

Legal Profession Admission Board

Annual Report 2009-2010



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LPAB staff 2009 – 2010

From top left: Robert Wilson - Examinations Officer; Tania Payne - Student Services Officer; Matthew Walker, Office Manager; Gordon Seago - Diploma in Law Coordinator; Mylvaganam Nagarajah – Enquiries and Certificates Officer; Louise Pritchard – Legal Officer; Margaret Horan – Executive Assistant

From bottom left: Monika Bhattacharya – Professional Services Team Leader; Robin Szabo – Executive Officer; Ming Han – Accounts Officer

LETTER TO THE MINISTER

The Hon. John Hatzistergos, MLC
Attorney General
Level 33, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Attorney,

I am pleased to present you with the Annual Report for the Legal Profession Admission Board together with the Board's financial statements for the year ended 30 June 2010.

As required by the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finances and Audit Act 1983* I submit a report on the operations of the Board.

Yours faithfully

A handwritten signature in black ink, appearing to read 'rszabo', written in a cursive style.

Robin Szabo

Executive Officer
Registrar of Public Notaries

OUR CHARTER

The Legal Profession Admission Board (LPAB) is a statutory body and its functions include the admission of lawyers and appointment of public notaries in New South Wales. It assesses the qualifications of local and overseas applicants who seek entry to the legal profession and accredits academic and practical legal training courses. Successful completion of the Board's examinations leads to the award of the *Diploma in Law*, which satisfies the academic requirements for admission in NSW. The LPAB's responsibilities derive from the provisions of the *Legal Profession Act 2004* and the Legal Profession Admission Rules made pursuant to it, the *Public Notaries Act 1997*, its Appointment Rules and from the Board's close relationship to the Supreme Court of New South Wales.

The LPAB

- Processes applications for admission as a lawyer, appointment as a public notary, registration as a Student-at-Law and various applications under the Board's rules
- Assesses the qualifications and experience of applicants for admission to the profession, including applicants from interstate or overseas
- Maintains the rolls of lawyers and public notaries
- Administers the Board's examinations for its Diploma in Law course
- Accredits law degree courses and courses of practical legal training in New South Wales
- Provides certificates, diplomas, academic records and other documents to lawyers, students-at-law and professional bodies
- Provides application forms, information booklets and advice in relation to the above services

Our vision

The vision of the LPAB is to continually improve services and business efficacy to provide an accessible and affordable pathway towards legal practice.

We aim to improve client satisfaction through:

- Providing quality timely and cost effective information services
- Providing accessible and equitable services, and
- Team Work

REPORT FROM THE EXECUTIVE OFFICER

The 2009/2010 Annual Report of the Legal Profession Admission Board (LPAB) provides details of the structure, membership and operations of the Board. It includes our achievements, current strategies and projects that will allow us to continue to achieve greater efficiencies through efficient financial management, continued improvement of our procedures and client services and reduction of costs and wastage.

Highlights of 2009/2010

Highlights of our operational achievements are provided below:

Measures to improve procedures and client service

- Implementing a financial policy and supporting procedures to simplify and modernise financial transactions for enrolments, applications, refunds and revenue handling through acceptance of credit card payment and lodgements by e-mail and facsimile; offering a better service to overseas clients and students, particularly those living in remote locations
- Introducing regular frontline staff training sessions to reinforce consistency of skills in administrative procedures
- Developing the LPAB's new Student Records System, now close to completion, that will equip the Board with further tools to improve services to its students
- Continuing to develop and maintain the Board's website, which has now proven to be a valuable resource
- Reviewing service delivery and revising our customer service policy

Measures to reduce costs and wastage

- Identifying archives for destruction and off-site transfer and creating additional space on the Board's premises for cost effective storage
- Introducing bulk ordering of administrative supplies, rationalising use and 'green' procurement
- Employing part-time and temporary staff until the outcome of proposed National Legal Profession Reforms is known (discussed below)
- Acceptance of enrolments and other applications through electronic transactions minimising paper wastage
- Recycling and monitoring paper usage and electricity use

Diploma in Law

Throughout the year the LPAB also worked collaboratively with the Law Extension Committee (LEC) to monitor and assess opportunities for improvement to its *Diploma in Law* Course. Several initiatives that have been implemented in 2009 have proved successful and include:

Drafting a Code of Conduct for the students enrolled in the Diploma in Law Course
Increasing awareness of the Board's Diploma in Law Course by participating in the Sydney Morning Herald HSC and Careers Expo 2010 held from 4-6 June 2010 at the Randwick Race Course. School leavers and their parents were impressed with the information provided about the course and particularly the flexible and affordable means of obtaining entry to the legal profession in NSW.

Offering a new subject called *Understanding Legal Language and Legislation* thereby remaining competitive and relevant with university law schools

The FutureNational Legal Profession Reform

From its historical beginnings in 1848, as the first body to offer a law qualification in Australia, the strength of the Legal Profession Admission Board (formerly known as Legal Practitioners Admission Board, and the Barristers and Solicitors Admission Boards) is the ability to evolve and remain relevant to changing times. Arguably one of the most critical changes to face the LPAB will be the outcome of the National Legal Profession Reform, which may well have a significant impact on the Board and its operations. Under the *National Legal Profession Reform Bill 2009*, it is proposed that a newly established National Legal Service Board will undertake several functions currently performed by local admitting authorities and other bodies. Although lawyers will continue to be admitted by the courts in each jurisdiction, it is proposed to transfer accreditation of academic and practical legal training courses, assessment of applications for admission, overseas qualifications and registration of foreign lawyers to the National Legal Services Board. There will be a considerable amount of work and challenges to be faced by the Board and its staff in the next one to two years. In addition to maintaining operations, it will be necessary to provide assistance and advice to facilitate the reforms and to ensure that all key details are considered. To this end, I was asked to prepare a report about the proposed changes which was subsequently endorsed by the Board for use by the Law Admissions Consultative Committee (LACC) as the basis of other admitting authorities' commentary on the expected working problems with provisions of the draft legislation.

