

LEGAL PROFESSION ADMISSION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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: 17 October 2011


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 Legal Profession Admission Board (the Board), which comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- 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 and the PF&A Act and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Board, as well as evaluating the overall presentation of the financial statements.

I believe 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
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. 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.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Kheir', with a long, sweeping horizontal line extending to the right.

Jack Kheir
Director, Financial Audit Services

17 October 2011
SYDNEY

LEGAL PROFESSION ADMISSION BOARD

Financial Statements

for the Year ended 30 June 2011

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|---|-------|--------------------|--------------------|
| Revenue | | | |
| Registration | | 100,440 | 104,640 |
| Examination | | 700,625 | 707,565 |
| Admission | | 721,800 | 768,480 |
| Academic Exemption | | 78,020 | 78,300 |
| Other revenue | | 178,171 | 216,519 |
| Interest | | 95,296 | 67,836 |
| Rent | | 29,915 | 30,846 |
| Total Revenue | | <u>1,904,266</u> | <u>1,974,185</u> |
| Expenses | | | |
| Operating Expenses | | | |
| Personnel services expenses | 10 | (1,133,191) | (1,102,196) |
| Other operating expenses | 11 | (485,068) | (487,434) |
| Depreciation and amortisation | 5&6 | (146,455) | (101,787) |
| Total Expenses | | <u>(1,764,714)</u> | <u>(1,691,417)</u> |
| Other Gains/(Losses) | 12 | <u>(226,204)</u> | |
| SURPLUS/(DEFICIT) FOR THE YEAR | | <u>(86,651)</u> | <u>282,769</u> |
| Other Comprehensive Income | | | |
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(86,651)</u> | <u>282,769</u> |

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

| | Notes | Actual 2011 \$ | Actual 2010 \$ |
|--|-------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 2 | 2,040,474 | 1,959,802 |
| Other financial assets | 3 | 521,751 | 495,170 |
| Receivables | 4 | 260,965 | 57,974 |
| Total Current Assets | | <u>2,823,190</u> | <u>2,512,946</u> |
| Non-Current Assets | | | |
| Property, Plant and Equipment | | | |
| Land & Building | 5 | 2,416,050 | 2,721,127 |
| Plant & Equipment | 5 | 82,977 | 96,144 |
| Total Property, Plant and Equipment and Software | 5 | <u>2,499,027</u> | <u>2,817,271</u> |
| Receivables-Personnel Services | 4 | 5,331 | 1,152 |
| Intangible Assets | 6 | 315,492 | 319,549 |
| Total Non-Current Assets | | <u>2,819,850</u> | <u>3,137,972</u> |
| Total Assets | | <u>5,643,040</u> | <u>5,650,918</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 8 | 1,509,816 | 1,463,635 |
| Provisions - Personnel Services | 7 | 340,917 | 138,420 |
| Total Current Liabilities | | <u>1,850,732</u> | <u>1,602,055</u> |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 9b | 800,000 | 950,000 |
| Provisions - Personnel Services | 9a | 385,649 | 405,552 |
| Total Non-Current Liabilities | | <u>1,185,649</u> | <u>1,355,552</u> |
| Total Liabilities | | <u>3,036,381</u> | <u>2,957,607</u> |
| Net Assets | | <u>2,606,658</u> | <u>2,693,310</u> |
| EQUITY | | | |
| Accumulated funds | | 2,606,658 | 2,693,310 |
| Total Equity | | <u>2,606,658</u> | <u>2,693,310</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 2011**

