>	<u>4,566,852</u>
NOTE 3 INVESTMENTS		
Commonwealth Bank	1,500,000	1,500,000
National Australia Bank	862,343	815,510
St George Bank	<u>1,531,371</u>	<u>1,475,319</u>
	<u>3,893,714</u>	<u>3,790,829</u>
NOTE 4 OTHER LIABILITIES		
Monies deposited by solicitors	<u>8,653,821</u>	<u>8,357,681</u>
	<u>8,653,821</u>	<u>8,357,681</u>

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 127 of the Legal Practitioners Act 1970 (as amended). 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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 6 REMUNERATION OF AUDITORS

Audit fees of \$800 (2004:\$1,400) were ultimately paid by the Statutory Interest Account on behalf of the Statutory Deposits Trust Account.

NOTE 7 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The trust's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2005	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	4,760,107	-	-	4,760,107
Investments	<u>-</u>	<u>3,893,714</u>	<u>-</u>	<u>3,893,714</u>
	<u>4,760,107</u>	<u>3,893,714</u>	<u>-</u>	<u>8,653,821</u>
Weighted average interest rate	5.00%	5.62%		
Financial liabilities				
Deposits by Solicitors	<u>-</u>	<u>-</u>	<u>8,653,821</u>	<u>8,653,821</u>
	<u>-</u>	<u>-</u>	<u>8,653,821</u>	<u>8,653,821</u>
Net financial assets (liabilities)				<u>-</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 7 FINANCIAL INSTRUMENTS (CONT'D)

2004	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	4,566,852	-	-	4,566,852
Investments	<u>-</u>	<u>3,790,829</u>	<u>-</u>	<u>3,790,829</u>
	<u>4,566,852</u>	<u>3,790,829</u>	<u>-</u>	<u>8,357,681</u>
Weighted average interest rate	4.75%	5.41%		
Financial liabilities				
Deposits by Solicitors	<u>-</u>	<u>-</u>	<u>8,357,681</u>	<u>8,357,681</u>
	<u>-</u>	<u>-</u>	<u>8,357,681</u>	<u>8,357,681</u>
Net financial assets (liabilities)				<u>-</u>

(b) Net fair value of financial assets and liabilities

All financial assets and liabilities are shown at their net fair value at balance date.

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

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005**

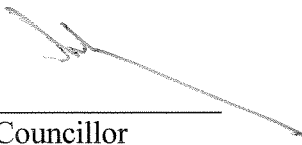
The Councillors declare that the financial statements and notes set out on pages 1 to 7:

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Trust's financial position as at 30 June 2005 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 Practitioners Act 1970 (as amended); and
- (b) there are reasonable grounds to believe that the Trust 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



Councillor

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

Scope

We have audited the financial report of The Law Society of the Australian Capital Territory- Statutory Deposits Trust Account (the Trust) for the year ended 30 June 2005 as set out on pages 1 to 8. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), so as to present a view of the Trust which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Trust as at 30 June 2005 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia
Canberra 21 August 2005