The LPAB team thanks all involved in its operations for their contribution and continued focus on excellent service delivery of this unique public service.



Robin Szabo
Executive Officer

MANAGEMENT AND STRUCTURE

The LPAB is constituted under Part 7.1 and Schedule 2 of the *Legal Profession Act 2004*. The Board is established as an independent statutory authority. However, for certain administrative and reporting purposes, it operates under the umbrella of the Department of Justice and Attorney General (DJAG). DJAG provides employees to the Board to enable it to carry out its functions.

Membership of the LPAB

The Board consists of 11 members, being:

- the Chief Justice of New South Wales, and
- 3 Judges of the Supreme Court nominated by the Chief Justice of New South Wales, and
- the Attorney General or a person nominated by the Attorney General, and
- 2 persons nominated by the Committee of NSW Law Deans, and
- 2 barristers nominated by the Bar Council, and
- 2 solicitors nominated by the Law Society Council.

Legal Profession Admission Board

The Honourable The Chief Justice

The Honourable Justice Tobias AM RFD (Presiding Member)

The Honourable Justice Slattery (Deputy Presiding Member)

The Honourable Justice Campbell (to 31 December 2009)

The Honourable Justice Davies (from 1 January 2010)

Mr Jeremy Gormly SC

Mr Garry McGrath

Mr Charles Cawley

Mr John Dobson

Professor Stephen Colbran

Professor Jill McKeough (to 3 February 2010)

Professor Luke McNamara (from 4 February 2010)

Ms Maureen Tangney

Secretariat: Ms Robin Szabo

Board and Committee Structure

The functions of the Board include making decisions about the eligibility and suitability of applicants for admission as lawyers and appointment of public notaries, assessing the qualifications of overseas applicants, accreditation of academic and practical legal training courses in NSW and operation of the Board's *Diploma in Law* Course. The Board, with advice from its Legal Qualifications Committee, has made significant contribution to the ongoing reforms for assessment of qualifications of overseas applicants. By circulating examples of the exercise of its discretionary powers under s24(4) of the *Legal Profession Act 2004* to exempt experienced practitioners from certain requirements, similar procedures have been adopted by other admitting authorities.

The Executive Officer and LPAB staff provide secretariat and administrative support to the Board, its Committees and Sub-Committees in the exercise of their functions. The Board and its Committee structure is represented in the diagram below.

Board and Committee Structure Chart



Legal Qualifications Committee

The Legal Qualifications Committee (LQC) is constituted pursuant to rule 15 of the *Legal Profession Admission Rules 2005* to superintend the qualification of candidates for admission and to advise the Board in relation to the accreditation of academic and practical training courses.

The membership of the Legal Qualifications Committee and its Sub-Committees during 2009/2010 is set out below.

Members of the Legal Qualifications Committee

The Honourable Justice White (Chairperson)
 The Honourable Justice Campbell (Deputy Chairperson) (to 31 December 2009)
 The Honourable Justice Slattery (Deputy Chairperson) (from 1 January 2010)
 The Honourable Justice Harrison
 Mr John Fernon SC
 Ms Susan Leis
 Ms Elizabeth Picker
 Mr Charles Cawley
 Mr John Dobson
 Mr Hugh Macken
 Mr Greg Ross
 Mr Richard Harris
 Professor Ainslie Lamb AM
 Dr Gordon Elkington
 Mr Peter Underwood
 Secretariat: Ms Robin Szabo

Academic Exemptions Sub-Committee

The Honourable Justice White
 Dr Gordon Elkington
 Mr Peter Underwood

Secretariat: Ms Monika Bhattacharya

Practical Training Exemptions Sub-Committee

Mr Greg Ross

Ms Elizabeth Picker

Professor Ainslie Lamb AM

Secretariat: Ms Monika Bhattacharya

Accreditation Sub-Committee

Mr Charles Cawley

Mr Richard Harris

Professor Ainslie Lamb AM

Secretariat: Ms Louise Pritchard

The Legal Qualifications Committee (LQC) met seven times during the financial year. Its workload included determining applications for review of the Academic and Practical Legal Training Exemptions Sub-Committee's decisions. This often involves close examination of the content of overseas subjects to ensure compliance with Board requirements. The LQC reviewed and made recommendations to the Board with respect to proposals received from the Law Admissions Advisory Committee (LACC) including amendments to the Uniform Principles for Assessing Qualifications of Overseas Applicants for Admission to the Australian Legal Profession (Uniform Principles), special circumstance admissions, comparison of pass marks obtained from certain overseas universities, matters arising from the review of applications for accreditation of law degrees and practical training courses, the content and rigour of law degrees obtained in less than three years. The LQC, particularly through the Board's representative on LACC, the Honourable Justice Slattery, has had a key role in promoting improvements to the Uniform Principles. Recommendations made from time to time by the Academic Exemptions Sub-Committee have been endorsed by LACC and adopted by other admitting authorities and procedures introduced to facilitate the admission of experienced practitioners from the United Kingdom and other Common Law jurisdictions.

Examinations Committee

The Examinations Committee is constituted pursuant to rule 27 of the *Legal Profession Admission Rules 2005* to oversee the content and conduct of the Legal Profession Admission Board's (the Board) examinations and the candidatures of students-at-law enrolled in the *Diploma in Law* Course. The Committee for this purpose works closely with the Law Extension Committee (LEC) of the University of Sydney.

The Examinations Committee has just completed its eighth year of operation. The membership of the Examinations Committee and its Sub-Committees during 2009/2010 are set out below.

