

Legal Profession Admission Board

Annual Report
2021-22

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Letter to the Attorney General

The Hon Mark Speakman, SC MP
Attorney General of New South Wales
GPO Box 5341
SYDNEY NSW 2001

Dear Attorney

We are pleased to present the Annual Report of the Legal Profession Admission Board for the year ended 30 June 2022, for presentation to Parliament in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*.

The Annual Report includes the audited financial statements prepared in accordance with the *Government Sector Finance Act 2018*.

We thank the members of the Legal Profession Admission Board, its Committees and Sub-Committees, as well as the staff of the Office of the Board, for their support and advice during the year.

Yours faithfully



The Hon A R Emmett AO KC
Presiding Member
Legal Profession Admission Board



The Hon Justice A Payne
Member
Legal Profession Admission Board

27 October 2022

Charter

The Legal Profession Admission Board (**LPAB**) is a self-funding statutory corporation constituted by the *Legal Profession Uniform Law Application Act 2014*.

The LPAB's functions are also governed by the Legal Profession Uniform Admission Rules 2015, the NSW Admission Board Rules 2015, the *Public Notaries Act 1997*, and the Public Notaries Appointment Rules.

Aims and Objectives

The LPAB is responsible for:

- determining the eligibility and suitability of people seeking to be admitted as a lawyer in NSW
- accrediting academic law courses and practical legal training courses in NSW
- registering, enrolling and examining students in the Board's Diploma in Law Course
- appointing public notaries in NSW, and
- maintaining the Roll of Lawyers and the Roll of Public Notaries in NSW.

Structure

The Board comprises 11 members, made up of judges of the Supreme Court, deans of law schools, barristers, solicitors and a nominee of the Attorney General. A list of Board members during 2021-22 is at Appendix A.

The LPAB is supported in the exercise of its functions by a number of Committees and Sub-Committees. The Legal Qualifications Committee is responsible for considering the qualifications of candidates for admission as a lawyer, and advises the LPAB in relation to the accreditation of academic and practical legal training courses.

The Examinations Committee is responsible for overseeing the content and conduct of the LPAB's examinations and the candidatures of students-at-law in the Diploma course.

Members of the Committees are listed at Appendix B and C. Sub-Committee membership is shown at Appendix D.

Secretariat support to the LPAB and its Committees and Sub-Committees is provided by staff who are employees of the NSW Department of Communities and Justice.



Review of Operations

Admission of lawyers

The Supreme Court of NSW may admit a person to the Australian legal profession as an Australian lawyer. The role of the LPAB is to determine whether or not to issue a compliance certificate to the Supreme Court in respect of each applicant for admission.

The prerequisites for the issue of a compliance certificate are that the applicant:

- a) has attained the specified academic qualifications prerequisite; and
- b) has satisfactorily completed the specified practical legal training prerequisite; and
- c) is a fit and proper person to be admitted to the Australian legal profession.

During the period under review, 2,883 people were admitted as lawyers in NSW¹, a decrease of 5.8 per cent compared with the previous year. Other statistics about admission as a lawyer are set out in Table 1.

The majority of lawyers admitted in NSW held qualifications in law which were obtained wholly or partly in Australia. Around 7 per cent had previously been admitted as a lawyer in another country.

Assessment of academic qualifications

People who obtained a law qualification overseas (or who hold an Australian law qualification which is more than five years old) must apply for an assessment of what, if any, additional study is necessary in order to be eligible for admission.

The LPAB received 495 such applications during 2021-22, a decrease of 21.5 per cent compared with the previous year. The decrease likely reflects the impact of the COVID-19 pandemic on the intentions of foreign lawyers to migrate to Australia.

Applicants who sought an assessment of their foreign qualification had studied law in many different countries. The top countries were:

- United Kingdom (68)
- Hong Kong (43)
- South Africa (43)
- India (34)
- Brazil (13)
- United States of America (12)
- Philippines (9)
- Ireland, Spain and Fiji (5 each)
- China, Chile, Malaysia, Sweden (4 each).

Assessment of Practical Legal Training (PLT)

People who completed PLT overseas and have been admitted in a foreign jurisdiction (or who completed PLT in Australia more than five years ago) must apply for an assessment of what, if any, additional PLT is necessary in order to be eligible for admission.

The LPAB received 167 applications during 2021-22, a decrease of 18.5 per cent compared with the previous year.