R C Scott
Partner

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

FINANCIAL REPORT – 30 JUNE 2005

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

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Revenue from ordinary activities	2	1,654,920	1,580,865
Law Society of the Australian Capital Territory - reimbursement of administration expenses		(60,314)	(54,188)
Bank charges		(122)	(127)
Professional Conduct Board sitting fees		(6,978)	(14,860)
Disciplinary legal costs		(195,765)	(77,905)
Legal Advice Bureau operating costs	11	(24,983)	(23,409)
Professional Standards Office costs		<u>(68,303)</u>	<u>(72,217)</u>
Net surplus before disbursements		1,298,455	1,338,159
Proposed disbursements S128	12	(1,300,000)	(1,155,000)
Disbursements S128	13	<u>23,645</u>	<u>166,970</u>
Net Surplus	10	<u>22,100</u>	<u>350,129</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Current assets			
Cash assets	3	1,106,422	964,457
Investments	4	1,121,456	1,067,553
Receivables	5	<u>216,893</u>	<u>184,487</u>
Total current assets		<u>2,444,771</u>	<u>2,216,497</u>
Non-current assets			
Legal advice bureau furniture and fittings	6	<u>-</u>	<u>-</u>
Total non-current assets		<u>-</u>	<u>-</u>
Total assets		<u>2,444,771</u>	<u>2,216,497</u>
Current liabilities			
Payables	7	90,437	30,366
Provisions	8	<u>1,300,000</u>	<u>1,155,000</u>
Total current liabilities		<u>1,390,437</u>	<u>1,185,366</u>
Non-current liabilities			
Provisions	9	<u>14,163</u>	<u>13,060</u>
Total non-current liabilities		<u>14,163</u>	<u>13,060</u>
Total liabilities		<u>1,404,600</u>	<u>1,198,426</u>
Net assets		<u>1,040,171</u>	<u>1,018,071</u>
Equity			
Accumulated Funds	10	<u>1,040,171</u>	<u>1,018,071</u>
Total equity		<u>1,040,171</u>	<u>1,018,071</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
Cash flows from operating activities			
Miscellaneous receipts		591	-
Disbursements and other operating payments		<u>(294,191)</u>	<u>(312,559)</u>
		<u>(293,600)</u>	<u>(312,559)</u>
Interest		<u>1,620,823</u>	<u>1,549,926</u>
Net cash inflow from operating activities	15	<u>1,327,223</u>	<u>1,237,367</u>
Cash flows from investing activities			
Payments for investments		<u>(53,903)</u>	<u>(51,902)</u>
Net cash inflow (outflow) from investing activities		<u>(53,903)</u>	<u>(51,902)</u>
Cash flows from financing activities			
Section 128 disbursements	13	<u>(1,131,355)</u>	<u>(953,030)</u>
Net cash (outflow) from financing activities		<u>(1,131,355)</u>	<u>(953,030)</u>
Net increase (decrease) in cash held		141,965	232,435
Cash at the beginning of the financial year		<u>964,457</u>	<u>732,022</u>
Cash at the end of the financial year	3	<u>1,106,422</u>	<u>964,457</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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

The following significant policies have been adopted in the preparation of this financial report:

(a) Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each non-current asset over its expected useful life. Estimates of remaining useful lives are made on a regular basis.

(b) Income Tax

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

(c) Cash

For purposes of the statement of cash flows, cash includes cash on hand and cash at bank.

(d) Investments

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

(e) Revenue recognition

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. Interest is recognised when the Statutory Interest Account gains control of a right to receive the interest payment.

(f) Employee Benefits

i. Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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

(f) Employee Benefits (cont'd)

ii. Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for long service leave and is in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future payments in respect of services provided by employees up to the reporting date.

The Account recognises a share of the accumulated employee benefits in relation to the employees of the Law Society of the Australian Capital Territory who provide services to the Account on a part time basis. The Account has no full time equivalent employees.

(g) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the Introduction of Australian Equivalents to the International Financial Reporting Standards (AEIFRS) effective for the Account's 30 June 2006 financial year. This requires the production of accounting data at 30 June 2005 for comparative purposes.

The Account's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The Councillors are of the opinion that there are no key differences in the accounting policies of the Account or significant impacts on the financial report which will arise from the adoption of AEIFRS.