Members of the Examinations Committee

The Honourable Justice Simpson (Chairperson)

The Honourable Justice Hall

Mr Michael Christie SC

Mr John Dobson

Mr Frank Astill

Mr Ross Anderson

Ms Susan Carter
 Secretariat: Ms Robin Szabo

Curriculum Sub-Committee

Mr Michael Christie SC
 Mr Ross Anderson
 Mr Frank Astill
 Secretariat: Ms Robin Szabo

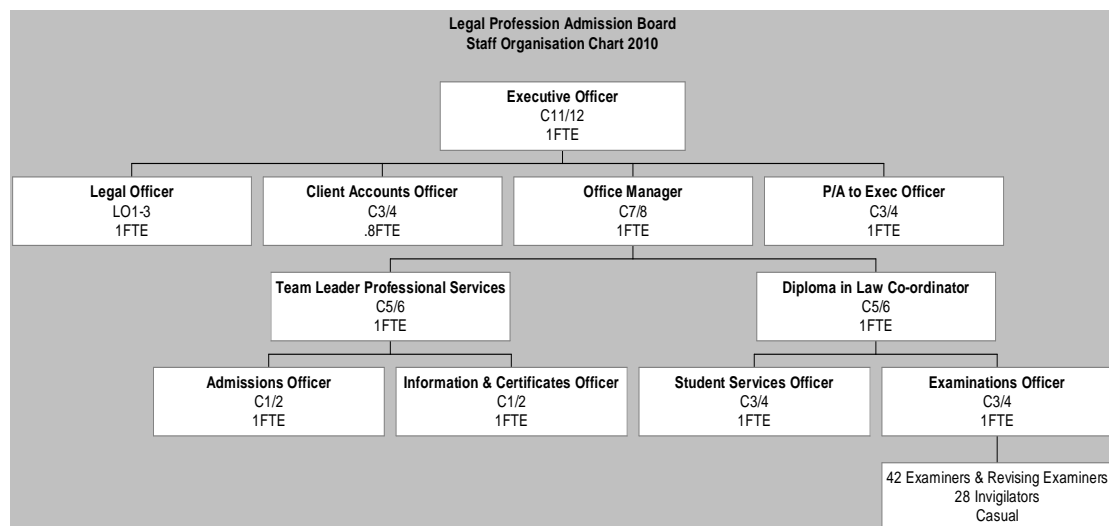
Performance Review Sub-Committee

The Honourable Justice Hall (Chairperson)
 Mr Frank Astill
 Mr John Dobson
 Secretariat: Ms Robin Szabo

Quality Sub-Committee

Mr Frank Astill
 Mr Ross Anderson
 Ms Susan Carter
 Secretariat: Ms Robin Szabo

In the 2009/2010 financial year, the activities of the Examinations Committee and its Sub-Committees included ensuring the quality and uniformity of the Board’s examinations and examination procedures in all subjects, reviewing all matters arising from the conduct of the examinations including incidents of academic misconduct and consideration of appeals from decisions of the Executive Officer and Performance Review Sub-Committee. The Committee also made recommendations to the Board resulting in the addition of a new subject *Understanding Legal Language and Legislation* to the *Diploma in Law Course* curriculum and changing the assessment structure from 100% examination to include an assignment component of 20%.



The LPAB has 10.8 full time equivalent staff. Gradings including gender distribution are provided below.

Grade	Female	Male
Clerk 11/12	1	
Legal Officer I-III	1	
Clerk 7/8		1
Clerk 5/6	1	1
Clerk 3/4	3	1
Clerk 1/2	1	1

The LPAB also employs 42 Casual Examiners & Revising Examiners and 28 Casual Exam Invigilators and engages short term temporary assistance during enrolments, examinations and on admission days.

REVIEW OF OPERATIONS

Admission of Lawyers

To be admitted as a lawyer to the Supreme Court of New South Wales, a person must be eligible and suitable for admission. To be eligible, a person must satisfy academic and practical training requirements. An applicant who does not meet the criteria for exemption will also be required to demonstrate English language proficiency. To be suitable, a person must be considered to be fit and proper to be admitted. The Board advises the Supreme Court that it considers a person eligible and fit and proper by means of a compliance certificate. Board staff perform all of the administrative tasks associated with the organisation and conduct of Admission Ceremonies that are held in the Banco Court of the Supreme Court of New South Wales. The requirements for admission are outlined in rules 95 and 96 of the [Legal Profession Admission Rules 2005](#). The table below shows the number of admissions in 2009/2010.

Admissions	Total Admitted 2009/2010
Local (qualifications obtained wholly or partly in Australia)	1784
Overseas (admitted outside Australia or New Zealand)	134
Total	1918

Admissions under Mutual Recognition Acts are not included. In 2009/2010, there were 38 New Zealand legal practitioners who were admitted to the Supreme Court of New South Wales under the *Trans Tasman Mutual Recognition Act 1997*. The court provides the Board with copies of the orders for entry to the Roll of Lawyers. Mutual recognition applications from Australian States and Territories have all but ceased, following the enactment of legislation that allows recognition of interstate practising certificates in all jurisdictions except South Australia.

Academic and Practical Legal Training exemptions

The Board receives applications from persons who seek exemption from some or all of the Board's examinations on the basis of studies completed at recognised universities in an Australian State or Territory or overseas. It also receives requests from eligible applicants who seek exemption from some or all of the practical legal training (PLT) competencies. The Legal Qualifications Committee and its Sub-Committees review the applications for exemptions, requests for review and other

miscellaneous applications. Applications are increasingly being received from a diverse range of countries including non-English speaking countries such as Nigeria, Brazil, Columbia, Romania, Pakistan, Namibia, Ukraine, Jordan, Poland, Peru, Iran, Egypt and Botswana.