| Notes | Accum Funds | Asset Reval Reserve | Total |
|--|------------------|------------------------|------------------|
| | \$ | \$ | \$ |
| Balance as at 1 July 2010 | <u>2,693,310</u> | <u>0</u> | <u>2,693,310</u> |
| Surplus/(deficit) for the year | (86,651) | | (86,651) |
| Other Comprehensive Income | | | |
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Comprehensive Income | <u>0</u> | <u>0</u> | <u>0</u> |
| Transaction with owners in their capacity as owners | <u>0</u> | <u>0</u> | <u>0</u> |
| Balance as at 30 June 2011 | <u>2,606,658</u> | <u>0</u> | <u>2,606,658</u> |
| Balance as at 1 July 2009 | <u>2,410,541</u> | <u>0</u> | <u>2,410,541</u> |
| Surplus/(deficit) for the year | 282,769 | | 282,769 |
| Other Comprehensive Income | | | |
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Comprehensive Income | <u>0</u> | <u>0</u> | <u>0</u> |
| Transaction with owners in their capacity as owners | <u>0</u> | <u>0</u> | <u>0</u> |
| Balance as at 30 June 2010 | <u>2,693,310</u> | <u>0</u> | <u>2,693,310</u> |

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 | 2010 |
|--|-------|-------------|-------------|
| | | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Personnel services expense | | (1,125,865) | (950,779) |
| Other | | (472,128) | (475,340) |
| Interest paid | | (47,975) | (37,485) |
| Total Payments | | (1,645,968) | (1,463,605) |
| Receipts | | | |
| Registration | | 100,440 | 104,640 |
| Examination | | 718,535 | 696,345 |
| Admission | | 721,800 | 768,480 |
| Academic Exemption | | 78,020 | 78,300 |
| Interest Received | | 95,296 | 67,836 |
| Advanced Fees/Tuition Fees | | 29,428 | 34,726 |
| Other | | 210,060 | 247,253 |
| Total Receipts | | 1,953,579 | 1,997,580 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 13 | 307,611 | 533,975 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of Property, Intangibles & Plant and Equipment | | (50,357) | (24,189) |
| Purchase of Investments | | (26,581) | (21,127) |
| NET CASH FROM INVESTING ACTIVITIES | | (76,938) | (45,316) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of Borrowings and Advances | | (150,000) | (100,000) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | (150,000) | (100,000) |
| NET INCREASE/(DECREASE) IN CASH | | 80,673 | 388,659 |
| Opening Cash and Cash equivalents | | 1,959,802 | 1,571,143 |
| CLOSING CASH AND CASH EQUIVALENTS | 2 | 2,040,474 | 1,959,802 |

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 2011

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 have been prepared in accordance with applicable Australian Accounting Standards, 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 through profit and loss.

(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.

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 2011 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 2011

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 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(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.

Cash flows are recognised on a gross basis in the Statement of cash flows. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(k) Personnel Services

The Department of Attorney General and Justice (DAGJ) provides employees to the Board to enable it to carry out its functions. The expense and liabilities due to DAGJ are classified as "Personnel Services" in the Statement of Comprehensive Income and the Statement of Financial Position respectively, and are calculated by DAGJ 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 – recognised 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 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

- (v) Long Service Leave Liability comprises the Legal Admission Profession Board's liability to the Department of Attorney General and Justice for costs arising from personnel services rendered by the Department of Attorney General and Justice to balance date. This also includes superannuation for personnel services provided by the Department of Attorney General and Justice. Costs payable within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.
- (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 2011 to September 2011 session are not recognised as income until the conclusion of examinations in September 2011.

Rental Revenue

Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term.

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.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

(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.

Any reversals of impairment losses are reversed through the Surplus / (Deficit) for the year, where there is objective evidence. Reversal of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(o) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(p) New Australian Accounting Standards issued but not effective

At the reporting date, a number of Accounting Standards adopted by the AASB has been issued but are not yet adopted as per NSW Treasury Circular TC 10/08.