	2005	2004
	\$	\$
NOTE 2 REVENUE		
Revenue from operating activities		
Interest on investments by the Statutory Interest Account	123,117	101,662
Interest on investments by the Statutory Deposits Account	414,056	357,750
Interest on Solicitors' Trust Accounts	<u>1,117,156</u>	<u>1,121,453</u>
	1,654,329	1,580,865
Revenue from outside the operating activities		
Miscellaneous income	<u>591</u>	<u>-</u>
Revenue from ordinary activities	<u>1,654,920</u>	<u>1,580,865</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 3 CASH ASSETS		
Cash at bank	<u>1,106,422</u>	<u>964,457</u>
	<u>1,106,422</u>	<u>964,457</u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	<u>1,106,422</u>	<u>964,457</u>
Balances per statement of cash flows	<u>1,106,422</u>	<u>964,457</u>
NOTE 4 INVESTMENTS		
ANZ Banking Group	682,320	647,785
St George Bank Australia	<u>439,136</u>	<u>419,768</u>
	<u>1,121,456</u>	<u>1,067,553</u>
NOTE 5 RECEIVABLES		
Accrued Interest		
-Investments	106,635	83,802
-Solicitors' Trust Accounts	<u>107,592</u>	<u>96,919</u>
	214,227	180,721
Prepayments	1,001	1,400
GST paid to suppliers	<u>1,665</u>	<u>2,366</u>
	<u>216,893</u>	<u>184,487</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>
	<u>-</u>	<u>-</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 7 PAYABLES		
Sundry creditors and accruals	75,557	17,191
Annual leave payable	<u>14,880</u>	<u>13,175</u>
	<u>90,437</u>	<u>30,366</u>
 NOTE 8 PROVISIONS		
Proposed disbursements from current year income	<u>1,300,000</u>	<u>1,155,000</u>
	<u>1,300,000</u>	<u>1,155,000</u>
 NOTE 9 PROVISIONS		
Provisions for long service leave	<u>14,163</u>	<u>13,060</u>
	<u>14,163</u>	<u>13,060</u>
 NOTE 10 ACCUMULATED FUNDS		
Accumulated funds		
Accumulated funds at the beginning of the financial year	1,018,071	667,942
Net surplus	<u>22,100</u>	<u>350,129</u>
Accumulated funds at the end of the financial year	<u>1,040,171</u>	<u>1,018,071</u>
 NOTE 11 LEGAL ADVICE BUREAU OPERATING COSTS		
Cleaning	498	504
Depreciation	884	733
Electricity	168	166
Insurance	541	495
Publications and subscriptions	700	380
Rental of premises	4,686	5,498
Salaries and superannuation	17,183	15,202
Security	<u>323</u>	<u>431</u>
	<u>24,983</u>	<u>23,409</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 12 PROPOSED DISBURSEMENTS		
<p>The Society will invite submissions for disbursements from the Statutory Interest Account under S 128(4) of the Legal Practitioners Act 1970 (as amended):</p>		
Proposed disbursements	<u>1,300,000</u>	<u>1,155,000</u>
NOTE 13 DISBURSEMENTS		
<p>Disbursements made from the Statutory Interest Account under S 128(4) of the Legal Practitioners Act 1970 (as amended) were:</p>		
Legal Aid Commission (ACT)	995,000	820,000
Welfare Rights and Legal Centre	108,650	106,000
Women's Legal Centre	<u>27,705</u>	<u>27,030</u>
	<u>1,131,355</u>	<u>953,030</u>
Less: Proposed disbursements as at 1 July	<u>(1,155,000)</u>	<u>(1,120,000)</u>
Prior year over accrual	<u>(23,645)</u>	<u>(166,970)</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 14 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposures

The Account's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2005	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	1,106,422	-	-	1,106,422
Investments	-	1,121,456	-	1,121,456
Receivables and accrued interest	-	-	215,892	215,892
	<u>1,106,422</u>	<u>1,121,456</u>	<u>215,892</u>	<u>2,443,770</u>
Weighted average interest rate	5.00%	5.47%		
Financial liabilities				
Sundry Creditors and accruals	-	-	75,557	75,557
Proposed disbursements	-	-	1,300,000	1,300,000
	<u>-</u>	<u>-</u>	<u>1,375,557</u>	<u>1,375,557</u>
Net financial assets (liabilities)				<u>1,068,213</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 14 FINANCIAL INSTRUMENTS (CONT'D)

2004	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	964,457	-	-	964,457
Investments	-	1,067,553	-	1,067,553
Receivables	-	-	183,087	183,087
	<u>964,457</u>	<u>1,067,553</u>	<u>183,087</u>	<u>2,215,097</u>
Weighted average interest rate	4.75%	5.38%		
Financial liabilities				
Sundry Creditors and accruals	-	-	17,191	17,191
Proposed disbursements	-	-	1,155,000	1,155,000
	<u>-</u>	<u>-</u>	<u>1,172,191</u>	<u>1,172,191</u>
Net financial assets (liabilities)				<u>1,042,906</u>

(b) Net fair value of financial assets and liabilities

All financial assets and liabilities are shown at their net fair value at balance date.