Operation	2009/10
Number of Academic Exemptions processed	411
Number of applications for academic exemption assessed within 4-6 weeks of receipt	99%
Number of PLT exemptions granted	150

Diploma in Law Course

The *Diploma in Law Course* is an attractive alternative to a degree from university because it offers an affordable and flexible means of studying law. People who seek admission to the Board's course must apply for registration as a student-at-law to be eligible to enrol. Under the Board's rules, a student-at-law who enrolls for the Board's examinations must also enrol in the corresponding course of instruction conducted by the University of Sydney's Law Extension Committee (LEC).

The LPAB works closely with the LEC in the administration of the *Diploma in Law Course*. The LEC provides tuition in the 25 subjects that comprise the Diploma in Law curriculum and students must complete 17 compulsory and 3 elective subjects.

The *Diploma in Law Course* has two enrolment intakes each year. Enrolments are usually held in the last week of October and April for the sessions with lectures commencing in November and May with examinations in the first week of March and September. Deadlines for applications for registration for intending students-in-law who seek to enrol in the November and May sessions are 1 September and 1 March respectively.

Operation	2009/10
Registration of new Students-at Law	690
Number of Student-at-law registrations processed within 48 hours	99%
Total number of Student enrolments	4880
Number of valid course enrolments processed within 7 days of receipt	99%

Operation	2009/10
Total number of Students awarded Diploma in Law	133
Term 1 2010	74
Term 2 2009	59

Examination Assessment

A hallmark of the *Diploma in Law* Course has been the requirement to pass an exam worth 100% of assessment. Under an LEC proposal, approved by the Examinations Committee and adopted by the Board, the assessment regime will change so that each subject has an assignment component worth 20% of the final mark and the exam 80%. It is likely that the new assessment regime will commence in semester 1 of 2011.

The scheduled examination locations include Sydney, Parramatta, Albury, Armidale, Broken Hill, Canberra, Dubbo, Lismore and Newcastle.

Semester	No. of enrolments	No. of exams sat	No. of students
2009 – Semester 2	2508	2078	1324
2010 – Semester 1	2538	2117	1336

Registration of Public Notaries

The LPAB administers the appointment of Public Notaries in NSW. The Executive Officer of the LPAB is the Registrar of Public Notaries and maintains the Roll of Public Notaries. Public Notaries are appointed by the Supreme Court of New South Wales pursuant to the Public Notaries Act 1997 and the [Public Notaries Appointment Rules 1998](#). In exercising its functions, the Board may consult with The Society of Notaries of New South Wales Incorporated. A public notary deals with non-contentious matters usually concerned with documentation required by a client for use overseas. Common tasks involve estates, deeds, powers-of-attorney, and foreign and international business. Registration and appointment of Public Notaries occurs biannually.

Operation	2009/10
Appointment of Public Notaries	62
Total number registered	776

Publications 2009-10

The LPAB ensures that it maintains clear and relevant information in hardcopy and on its website. The following are the current publications.

Publication	Description
A Pathway to Legal Practice Brochure	An Information Brochure on the LPAB Diploma in Law Course – revised 2010
Board Calendar 2010 & 2011	The Board's Calendar of yearly events i.e. admission ceremonies and closing dates, student registration and enrolment deadlines, examination results publication dates and various Committee agenda deadlines and meeting dates
Diploma in Law Course information Handbook – Winter 2010	Course information handbook published each semester
Examination Papers	Examination papers for the past 3 semesters

APPENDIX A – INTERNAL AUDIT AND RISK STATEMENT

Internal Audit and Risk Management Statement for the 2009-2010 Financial Year for the Legal Profession Admission Board

I, Robin Szabo, Executive Officer on behalf of the Board am of the opinion that the Legal Profession Admission Board was unable to comply with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

The Board proposes to implement in 2010/11 alternative arrangements that will achieve outcomes equivalent to the core requirements by such departures from the core requirements as the Portfolio Minister may determine.

A handwritten signature in black ink, appearing to read 'rszabo', written in a cursive style.

Executive Officer
Legal Profession Admission Board

APPENDIX B – ABBREVIATIONS

LPAB	Legal Profession Admission Board
LEC	Law Extension Committee
DJAG	Department of Justice and Attorney General
EC	Examinations Committee
LACC	Law Admissions Consultative Committee
LQC	Legal Qualifications Committee
PLT	Practical Legal Training

APPENDIX C – AUDITED FINANCIAL STATEMENTS - 2009/2010

LEGAL PROFESSION ADMISSION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

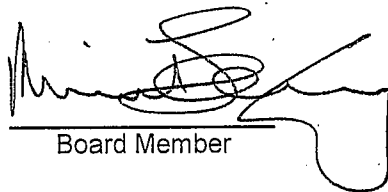
STATEMENT BY MEMBERS OF THE BOARD

Pursuant to Section 41C of the Public Finance and Audit Act, 1983 and in accordance with a resolution of the members of the Legal Profession Admission Board, we declare on behalf of the Board that in our opinion:

1. The accompanying financial **statements** exhibits a true and fair view of the financial position of the Legal Profession Admission Board as at 30 June 2010 and transactions for the year then ended.
2. The financial **statements** has been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit (General) Regulation 2010 and the Treasurer's Directions.

Further we are not aware of any circumstances which would render any particulars included in the financial **statements** to be misleading or inaccurate.