AASB 9 and AASB 2009-11 regarding financial instruments.
AASB 2009-5 regarding annual improvements.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2011

2 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

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:

| | 2011 \$ | 2010 \$ |
|---------------------|-------------------------|-------------------------|
| Cash at bank | 2,039,975 | 1,959,302 |
| Cash on hand | 500 | 500 |
| Closing Cash | <u>2,040,475</u> | <u>1,959,802</u> |

The 30 June 2011 balance includes Tuition Fees of \$1,093,704 (\$1,064,276 in 2009/2010) (refer Note 8), due to the University of Sydney in respect of the May 2011 to September 2011 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

| | 2011 \$ | 2010 \$ |
|---|-----------------------|-----------------------|
| TCorp Hour Glass-Cash Facility Investment | 521,751 | 495,170 |
| Total | <u>521,751</u> | <u>495,170</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

| | 2011 \$ | 2010 \$ |
|--|-----------------------|----------------------|
| Prepayments | 7,106 | 8,109 |
| Debtors | 0 | 2,302 |
| Accept LSL by CTE Comm- Current | 212,000 | 0 |
| GST Receivables | 3,583 | 5,557 |
| Department of Attorney General and Justice - (a) | 38,276 | 42,005 |
| Total | <u>260,965</u> | <u>57,974</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 Attorney General and Justice, which then seeks settlement from the Board.

b. Assets and liabilities relating to Long Service Leave was recognised on a gross basis in the current year.

Non-Current

| | 2011 \$ | 2010 \$ |
|---|---------------------|---------------------|
| Personnel Services - Prepaid Superannuation | 5,331 | 1,152 |
| Total | <u>5,331</u> | <u>1,152</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 2011

5

NON-CURRENT ASSET - PROPERTY, PLANT AND EQUIPMENT

| | <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> |
|---|-------------------------------|-----------------------------|-------------------------------------|--|-----------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2010 - fair value | | | | | | |
| Gross carrying amount | 58,828 | 38,331 | 177,489 | 274,648 | 3,154,930 | 3,429,578 |
| Accumulated depreciation and impairment | (50,806) | (37,531) | (90,165) | (178,502) | (433,803) | (612,305) |
| Net carrying amount | 8,022 | 800 | 87,324 | 96,146 | 2,721,127 | 2,817,273 |
| At 30 June 2011 - fair value | | | | | | |
| Gross carrying amount | 49,193 | 38,332 | 177,489 | 265,014 | 2,416,052 | 2,681,066 |
| Accumulated depreciation and impairment | (36,141) | (37,980) | (107,914) | (182,035) | - | (182,035) |
| Net carrying amount | 13,052 | 352 | 69,575 | 82,979 | 2,416,052 | 2,499,031 |

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set.

| | <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> |
|---|-------------------------------|-----------------------------|-------------------------------------|--|-----------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Year ended 30 June 2011 | | | | | | |
| Net carrying amount at start of the year | 8,022 | 800 | 87,324 | 96,146 | 2,721,127 | 2,817,273 |
| Additions | 9,344 | - | - | 9,344 | - | 9,344 |
| Disposals | (18,980) | - | - | (18,980) | - | (18,980) |
| Net revaluation increment less revaluation decrements | - | - | - | 0 | (226,202) | (226,202) |
| Depreciation expense | (4,314) | (448) | (17,749) | (22,512) | (78,873) | (101,385) |
| Writeback on accumulated depreciation on disposals | 18,980 | - | - | 18,980 | - | 18,980 |
| Net carrying amount at end of year | 13,052 | 352 | 69,575 | 82,978 | 2,416,052 | 2,499,030 |

| | <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> |
|---|-------------------------------|-----------------------------|-------------------------------------|--|-----------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2009 - fair value | | | | | | |
| Gross carrying amount | 50,806 | 37,881 | 177,489 | 266,176 | 3,154,930 | 3,421,106 |
| Accumulated depreciation and impairment | (50,806) | (32,367) | (72,416) | (155,589) | (354,930) | (510,519) |
| Net carrying amount | 0 | 5,514 | 105,073 | 110,587 | 2,800,000 | 2,910,587 |
| At 30 June 2010 - fair value | | | | | | |
| Gross carrying amount | 58,828 | 38,331 | 177,489 | 274,648 | 3,154,930 | 3,429,578 |
| Accumulated depreciation and impairment | (50,806) | (37,531) | (90,165) | (178,502) | (433,803) | (612,305) |
| Net carrying amount | 8,022 | 800 | 87,324 | 96,146 | 2,721,127 | 2,817,273 |