Assessment of stale learning

The LPAB determined 47 applications for assessment of stale academic qualifications. Around 21 per cent of those applicants were required to undertake further academic study. No applications for assessment of stale PLT were received during 2021-22.

Early commencement of PLT

Law students must not commence their PLT until after completing their academic qualifications in law, unless the PLT course is integrated with the qualification or the prior permission of the LPAB has been obtained. During 2021-22, the LPAB received 354 applications for prior permission from persons eligible pursuant to clause 4(1)(b) of Schedule 2 of the Legal Profession Uniform Admission Rules 2015.

¹ This includes 57 New Zealand lawyers who were admitted pursuant to the *Trans-Tasman Mutual Recognition Act 1997* (Cth).

Assessment of fitness and propriety

Applicants for admission must disclose to the LPAB any matter that could influence the assessment of their fitness and propriety to be admitted.

Around 39 per cent of applicants in 2021-22 made one or more disclosures. Around 6.6 per cent of applicants made a disclosure that was categorised as potentially significant to the assessment of their fitness and propriety.

The LPAB carefully reviews all disclosures and gives particular focus to those considered significant, often requiring the applicant to provide further information, and/or the Office of the LPAB to obtain independent verification of the facts.

During the year under review, 64 admission applicants disclosed a mental health condition and one applicant did not disclose a mental health condition which subsequently came to light during the course of considering the application. The LPAB issued a compliance certificate in respect of all applicants except the applicant who did not disclose a relevant condition.

In each approved case, the LPAB was satisfied that the conditions disclosed would not affect the capacity of the applicant to carry out satisfactorily the inherent requirements of practice as an Australian legal practitioner.

The LPAB relied on recent medical evidence that the applicants' conditions were being appropriately monitored, treated and managed, or that the applicants had not been symptomatic for an extended period of time.

Conditional admission

During 2021-22, the LPAB did not determine any applications by foreign lawyers for conditional admission pursuant to section 20 of *Legal Profession Uniform Law (NSW)*.

Objections to issue of compliance certificates

The LPAB is required to give notice of admission applications on its website, and does so by publishing the full names of applicants and their proposed dates of admission. The LPAB is not to issue a compliance certificate in respect of an applicant until it has afforded a reasonable opportunity for persons to object to the issue of a certificate. Objections were received in relation to one applicant during the year under review. The applicant has since been admitted.

Refusals of compliance certificates

In 2021-22, the LPAB refused to issue a compliance certificate in respect of the admission of one applicant. The reason for refusal was that the Board was not satisfied the applicant was a fit and proper person to be admitted.

Table 1: Statistics regarding admission as a lawyer

| | 2019-20 | 2020-21 | 2021-22 |
|--|----------------|----------------|----------------|
| Applicants for admission as a lawyer | 2,631 | 2,984 | 2,787 |
| Applicants previously admitted overseas | 155 | 195 | 198 |
| Applicants disclosing a fitness and propriety matter | 1,094 | 1,137 | 1,084 |
| Applicants with significant disclosures | 221 | 204 | 183 |
| Applicants with minor disclosures | 908 | 933 | 918 |
| Applicants refused a compliance certificate | 7 | 2 | 1 |
| Number admitted to the legal profession | 2,593 | 3,060 | 2,883 |
| Number admitted previously admitted overseas | 155 | 204 | 203 |
| Number admitted under mutual recognition | 48 | 41 | 57 |
| Assessments of academic qualifications | 617 | 631 | 495 |
| Assessments of practical legal training | 191 | 205 | 167 |

Accreditation of law courses

The LPAB determines applications from law schools in NSW for accreditation or reaccreditation of law courses that provide the academic qualifications prerequisite. Accreditation or reaccreditation requires that the course:

- includes the equivalent of at least three years' full-time study of law; and
- provides for a student to acquire and demonstrate appropriate understanding and competence in each element of the academic areas of knowledge set out in Schedule 1 of the Legal Profession Uniform Admission Rules 2015.

The Uniform Admission Rules provide that the LPAB 'must monitor and may review any aspect of the performance of accredited law courses'. This function is undertaken in accordance with the LPAB's Framework for the Accreditation of Law Courses, which is published on the LPAB's website.