2005	2004
\$	\$

**NOTE 15 RECONCILIATION OF NET SURPLUS TO
NET CASH INFLOW FROM OPERATING
ACTIVITIES.**

Net surplus	22,100	350,129
Disbursements	1,276,355	988,030
Change in operating assets and liabilities		
(Increase)/decrease in accrued interest	(33,506)	(30,939)
Increase/(decrease) in creditors & accruals	58,366	(77,369)
Increase/(decrease) in employee benefits	2,808	6,019
(Increase)/decrease in debtors and prepayments	<u>1,100</u>	<u>1,497</u>
Net cash inflow (outflow) from operating activities	<u>1,327,223</u>	<u>1,237,367</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 16 CONTINGENT ASSETS

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

NOTE 17 LEGISLATION

The Statutory Interest Account is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S128(2) of the Legal Practitioners Act 1970 (as amended). Under the Act, interest on Solicitors' Trust Accounts and investments by the Statutory Deposits Trust Account are deposited into the Statutory Interest Account.

NOTE 18 REMUNERATION OF AUDITORS

Audit fees of \$1,400 (2004: \$1,900) were ultimately paid by the Statutory Interest Account.

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

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005**

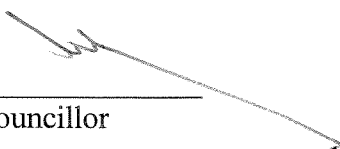
The Councillors declare that the financial statements and notes set out on pages 1 to 11:

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Account's financial position as at 30 June 2005 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 Practitioners Act 1970 (as amended); 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



Councillor

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT**

Scope

We have audited the financial report of The Law Society of the Australian Capital Territory – Statutory Interest Account (the Account) for the year ended 30 June 2005 as set out on pages 1 to 12. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), so as to present a view of the Account which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Account as at 30 June 2005 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia
Canberra 29 August 2005



R C Scott
Partner

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

FINANCIAL REPORT – 30 JUNE 2005

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THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Revenue from ordinary activities	2	252,652	231,027
Audit fees		(1,400)	(1,800)
Administration expenses		(33,628)	(28,883)
Bank charges		(29)	(53)
Investigations, examinations and managers' costs		(74,868)	(42,248)
Legal costs		-	(200)
Random inspections expenses		<u>(19,000)</u>	<u>(69,780)</u>
Net Surplus	7	<u>123,727</u>	<u>88,063</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Current assets			
Cash assets	3	150,329	228,146
Receivables	4	<u>50,654</u>	<u>50,057</u>
Total current assets		<u>200,983</u>	<u>278,203</u>
Non-current assets			
Investments	5	<u>3,851,991</u>	<u>3,661,691</u>
Total non-current assets		<u>3,851,991</u>	<u>3,661,691</u>
Total assets		<u>4,052,974</u>	<u>3,939,894</u>
Current liabilities			
Other liabilities	6	<u>50,639</u>	<u>61,286</u>
Total current liabilities		<u>50,639</u>	<u>61,286</u>
Total liabilities		<u>50,639</u>	<u>61,286</u>
Net assets		<u>4,002,335</u>	<u>3,878,608</u>
Equity			
Accumulated Funds	7	<u>4,002,335</u>	<u>3,878,608</u>
Total equity		<u>4,002,335</u>	<u>3,878,608</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from contributions		35,190	34,370
Recoveries		2,797	7,125
Payments		<u>(140,008)</u>	<u>(130,854)</u>
		(102,021)	(89,359)
Interest received		<u>214,504</u>	<u>211,615</u>
Net cash inflow from operating activities	11	<u>112,483</u>	<u>122,256</u>
Cash flows from investing activities			
Payments for investments		<u>(190,300)</u>	<u>(176,433)</u>
Net cash (outflow) from investing activities		<u>(190,300)</u>	<u>(176,433)</u>
Net (decrease) in cash held		(77,817)	(54,177)
Cash at the beginning of the financial year		<u>228,146</u>	<u>282,323</u>
Cash at the end of the financial year	3	<u>150,329</u>	<u>228,146</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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

(a) Income tax

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

(b) Cash

For purposes of the statement of cash flows, cash included cash on hand and cash at bank.