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting is set out as below:

| | <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> |
|---|-------------------------------|-----------------------------|-------------------------------------|--|-----------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Year ended 30 June 2010 | | | | | | |
| Net carrying amount at start of the year | - | 5,514 | 105,073 | 110,587 | 2,800,000 | 2,910,587 |
| Additions | 8,022 | 450 | - | 8,472 | - | 8,472 |
| Disposals | - | - | - | 0 | - | 0 |
| Net revaluation increment less revaluation decrements | - | (5,164) | (17,749) | (22,913) | (78,873) | (101,786) |
| Depreciation expense | - | (5,164) | (17,749) | (22,913) | (78,873) | (101,786) |
| Writeback on accumulated depreciation on disposals | - | - | - | - | - | - |
| Net carrying amount at end of year | 8,022 | 800 | 87,324 | 96,146 | 2,721,127 | 2,817,273 |

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 2011 for the Board by Mr Paul Goldsmith, Registered Valuer, Australian Property Institute, who is the Valuation Manager, Government Clients, Land & Property Information.

Buildings and improvements are non specialised asset, for which current market buying price can be observed. We have valued the property having regard to the direct comparison method of valuation and the capitalisation of rental income approach having reference to current market transactions of comparable properties in the surrounding locality.

In accordance with AASB 116, "Property, Plant and Equipment" when revaluing its property, the Board has eliminated accumulation depreciation as 30 June 2011 against the gross value of the asset, and then restated the net asset accounts by the revaluation increment or decrement.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2011

6 NON-CURRENT ASSETS - INTANGIBLE ASSETS - SOFTWARE

2011

Gross Carrying Amount

| | |
|--------------------------------|-----------------------|
| Balance at 1 July 2010 | 319,549 |
| Additions | 41,013 |
| Balance at 30 June 2011 | <u>360,562</u> |

Accumulated Depreciation

| | |
|--------------------------------|----------------------|
| Balance at 1 July 2010 | 0 |
| Depreciation for the year | 45,070 |
| Balance at 30 June 2011 | <u>45,070</u> |

| | |
|--|-----------------------|
| Net Carrying Amount at fair value | <u>315,492</u> |
|--|-----------------------|

2010

Gross Carrying Amount

| | |
|--------------------------------|-----------------------|
| Balance at 1 July 2009 | 303,832 |
| Additions | 15,717 |
| Balance at 30 June 2010 | <u>319,549</u> |

Accumulated Depreciation

| | |
|--------------------------------|-----------------|
| Balance at 1 July 2010 | 0 |
| Depreciation for the year | 0 |
| Balance at 30 June 2011 | <u>0</u> |

| | |
|--|-----------------------|
| Net Carrying Amount at fair value | <u>319,549</u> |
|--|-----------------------|

7 CURRENT LIABILITIES-PROVISIONS-PERSONNEL SERVICES

| | 2011 | 2010 |
|--------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Provisions | | |
| Recreation Leave | 91,801 | 62,860 |
| Long Service Leave and Oncosts | 249,116 | 75,561 |
| Total | <u>340,917</u> | <u>138,420</u> |

a. Assets and liabilities relating to Long Service Leave was recognised on a gross basis in a the current year.