Dated: 19 October 2010


Board Member


Board Member



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

LEGAL PROFESSION ADMISSION BOARD

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Legal Profession Admission Board (the Board), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Board as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

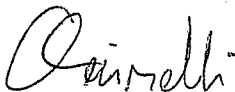
My opinion does *not* provide assurance:

- about the future viability of the Board,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



C J Giumelli
Director, Financial Audit Services

20 October 2010
SYDNEY

LEGAL PROFESSION ADMISSION BOARD

Financial Statements

for the Year ended 30 June 2010

LEGAL PROFESSION ADMISSION BOARD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
Revenue			
Revenue from ordinary activities			
Registration		104,640	110,160
Examination		707,565	608,130
Admission		768,480	746,080
Academic Exemption		78,300	94,740
Other revenue		216,519	204,878
Revenue from outside ordinary activities			
Interest		67,836	74,317
Rent		30,846	29,378
Total Revenue		1,974,185	1,867,683
Expenses			
Operating Expenses			
Personnel services expenses	10	(1,086,556)	(1,470,510)
Other operating expenses	11	(503,074)	(571,034)
Depreciation and amortisation	5	(101,787)	(139,375)
Total Expenses		(1,691,417)	(2,180,918)
Other Gains/(Losses)	12		(87,348)
SURPLUS/(DEFICIT) FOR THE YEAR		282,769	(400,583)
Other Comprehensive Income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		0	(337,859)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		282,769	(738,442)

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	Actual 2010 \$	Actual 2009 \$
ASSETS			
Current Assets			
Cash assets	2	1,959,802	1,571,143
Other financial assets	3	495,170	474,044
Receivables	4	57,974	33,832
Total Current Assets		<u>2,512,946</u>	<u>2,079,019</u>
Non-Current Assets			
Property, Plant and Equipment			
Land & Building	5	2,721,127	2,800,000
Plant & Equipment	5	96,144	110,586
Total Property, Plant and Equipment		<u>2,817,271</u>	<u>2,910,586</u>
Receivables-Personnel Services	4	1,152	18,328
Intangible Assets	6	319,549	303,832
Total Non-Current Assets		<u>3,137,972</u>	<u>3,232,747</u>
Total Assets		<u>5,650,918</u>	<u>5,311,765</u>
LIABILITIES			
Current Liabilities			
Payables	8	1,463,635	1,424,456
Provisions - Personnel Services	7	138,420	77,544
Total Current Liabilities		<u>1,602,055</u>	<u>1,502,000</u>
Non-Current Liabilities			
Long Term Borrowings	9b	950,000	1,050,000
Provisions - Personnel Services	9a	405,552	349,224
Total Non-Current Liabilities		<u>1,355,552</u>	<u>1,399,224</u>
Total Liabilities		<u>2,957,607</u>	<u>2,901,224</u>
Net Assets		<u>2,693,310</u>	<u>2,410,541</u>
EQUITY			
Accumulated funds		<u>2,693,310</u>	<u>2,410,541</u>
Total Equity		<u>2,693,310</u>	<u>2,410,541</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Notes	Accum Funds	Asset Reval Reserve	Total
	\$	\$	\$
Balance as at 1 July 2009	2,410,541	0	2,410,541
Surplus/(deficit) for the year	282,769		282,769
Other Comprehensive Income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	0	0	0
Total Other Comprehensive Income	0	0	0
Transaction with owners in their capacity as owners	0	0	0
Balance as at 30 June 2010	2,693,310	0	2,693,310
Balance as at 1 July 2008	2,811,124	337,859	3,148,983
Surplus/(deficit) for the year	(400,583)		(400,583)
Other Comprehensive Income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		(337,859)	(337,859)
Total Other Comprehensive Income	0	(337,859)	(337,859)
Transaction with owners in their capacity as owners	0	0	0
Balance as at 30 June 2009	2,410,541	0	2,410,541

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010	2009
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments			
Personnel services expense		(950,779)	(1,274,400)
Other expenses		(475,340)	(1,075,370)
Interest paid		(37,485)	(95,450)
Total Payments		(1,463,605)	(2,445,220)
Receipts			
Registration		104,640	201,227
Examination		696,345	1,005,467
Admission		768,480	1,137,235
Academic Exemption		78,300	188,565
Interest Received		67,836	94,448
Advanced Fees		34,726	85,781
Other		247,253	230,019
Total Receipts		1,997,580	2,942,743
NET CASH FLOWS FROM OPERATING ACTIVITIES	13	533,975	497,523
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Intangibles & Plant and Equipment		(24,189)	(168,447)
Purchases of investments		(21,127)	(24,074)
NET CASH FROM INVESTING ACTIVITIES		(45,316)	(192,521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings and Advances		(100,000)	(100,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(100,000)	(100,000)
NET INCREASE/(DECREASE) IN CASH		388,659	205,001
Opening Cash and Cash equivalents		1,571,143	1,366,142
CLOSING CASH AND CASH EQUIVALENTS	2	1,959,802	1,571,143

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Legal Profession Admission Board (the Board) is constituted under Part 7.1 of the Legal Profession Act 2004. Its role involves the examination of Students-at-Law, the approval of properly qualified persons for Admission as Lawyers and the approval of properly qualified persons for Appointment as Public Notaries.

The Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

(b) Basis of Preparation

The Board's financial statements are a general purpose financial statements which has been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the *Public Finance and Audit Act and Regulation*, and the Treasurer's Directions.

Property, plant and equipment and TCorp Hour Glass Facilities are measured at fair value.

Judgements, key assumptions and estimations that management has made, are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Other Financial Assets

Other financial assets are measured at fair value and TCorp Hour-Glass Facilities are designated at fair value through the Statement of Comprehensive Income.

(e) Property, Plant & Equipment

(i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Board. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to the asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognized at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation Threshold

Property, plant and equipment and intangible assets costing \$3,000 and above individually (or forming part of a network costing more than \$3,000) are capitalised.

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment are measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Board revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2009 and was based on an independent assessment.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balance of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(iv) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Board is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 "Impairment of assets" modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(f) *Depreciation/Amortisation of Property, Plant and Equipment & Intangible Assets*

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Board.

All material separately identifiable components of assets are depreciated over their shorter useful lives. Land is not a depreciable asset.