(c) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Contributions and recovered investigation/management costs
Receipt of funds or when it comes receivable if earlier.

(ii) Interest
Control of a right to receive the interest payment.

(d) Investments

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

(e) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the Introduction of Australian Equivalents to the International Financial Reporting Standards (AEIFRS) effective for the Fund's 30 June 2006 financial year. This requires the production of accounting data at 30 June 2005 for comparative purposes.

The Fund's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The Councillors are of the opinion that there are no key differences in the accounting policies of the Fund or significant impacts on the financial report which will arise from the adoption of AEIFRS.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
NOTE 2 REVENUE		
Revenue from operating activities		
Interest on investments	214,905	189,292
Contributions	<u>34,950</u>	<u>34,610</u>
	<u>249,855</u>	<u>223,902</u>
Revenue from outside the operating activities		
Recovered management costs	<u>2,797</u>	<u>7,125</u>
Revenue from ordinary activities	<u>252,652</u>	<u>231,027</u>
NOTE 3 CASH ASSETS		
Cash at bank	<u>150,329</u>	<u>228,146</u>
	<u>150,329</u>	<u>228,146</u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	<u>150,329</u>	<u>228,146</u>
Balances per statement of cash flows	<u>150,329</u>	<u>228,146</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 4 RECEIVABLES		
Trade debtors – The Law Society of the Australian Capital Territory	3,840	3,840
Accrued interest	41,468	41,067
Other receivables	<u>5,346</u>	<u>5,150</u>
	<u>50,654</u>	<u>50,057</u>
 NOTE 5 INVESTMENTS		
ANZ Banking Group	1,935,109	1,834,427
St George Bank	518,654	500,000
National Australia Bank	<u>1,398,228</u>	<u>1,327,264</u>
	<u>3,851,991</u>	<u>3,661,691</u>
 NOTE 6 OTHER LIABILITIES		
Creditors and accruals	20,039	30,926
Contributions received in advance	<u>30,600</u>	<u>30,360</u>
	<u>50,639</u>	<u>61,286</u>
 NOTE 7 ACCUMULATED FUNDS		
Accumulated funds		
Accumulated funds at the beginning of the financial year	3,878,608	3,790,545
Net surplus	<u>123,727</u>	<u>88,063</u>
Accumulated funds at the end of the financial year	<u>4,002,335</u>	<u>3,878,608</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 8 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 S132 of the Legal Practitioners Act 1970 (as amended). The Fund has no employees.

	2005	2004
	\$	\$

NOTE 9 AUDITORS' REMUNERATION

Audit of the Fund's financial report	<u>1,400</u>	<u>1,800</u>
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No other benefits were received by the auditors

NOTE 10 CONTINGENT LIABILITIES

There are no contingent liabilities.

**NOTE 11 RECONCILIATION OF NET SURPLUS TO
NET CASH INFLOW FROM OPERATING
ACTIVITIES.**

Net surplus	123,727	88,063
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(597)	18,845
Increase/(decrease) in creditors and accruals	(10,887)	14,988
Increase/(decrease) in contributions received in advance	<u>240</u>	<u>360</u>
Net cash inflow from operating activities	<u>112,483</u>	<u>122,256</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 12 ACTUARIAL ASSESSMENT

An actuarial assessment of the Fund was made as at 6 December 1996. It assessed \$3,100,000 as being an appropriate level of net assets to cover potential claims on the fund. Due to the significant level of uncertainty of claims on the fund, the Councillors have decided that there would be little benefit in obtaining an updated actuarial assessment.