8 CURRENT LIABILITIES - PAYABLES

| | 2011 | 2010 |
|------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Tuition Fees (Refer Note 1(m)) | 1,093,704 | 1,064,276 |
| Examination Fees (Refer Note 1(m)) | 357,900 | 339,990 |
| Prizes (b) | 13,591 | 13,641 |
| Sundry Accruals | 44,621 | 45,730 |
| Total | <u>1,509,816</u> | <u>1,463,637</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 Attorney General and Justice, 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 2011

9 NON-CURRENT LIABILITIES

a) PROVISIONS - PERSONNEL SERVICES

| | 2011 | 2010 |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| Long Service Leave and Oncosts | 824 | 2,368 |
| Provision for Superannuation | 384,825 | 403,184 |
| Total | 385,649 | 405,552 |

b) LONG TERM BORROWINGS

| | 2011 | 2010 |
|--------------|----------------|----------------|
| | \$ | \$ |
| Borrowing | 800,000 | 950,000 |
| Total | 800,000 | 950,000 |

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. Rollover loans mature 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

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and salaries related (Refer Note a) below) | 927,196 | 879,224 |
| Recreation Leave & Other | 83,668 | 46,559 |
| Payroll Tax & FBT | 68,167 | 41,597 |
| Worker's Compensation Insurance | 8,133 | 4,729 |
| Superannuation - Defined Benefit Plans | (22,539) | 73,505 |
| Superannuation - Defined Contribution Plan | 68,566 | 56,581 |
| Total | 1,133,191 | 1,102,196 |

a) Academic Exemption Assessment totalling \$15,640 for 2010 has been reclassified as Personnel Services Expenses. This cost are payments to Academic Exemption Sub-Committee members for the work they have done for LPAB, which are deemed to be more accurately classified as salary related expense.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements

For the Year ended 30 June 2011

11 OTHER OPERATING EXPENSES

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Examination Related Expenses | 6,576 | 7,546 |
| Dep of Attorney General and Justice - Administration Fees | 69,644 | 67,945 |
| Legal Services | 5,010 | 12,126 |
| Miscellaneous Fees | 24,258 | 21,351 |
| Auditor's remuneration | | |
| - audit of financial statements | 16,250 | 15,600 |
| Computer Equipment-Software | 45,870 | 541 |
| Rental - Examination Venues | 48,761 | 59,614 |
| Interest Payment | 47,975 | 37,485 |
| Rates | 51,233 | 59,056 |
| Printing | 40,253 | 45,651 |
| Postage & Freight | 22,427 | 25,443 |
| Telephone | 3,165 | 3,407 |
| Computer Related Expenses-Network Charges | 20,802 | 22,536 |
| Stores & Stationery Cost | 9,005 | 11,991 |
| Maintenance Contracts | 1,687 | 4,770 |
| Repair & Maintenance | 2,632 | 1,501 |
| Minor Equipment | 2,539 | 624 |
| Miscellaneous (Refer to Note a below) | 66,982 | 90,249 |
| Total | <u>485,068</u> | <u>487,434</u> |

a) Academic Exemption Assessment totalling \$15,640 for 2010 has been reclassified as Personnel Services Expenses. This cost are payments to Academic Exemption Sub-Committee members for the work they have done for LPAB, which are deemed to be more accurately classified as salary related expense.

12 OTHER GAINS/(LOSSES)

| | | |
|---------------------------------|-------------------------|-----------------|
| Loss on Revaluation of Property | (226,204) | 0 |
| Total | <u>(226,204)</u> | <u>0</u> |

In 2010/2011, the property was revalued at \$2,416,050 (refer to Note 5). This resulted in a net revaluation loss of \$226,204, which has been charged to Other Gains/(Losses).