At the start of the COVID-19 pandemic the LPAB notified law schools in NSW that temporary changes, such as replacing face-to-face classes with online learning, would be treated as continuing to comply with the terms of their existing accreditations, subject to certain conditions and limitations. This policy remained in place for 2021-22.

Accreditation of law courses recommenced in 2021, with assessments of the following law courses being conducted remotely:

- Charles Sturt University's LLB and LLB/CrimJus
- Southern Cross University's LLB
- Western Sydney University's existing LLB and proposed JD.

In September 2021 the Board reaccredited the three existing LLBs and accredited the new JD at Western Sydney University.

As at 30 June 2022, apart from the LPAB's Diploma in Law course, there were 20 accredited law courses being offered in NSW by 13 institutions:

- Australian Catholic University (LLB)
- Charles Sturt University (LLB and LLB/CrimJustice)
- Macquarie University (LLB and JD)
- Southern Cross University (LLB)
- Australian National Institute of Management and Commerce (IMC) (formerly Top Education Institute (LLB))
- University of New England (LLB)
- University of Newcastle (LLB and JD)
- University of Notre Dame (LLB)
- University of NSW (LLB and JD)
- University of Sydney (LLB and JD)
- University of Technology Sydney (LLB and JD)
- University of Wollongong (LLB)
- Western Sydney University (LLB and JD).

Accreditation of PLT providers

The LPAB also determines applications for accreditation from institutions which offer courses of PLT. Accreditation or reaccreditation recognises that successful completion of the course provides the required competencies for entry-level lawyers set out in Schedule 2 of the Legal Profession Uniform Admission Rules 2015.

During the year under review, the LPAB did not accredit or reaccredit any PLT courses. Existing providers of PLT courses had previously been notified that temporary changes made in response to the COVID-19 pandemic would be treated as continuing to comply with the terms of their existing course accreditations, subject to certain conditions and limitations. This policy remained in place for 2021-22.

As at 30 June 2022, there were four providers of Practical Legal Training courses accredited in NSW:

- The College of Law
- University of Newcastle
- University of New South Wales
- University of Technology Sydney.

Diploma in Law Course

The LPAB's Diploma in Law Course (the Course) provides an affordable and accessible means of entry to the Australian legal profession.

The LPAB registers, enrolls and examines students in the Course, while the Law Extension Committee (LEC) of the University of Sydney provides the legal tuition for those students. Applicants for registration must meet one of the specified entry criteria.

The Course consists of 26 subjects, of which 17 are compulsory and of which another 3 are electives. Examinations are held in the first week of March and September each year, with enrolments for the subsequent term taking place during the last weeks of October and April.

In response to the COVID-19 pandemic, the LPAB and the LEC maintained a series of temporary modifications to tuition and assessment practices, in order to comply with Government health advice and to keep students, lecturers and staff safe. These included:

- providing lectures online where necessary
- staging examinations online in all subjects in September 2021
- providing students with the option of sitting exams online or in-person in March 2022.

Table 2: Statistics regarding the Diploma in Law course

| | 2019-20 | 2020-21 | 2021-22 |
|---|----------------|----------------|----------------|
| Applications for registration as a student-at-law | 541 | 531 | 437 |
| Students enrolled in Term 1 | 1,096 | 1,172 | 1,080 |
| Students enrolled in Term 2 | 1,140 | 1,127 | 1,018 |
| Number of enrolments in all subjects | 4,298 | 4,495 | 3,848 |
| Examinations sat | 3,431 | 3,844 | 3,476 |
| Students graduated | 108 | 109 | 126 |

Orientation Days

Orientation days for new students were held twice a year at the beginning of each semester, in November and May.

Graduation

The LPAB and the LEC traditionally host the Diploma in Law graduation ceremony at the Great Hall of the University of Sydney once in each calendar year.

Regrettably, the graduation ceremony that had been scheduled for 16 July 2021 was cancelled due to COVID-19 public health orders in Sydney. This was the second year in a row that the graduation ceremony had to be cancelled. Graduates were sent their testamurs by post.

The Office of the LPAB subsequently surveyed 2020 and 2021 graduates about their interest in attending a formal celebration of their graduations, to coincide with the 2022 graduation ceremony. As there was sufficient interest from former graduates, two events were staged on the graduation day in July 2022, one of which was dedicated to the 2020 and 2021 graduates.