	2005	2004
	\$	\$
Actuarial assessment as to an appropriate level of net assets as at 6 December 1996	3,100,000	3,100,000
Net market value of assets held by the Fund to meet payments as at 30 June 2005	<u>4,002,335</u>	<u>3,878,608</u>
Excess of net assets over the actuarial assessment	<u>902,335</u>	<u>778,068</u>

NOTE 13 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The fund's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2005	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	150,329	-	-	150,329
Receivables and accrued interest	-	-	50,654	50,654
Investments	<u>-</u>	<u>3,851,991</u>	<u>-</u>	<u>3,851,991</u>
	<u>150,329</u>	<u>3,851,991</u>	<u>50,654</u>	<u>4,052,974</u>
Weighted average interest rate	5.00%	5.66%		
Financial liabilities				
Creditors and accruals	<u>-</u>	<u>-</u>	<u>20,039</u>	<u>20,039</u>
	<u>-</u>	<u>-</u>	<u>20,039</u>	<u>20,039</u>
Net financial assets (liabilities)				<u>4,032,935</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 13 FINANCIAL INSTRUMENTS (CONT'D)

2004	Floating interest rate	Fixed interest maturing in <1 year	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	228,146	-	-	228,146
Receivables and accrued interest	-	-	50,057	50,057
Investments	<u>-</u>	<u>3,661,691</u>	<u>-</u>	<u>3,661,691</u>
	<u>228,146</u>	<u>3,661,691</u>	<u>50,057</u>	<u>3,939,894</u>
Weighted average interest rate	4.75%	5.45%		
Financial liabilities				
Accrued liabilities	<u>-</u>	<u>-</u>	<u>30,926</u>	<u>30,926</u>
	<u>-</u>	<u>-</u>	<u>30,926</u>	<u>30,926</u>
Net financial assets (liabilities)				<u>3,908,968</u>

(b) Net Fair value of financial assets and liabilities

All financial assets and liabilities are shown at their net fair value at balance date.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005**

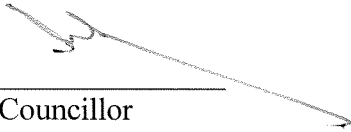
The Councillors declare that the financial statements and notes set out on pages 1 to 9:

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Society's financial position as at 30 June 2005 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 Practitioners Act 1970 (as amended); 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



Councillor

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

Scope

We have audited the financial report of The Solicitors' Fidelity Fund of the Australian Capital Territory (the Fund) for the year ended 30 June 2005 as set out on pages 1 to 10. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), so as to present a view of the Fund which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Fund as at 30 June 2005 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia
Canberra 29 August 2005



R C Scott
Partner

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

FINANCIAL REPORT – 30 JUNE 2005

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**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005	2004
		\$	\$
Revenue from ordinary activities	2	347	293
Audit fees		(300)	(350)
Consultancy fees		-	(465)
Sundry expenses		<u>(1)</u>	<u>(1)</u>
Net surplus / (deficit)	6	<u>46</u>	<u>(523)</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Current assets			
Cash assets	4	6,301	6,257
Receivables	5	<u>25</u>	<u>23</u>
Total current assets		<u>6,326</u>	<u>6,280</u>
Total assets		<u>6,326</u>	<u>6,280</u>
Current liabilities			
Payables		<u>-</u>	<u>-</u>
Total current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>6,326</u>	<u>6,280</u>
Equity			
Accumulated Funds	6	<u>6,326</u>	<u>6,280</u>
Total equity		<u>6,326</u>	<u>6,280</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from members and others		-	-
Payments to suppliers		<u>(301)</u>	<u>(816)</u>
		<u>(301)</u>	<u>(816)</u>
Interest received		<u>345</u>	<u>293</u>
Net cash inflow (outflow) from operating activities	10	<u>44</u>	<u>(523)</u>
Net increase (decrease) in cash held		44	(523)
Cash at the beginning of the financial year		<u>6,257</u>	<u>6,780</u>
Cash at the end of the financial year	4	<u>6,301</u>	<u>6,257</u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

This financial report covers The Law Society of the Australian Capital Territory Compulsory Third Party and Workers' Compensation Campaign 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) Income tax

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

(b) Cash

For purposes of the statement of cash flows, cash includes cash on hand and cash at bank.