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2011

**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:

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Surplus/(Deficit) for the year | (86,651) | 282,769 |
| Depreciation | 146,455 | 101,787 |
| Other (Gains)/Losses | 226,204 | 0 |
| (Increase)/Decrease in Receivables and Prepayments | (207,170) | (6,965) |
| Increase/(Decrease) in Provisions | 182,593 | 117,204 |
| Increase/(Decrease) in Payables | 46,179 | 39,181 |
| (Increase)/decrease in capital movements | 0 | 0 |
| Net Cash Flows from Operating Activities | <u><u>307,611</u></u> | <u><u>533,975</u></u> |

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements
For the Year ended 30 June 2011

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 2011 \$ | Carrying Amount 2010 \$ |
|------------------------------|------|--|----------------------------|----------------------------|
| Class: | | | | |
| Cash and cash equivalents | 2 | N/A | 2,040,475 | 1,959,802 |
| Other financial assets | 3 | At fair value through profit or loss | 521,751 | 495,170 |
| Receivables (1) | 4 | Receivables at amortised cost | 250,276 | 44,307 |
| Financial Liabilities | | | | |
| Class: | | | | |
| Payables (2) | 8 | Financial liabilities measured at amortised cost | 58,212 | 59,371 |
| Borrowings | 9b | Financial liabilities measured at amortised cost | 800,000 | 950,000 |

(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.

| | \$ | \$ |
|------------------------------|--------------|----------------------------------|
| 2011 | Total | Past due but not impaired |
| <3 months overdue | 0 | 0 |
| >3 months < 6 months overdue | 0 | 0 |
| > 6 months overdue | 0 | 0 |
| 2010 | Total | Past due but not impaired |
| <3 months overdue | 2302 | 2,302 |
| >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 2011

(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

| | Weighted Average | Nominal Amount | Interest Rate Exposure | | Maturity Dates | | |
|-------------------------------|--------------------|------------------|------------------------|---------------|----------------|----------------|----------|
| | | | Fixed Interest | Non-Interest | <1yr | 1-5 yrs | >5yrs |
| 2011 | Effective Int Rate | | Rate | bearing | | | |
| | | \$ | | \$ | \$ | \$ | \$ |
| Financial Liabilities | | | | | | | |
| Payables | 0 | 58,212 | | 58,212 | | | |
| Interest bearing liabilities: | | | | | | | |
| Borrowings from T Corp | | <u>800,000</u> | 5.18 | | 0 | 800,000 | 0 |
| | | <u>858,212</u> | | <u>58,212</u> | <u>0</u> | <u>800,000</u> | <u>0</u> |
| 2010 | Effective Int Rate | | Rate | bearing | | | |
| | | \$ | | \$ | \$ | \$ | \$ |
| Financial Liabilities | | | | | | | |
| Payables | 0 | 59,371 | | 59,371 | | | |
| Interest bearing liabilities: | | | | | | | |
| Borrowings from T Corp | | <u>950,000</u> | 5.05 | | 0 | 950,000 | 0 |
| | | <u>1,009,371</u> | | <u>59,371</u> | <u>0</u> | <u>950,000</u> | <u>0</u> |

(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 2010. 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.

LEGAL PROFESSION ADMISSION BOARD
 Notes to and forming part of the financial statements
 For the Year ended 30 June 2011

| | | -1% | | +1% | |
|------------------------------|--------------------|----------------|----------|--------|--------|
| | Carrying Amount | Profit | Equity | Profit | Equity |
| | \$ | \$ | \$ | \$ | \$ |
| 2011 | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 2,040,475 | (20,405) | (20,405) | 20,405 | 20,405 |
| Other financial assets | 521,751 | (5,218) | (5,218) | 5,218 | 5,218 |
| <i>Financial Liabilities</i> | | | | | |
| | | Fixed Interest | | | |
| Borrowings | 800,000 | | | | |
| 2010 | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 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 | | | | |

(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.

The Board uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Derived from quoted prices in active markets for identical assets/liabilities
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 - Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------|
| Financial Assets at fair value | | | | |
| TCorp Hour Glass - Cash Facility Investment | | 521,751 | | 521,751 |

There were no transfers between level 1 and 2 during the year ended 30 June 2011.

Prices for the TCorp Hour Glass Investment Facility are observable ; however no active market exists for these facilities as they are only accessible to government agencies.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements

For the Year ended 30 June 2011

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 2011 which would impact upon these financial statements.

End of Audited Financial Statements