The depreciation/amortization rates used for each class of assets are as follows:

Building	2.5%
Computer Equipment	25%
Office Equipment	20%
Furniture & Fittings	10%
Intangible Assets - Software	25%
Intangible Assets - Software - Major Projects	10%

(g) *Maintenance*

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(h) *Intangible Assets*

The Board recognises intangible assets only if it is probable that future economic benefits will flow to the Board and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Board's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Board's intangible assets are amortised using the straight-line method over a period from four to ten years.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Board is effectively exempt from impairment testing.

(i) Payables

These amounts represent liabilities for goods and services provided to the Board and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(j) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- * The amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or part of an item of expenses; and
- * Receivables and payables are stated with the amount of GST included.

(k) Personnel Services

The Department of Justice and Attorney General (DJAG) provides employees to the Board to enable it to carry out its functions. The expense and liabilities due to DJAG are classified as "Personnel Services" in the Statement of Comprehensive Income and the Statement of Financial Position respectively, and are calculated by DJAG using the following recognition and measurement criteria:

- (i) Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date – recognised as short-term employee benefits and measured at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.
- (ii) Long-term annual leave that is not expected to be taken within twelve months – the nominal method has been used as this is not materially different from the present value method as required by AASB 119 *Employee Benefits*.
- (iii) Unused non-vesting sick leave – not recognised, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.
- (iv) On-costs, such as payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment – recognized as liabilities and expenses where the employee benefits to which they relate have been recognised.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

- (v) Long Service Leave for staff attached to the Board – funds representing the present value of entitlements calculated in accordance with AASB 119 *Employee Benefits* are held in the "Non-Budget Long Service Leave Pool" administered by the Crown Finance Entity (CFE). The amount held in the CFE is recognised as an asset in the Department of Justice and Attorney General's Statement of Financial Position. Cash representing the monthly accrual entitlements is paid to the CFE by the Board, and payments for Long Service Leave taken are recouped from the CFE.
- (vi) Superannuation – recognised as determined by Pillar Administration.
- (vii) Other Provisions exist when: the Board has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle an obligation; and a reliable estimate can be made of the amount of the obligation.

(l) *Borrowings*

Borrowing costs are recognised as expenses in the period in which they are incurred.

The Board has borrowed funds from NSW Treasury Corporation for the purchase of the premises at Level 4, 37 Bligh Street, Sydney. (refer Note 9B)

(m) *Income Recognition*

Sales Revenue

Sales Revenue comprises revenue earned from the provision of services to clients and other entities. Sales revenue to clients is generally recognised upon receipt of applications for admission as a lawyer, registration of students at law and other services. The University of Sydney sets a Tuition Fee for its tuition-related services. For reasons of economy and convenience, the Board collects the Tuition Fees as well as the Examination Fees. The Board remits the whole of the Tuition Fees to the University of Sydney.

The Board sets an Examination Fee for its examination-related services. Examination fees received by the Board for the May 2010 to September 2010 session are not recognised as income until the conclusion of examinations in September 2010.

Investment Revenue

Interest income is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Other Revenue

Other revenue comprises income received from non-core activities and is recognised when the fee in respect of these activities is receivable.

(n) *Impairment of Financial Assets*

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2010

2 CURRENT ASSETS - CASH ASSETS

For the purposes of the Statement of Cash Flows, cash includes cash at bank and cash on hand. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2010	2009
	\$	\$
Cash at bank	1,959,302	1,570,643
Cash on hand	500	500
Closing Cash	<u>1,959,802</u>	<u>1,571,143</u>

The June 2010 balance includes Tuition Fees of \$1,064,276 (\$1,029,550 in 2008/2009) (refer Note 8), due to the University of Sydney in respect of the May 2010 to September 2010 session. The Board retained interest on these funds.

Refer to Note 14, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

3 CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE

	2010	2009
	\$	\$
TCorp Hour Glass-Cash Facility Investment	495,170	474,044
Total	<u>495,170</u>	<u>474,044</u>

Refer to Note 14, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

4 CURRENT/NON-CURRENT ASSETS - RECEIVABLES

Current

	2010	2009
	\$	\$
Prepayments	8,109	3,000
Debtors	2,302	50
GST Receivables	5,557	5,446
Department of Justice and Attorney General - (a)	42,005	25,336
Total	<u>57,974</u>	<u>33,832</u>

a. All related expenditure and revenue, with the exception of payments to some casual examination staff and other temporary staff employed by the Board, are initially paid/received by the Department of Justice and Attorney General, which then seeks settlement from the Board.

Non-Current

	2010	2009
	\$	\$
Personnel Services - Prepaid Superannuation	1,152	18,328
Total	<u>1,152</u>	<u>18,328</u>

Refer to Note 14, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements

For the Year ended 30 June 2010

5

NON-CURRENT ASSET - PROPERTY, PLANT AND EQUIPMENT

2010	<i>Computer Equipment</i> \$	<i>Office Equipment</i> \$	<i>Furniture & Fittings</i> \$	<i>Total Plant & Equipment</i> \$	<i>Property</i> \$	<i>Total Property, Plant & Equipment</i> \$
Gross Carrying Amount						
Balance at 1 July 2009	50,806	37,881	177,489	266,175	3,154,930	3,421,105
Additions	8,022	450	0	8,472	0	8,472
Disposals	0	0	0	0	0	0
Balance at 30 June 2010	58,828	38,331	177,489	274,647	3,154,930	3,429,577
Accumulated Depreciation						
Balance at 1 July 2009	50,806	32,367	72,416	155,589	354,930	510,519
Depreciation for the year	0	5,165	17,749	22,914	78,873	101,787
Writeback on Disposals	0	0	0	0	0	0
Balance at 30 June 2010	50,806	37,531	90,165	178,503	433,803	612,306
Net Carrying Amount at fair value						
At 30 June 2010	8,022	800	87,324	96,144	2,721,127	2,817,271