(c) Revenue Recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

Contributions

Receipt of funds.

Interest

Control of a right to receive the interest payment.

(d) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the Introduction of Australian Equivalents to the International Financial Reporting Standards (AEIFRS) effective for the Fund's 30 June 2006 financial year. This requires the production of accounting data at 30 June 2005 for comparative purposes.

The Fund's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The Councillors are of the opinion that there are no key differences in the accounting policies of the Fund or significant impacts on the financial report which will arise from the adoption of AEIFRS.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
NOTE 2 REVENUE		
Revenue from operating activities	-	-
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>
Revenue from outside the operating activities		
Interest	347	293
	<u> </u>	<u> </u>
Revenue from ordinary activities	347	293
	<u> </u>	<u> </u>
NOTE 3 NET SURPLUS (DEFICIT)		
Revenue from ordinary activities	347	293
Cost of sales of goods and services	(301)	(816)
	<u> </u>	<u> </u>
	46	(523)
	<u> </u>	<u> </u>
NOTE 4 CASH ASSETS		
Cash at bank	6,301	6,257
	<u> </u>	<u> </u>
	6,301	6,257
	<u> </u>	<u> </u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	6,301	6,257
	<u> </u>	<u> </u>
Balances per statement of cash flows	6,301	6,257
	<u> </u>	<u> </u>

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 5 RECEIVABLES		
Other debtors	25	23
	25	23
NOTE 6 ACCUMULATED FUNDS		
Accumulated funds at the beginning of the financial year	6,280	6,803
Net surplus (deficit)	46	(523)
Accumulated funds at the end of the financial year	6,326	6,280

NOTE 7 PURPOSE OF THE FUND

The Compulsory Third Party and Workers' Compensation Campaign Fund is maintained by the Law Society of the Australian Capital Territory, a related entity. The Fund receives voluntary contributions for the purpose of campaigning in respect of compulsory third party, workers' compensation and related issues. The Fund has no employees.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 8 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposures

The fund's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2005	Floating interest rate	Fixed interest maturing in < 1 year	Non-interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash	6,301	-	-	6,301
Accrued Interest	-	-	25	25
	<u>6,301</u>	<u>-</u>	<u>25</u>	<u>6,326</u>
Weighted average interest rate	5.00%	-		
Net financial assets (liabilities)				<u>6,326</u>
2004				
Financial Assets				
Cash	6,257	-	-	6,257
Accrued Interest	-	-	23	23
	<u>6,257</u>	<u>-</u>	<u>23</u>	<u>6,280</u>
Weighted average interest rate	4.75%	-		
Net financial assets (liabilities)				<u>6,280</u>

(b) Net fair value of financial assets and liabilities

All financial assets and liabilities are shown at their net fair value at balance date.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
NOTE 9 AUDITORS' REMUNERATION		
Audit of the Fund's financial report	300	350
No other benefits were received by the auditors.		
 NOTE 10 RECONCILIATION OF NET SURPLUS (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net surplus (deficit)	46	(523)
Change in operating assets and liabilities: (Increase)/decrease in accrued interest and receivables	(2)	-
Net cash inflow (outflow) from operating activities	44	(523)

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005**

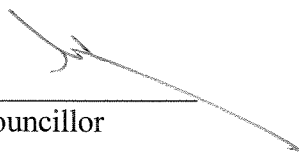
The Councillors declare that the financial statements and notes set out on pages 1 to 8:

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Fund's financial position as at 30 June 2005 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 Practitioners Act 1970 (as amended); 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



Councillor

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION CAMPAIGN FUND**

Scope

We have audited the financial report of The Law Society of the Australian Capital Territory – Compulsory Third Party and Workers' Compensation Campaign Fund (the Fund) for the year ended 30 June 2005 as set out on pages 1 to 9. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), so as to present a view of the Fund which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Fund as at 30 June 2005 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia
Canberra 29 August 2005



R C Scott
Partner