2009	<i>Computer Equipment</i> \$	<i>Office Equipment</i> \$	<i>Furniture & Fittings</i> \$	<i>Total Plant & Equipment</i> \$	<i>Property</i> \$	<i>Total Property, Plant & Equipment</i> \$
Gross Carrying Amount						
Balance at 1 July 2008	50,806	37,881	177,489	266,175	3,634,035	3,900,210
Additions	0	0	0	0	0	0
L & B Revaluations	0	0	0	0	(479,105)	(479,105)
Disposals	0	0	0	0	0	0
Asset Revaluation Reserve	0	0	0	0	0	0
Balance at 30 June 2009	50,806	37,881	177,489	266,175	3,154,930	3,421,105
Accumulated Depreciation						
Balance at 1 July 2008	40,932	26,608	54,667	122,207	302,837	425,044
Depreciation for the year	9,874	5,759	17,749	33,382	105,993	139,375
L & B Revaluations	0	0	0	0	(53,899)	(53,899)
Writeback on Disposals	0	0	0	0	0	0
Balance at 30 June 2009	50,806	32,367	72,416	155,589	354,930	510,519
Net Carrying Amount at fair value						
At 30 June 2009	0	5,514	105,073	110,586	2,800,000	2,910,586

Revaluation of Property

Each class of physical non-current assets is revalued at least every 5 years. The property was revalued as at 30 June 2009 for the Legal Profession Admission Board by Mr George Nelson, Certified Practising Valuer and Associate Member, Australian Property Institute and Mr Jim Parmeter, Certified Practising Valuer and Associate Member, Australian Property Institute, who are both Associate Directors, Valuation & Advisory Services, CB Richard Ellis. A desk-top review was undertaken as at 30 June 2010.

Buildings and improvements have been valued at fair value having regard to highest and best use.

In accordance with AASB 116, "Property, Plant and Equipment", when revaluing its property, the Board has applied the proportional gross restatement method to separately restate the gross amount and the related accumulated depreciation.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2010

6 NON-CURRENT ASSETS - INTANGIBLE ASSETS - SOFTWARE

	Gross Carrying Amount	Accumulated Amortisation	Net Carrying Amount - at fair value
2010			
Balance at 1 July 2009	303,832	0	303,832
Additions	15,717	0	15,717
Balance at 30 June 2010	<u>319,549</u>		<u>319,549</u>
2009			
Balance at 1 July 2008	275,822	0	275,822
Additions	28,010	0	28,010
Balance at 30 June 2009	<u>303,832</u>		<u>303,832</u>

Intangible Assets - Software relate to the development of a new Student Records System to replace the Board's current outdated system, which is unreliable. Implementation has been delayed by ongoing technical problems. However, it is hoped that the new system will be operational before the end of 2010.

7 CURRENT LIABILITIES-PROVISIONS-PERSONNEL SERVICES

	2010 \$	2009 \$
Provisions		
Recreation Leave	62,860	68,664
Long Service Leave and Oncosts	75,561	8,880
Total	<u>138,420</u>	<u>77,544</u>

8 CURRENT LIABILITIES - PAYABLES

	2010 \$	2009 \$
Tuition Fees (Refer Note 1(m))	1,064,276	1,029,550
Examination Fees (Refer Note 1(m))	339,990	351,210
Prizes (b)	13,641	13,752
Sundry Accruals	45,730	29,944
Total	<u>1,463,635</u>	<u>1,424,456</u>

a. All payroll and related expenses, with the exception of payments to some casual examination staff and other temporary staff employed by the Board, are initially paid by the Department of Justice and Attorney General, which then seeks reimbursement from the Board.

b. The funds for prizes have been established by donations.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2010

9 NON-CURRENT LIABILITIES

a) PROVISIONS - PERSONNEL SERVICES

	2010	2009
	\$	\$
Long Service Leave and Oncosts	2,368	2,368
Provision for Superannuation	403,184	346,856
Total	405,552	349,224

b) LONG TERM BORROWINGS

	2010	2009
	\$	\$
Borrowing	950,000	1,050,000
Total	950,000	1,050,000

Borrowings are from NSW Treasury Corporation for the purchase of the premises at level 4, 37 Bligh Street Sydney. The original loan of \$1.5 million was made on 10 December 2004 with a maturity date on 30 June of each year. The Board approves payment amounts before that date based upon the Board's financial position and recommendation of the Executive Officer. TCorp advises new interest rates and the outstanding amount is rolled over to a new 12 month loan.

10 PERSONNEL SERVICES EXPENSES

	2010	2009
	\$	\$
Salaries and salaries related (Refer Note a) below)	863,584	806,899
Recreation Leave	46,559	65,947
Payroll Tax & FBT	41,597	50,341
Worker's Compensation Insurance	4,729	6,403
Superannuation - Defined Benefit Plans	73,505	484,533
Superannuation - Defined Contribution Plan	56,581	56,388
Total	1,086,556	1,470,510

a) Examination Related Expenses (Note 11) totalling \$160,361 for 2009 have been reclassified as Personnel Services Expenses. These costs are payments to examination supervisors, which are deemed to be more accurately classified as salary related expenses.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2010

11 OTHER OPERATING EXPENSES

	2010	2009
	\$	\$
Examination Related Expenses (Refer Note a) below)	7,546	20,032
Dep of Justice & Attorney General - Administration Fees	67,945	67,945
Legal Services	12,126	8,796
Miscellaneous Fees	21,351	22,373
Auditor's remuneration		
- audit of financial statements	15,600	15,600
Computer Equipment-Software	541	454
Rental - Examination Venues	59,614	53,858
Interest Payment	37,485	95,450
Rates	59,056	54,846
Printing	45,651	47,633
Postage & Freight	25,443	33,818
Telephone (Refer Note b below)	3,407	13,676
Computer Related Expenses-Network Charges	22,536	11,443
Stores & Stationery Cost	11,991	12,959
Maintenance Contracts	4,770	1,192
Repair & Maintenance - Suite 2	1,501	1,180
Minor Equipment	624	513
Miscellaneous	105,889	109,267
Total	<u>503,074</u>	<u>571,034</u>

a) Examination Related Expenses totalling \$160,361 for 2009 have been reclassified as Personnel Services Expenses (Note 10). These costs are payments to examination supervisors, which are deemed to be more accurately classified as salary related expenses.

b) Telephone charges paid in error by the Board were recovered from the University of Sydney. The charges were a result of confusion arising from the separation of jointly owned services and equipment.

12 OTHER GAINS/(LOSSES)

Loss on Revaluation of Property	0	(87,348)
Total	<u>0</u>	<u>(87,348)</u>

In 2008/09, the land and buildings were revalued at \$2,800,000 (refer Note 5). This resulted in a net revaluation loss of \$425,207, which has been charged initially against the Asset Revaluation Reserve of \$337,859 with the excess amount of \$87,348 being charged to Other Gains/(Losses).

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements

For the Year ended 30 June 2010

**13 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES
TO SURPLUS/(DEFICIT) OF THE YEAR**

Reconciliation of Net Cash provided by Operating Activities to Surplus/(Deficit) for the Year:

	2010	2009
	\$	\$
Surplus/(Deficit) for the year	282,769	(400,583)
Depreciation	101,787	139,375
Other (Gains)/Losses	0	87,348
(Increase)/Decrease in Receivables and Prepayments	(6,965)	124,078
Increase/(Decrease) in Provisions	117,204	350,232
Increase/(Decrease) in Payables	39,181	56,637
(Increase)/decrease in capital movements	0	140,437
Net Cash Flows from Operating Activities	<u><u>533,975</u></u>	<u><u>497,523</u></u>

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2010

14 FINANCIAL INSTRUMENTS

The Board's principal financial instruments are outlined below. These financial instruments arise directly from the Board's operations or are required to finance the Board's operations. The Board does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board's main risks arising from financial instruments are outlined below, together with the Board's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a continuous basis.

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount 2010	Carrying Amount 2009
			\$	\$
Class:				
Cash assets	2	N/A	1,959,802	1,571,143
Other financial assets	3	TCorp On Call Cash Facility	495,170	474,044
Receivables (1)	4	Receivables at amortised cost	44,307	21,149
Financial Liabilities				
Class:				
Payables (2)	8	Financial liabilities measured at amortised cost	59,371	43,696
Borrowings	9b	Financial liabilities measured at amortised cost	950,000	1,050,000

(1) Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).

(2) Excludes unearned revenue (i.e. not within the scope of AASB 7).

(b) Credit Risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations, resulting in a financial loss to the Board. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Board, including cash and receivables. No collateral is held by the Board. The Board has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letter of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	\$	\$
2010	Total	Past due but not impaired
<3 months overdue	2302	2302
>3 months < 6 months overdue	0	0
> 6 months overdue	0	0
2009	Total	Past due but not impaired
<3 months overdue	50	50
>3 months < 6 months overdue	0	0
> 6 months overdue	0	0

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2010

(c) Liquidity Risk

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current year and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

The table below summarises the maturity profile of the Board's financial liabilities, together with the interest rate exposure.

Maturity Analysis and Interest Rate Exposure of Financial Liabilities

2010	Weighted Average Effective Int Rate	Nominal Amount	Interest Rate Exposure		Maturity Dates		
			Fixed Interest Rate	Non-interest bearing	<1yr	1-5 yrs	>5yrs
		\$		\$	\$	\$	\$
Financial Liabilities							
Payables	0	59,371		59,371			
Interest bearing liabilities:							
Borrowings from T Corp		950,000	3.57			950,000	-
		<u>1,009,371</u>		<u>59,371</u>	0	<u>950,000</u>	<u>0</u>

2009	Weighted Average Effective Int Rate	Nominal Amount	Interest Rate Exposure		Maturity Dates		
			Fixed Interest Rate	Non-interest bearing	<1yr	1-5 yrs	>5yrs
		\$		\$	\$	\$	\$
Financial Liabilities							
Payables	0	43,696		43,696			
Interest bearing liabilities:							
Borrowings from T Corp		1,050,000	8.30			1,050,000	0
		<u>1,093,696</u>		<u>43,696</u>	0	<u>1,050,000</u>	<u>0</u>

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2010

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board's exposures to market risk are primarily through interest rate risk on the Board's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on operating performance and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Board's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Board does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Board's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2010	\$	\$	\$	\$	\$
<i>Financial Assets</i>					
Cash assets					
	1,959,802	(19,598)	(19,598)	19,598	19,598
Other financial assets	495,170	(4,952)	(4,952)	4,952	4,952
<i>Financial Liabilities</i>					
		Fixed Interest			
Borrowings	950,000				
2009					
<i>Financial Assets</i>					
Cash assets					
	1,571,143	(15,711)	(15,711)	15,711	15,711
Other financial assets	474,044	(4,740)	(4,740)	4,740	4,740
<i>Financial Liabilities</i>					
		Fixed Interest			
Borrowings	1,050,000				

(e) Fair Value

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short term nature of many of the financial instruments.

Cash and cash equivalents include TCorp investments which are assessed at fair value (refer Notes 2 and 3).

	Level 1	Level 2	Level 3	Total
Financial Assets at fair value				
TCorp Hour Glass - Cash Facility Investment		495,170		495,170

There were no transfers between level 1 and 2 during the year ended 30 June 2010.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements

For the Year ended 30 June 2010

15 CONTINGENT LIABILITIES

The Board is unaware of any matters that may lead to any significant contingent liability.

16 AFTER BALANCE DATE EVENTS

The Board is unaware of any events occurring after 30 June 2010 which would impact upon this financial statements.

End of Audited Financial Statements.