Public Notaries

Public notaries are appointed by the Supreme Court, pursuant to the *Public Notaries Act 1997* and the Public Notaries Appointment Rules. Applicants must have completed the Notarial Practice Course offered by The College of Law, and be lawyers of at least five years standing.

The LPAB administers the appointment process and maintains the Roll of Public Notaries, including an annual update of the particulars on record for all notaries.

Common functions of notaries include authenticating official and personal documents for use overseas, witnessing the signatures of individuals on documents and authenticating identity by affixing an official seal.

During 2021-22, the LPAB administered the appointment of 2 new public notaries. The small number of appointments is attributed to the Notarial Practice Course not being offered during the height of the COVID-19 pandemic. However The College of Law began offering the Course again in March 2022.

The LPAB was notified that 15 public notaries had either retired or not renewed their practising certificates. This brought the total number registered in NSW to 1,063.

Table 3: Statistics regarding Public Notaries

| | 2019-20 | 2020-21 | 2021-22 |
|---|---------|---------|---------|
| New public notaries appointed | 33 | 3 | 2 |
| Public notaries not renewing | 29 | 4 | 15 |
| Total number of public notaries on Roll | 1,077 | 1,076 | 1,063 |

Highlights in 2021-22

COVID-19 Pandemic

The LPAB maintained the timely provision of services in all the areas of its operations, and also continued to adjust the design and delivery of its services in response to emerging developments in the COVID-19 pandemic in NSW.

Admission of lawyers

The formal admission of lawyers continued throughout the financial year. Due to lockdowns in Sydney, admissions initially used a 'virtual' ceremony format, in which oaths or affirmations were administered or made on paper prior to the admission date and admittees were able to view a ceremony remotely via livestream video from the Supreme Court.

In December 2021, in-person admission ceremonies re-commenced albeit with reduced numbers of admittees and strict COVID-19 safety protocols. Admittees were able to choose between being admitted in-person or remotely 'on the papers'. However, in February 2022, due to high numbers of COVID-19 cases in Sydney, admissions again had to be conducted virtually or with reduced admittee numbers.

In March 2022 the number of admittees permitted at each ceremony returned to pre-COVID-19 levels. The Supreme Court subsequently announced that, effective from 1 June 2022, the remote admission process would be limited to applicants who could demonstrate that they meet strict eligibility criteria (such as being unable to enter Australia or having a medical condition that places the admittee at increased risk of severe illness from COVID-19). In all other cases, applicants were required to attend an admission ceremony in-person at the Supreme Court to take the oath or make the affirmation of office and to sign the Supreme Court Roll.

The annual admission day in Newcastle was held on 25 February 2022 in the University of Newcastle Conservatorium of Music Auditorium, with COVID-safe arrangements.

Diploma in Law examinations

Examinations in the LPAB's Diploma in Law Course from 2 to 9 September 2021 were severely affected by the lockdowns in Sydney. Public health orders ultimately prohibited the staging of any exams in-person during that exam period.

Prior to the lockdowns, the Office of the LPAB had successfully tested an online exam system which included live remote invigilation. In July 2021 the vendor provided assurance that the system could be rolled out effectively to all Diploma in Law students for the purpose of delivering online invigilated exams in September 2022.

Unfortunately, during the pre-exam online onboarding phase and the exam period itself, many students experienced technical problems, some of which were unacceptably disruptive.

Students sat a total of 1,561 exams using the online system in September 2021. In 68 cases, students experienced a technical disruption that caused the loss of some exam time. In 15 cases, some or all of the student's exams answers were not automatically saved and could not be retrieved even after a technical investigation.

In appropriate cases, the Examinations Committee approved mark adjustments to compensate for these technical issues. Affected students were also offered the alternative of a refund of the subject enrolment fee.

Prior to the exam period, special exam arrangements had been made for 49 students who were unable to use the online exam system for reasons including lack of access to necessary technology or a quiet space. The arrangements typically involved sitting exams in-person at a special COVID-safe venue provided by the LPAB.

Regrettably, the rapidly-evolving public health orders caused the cancellation of those special arrangements just five days before the start of the exam period.

The Office of the LPAB then developed a range of emergency options to assist the affected 49 students to proceed to sit their exams in alternative formats if they wished. Of the affected candidates, 11 chose to withdraw from exams and received a full refund of enrolment fees.

After the exam period ended, the Office of the LPAB conducted a review of the staging of September 2021 exams, to identify lessons learned.

In March 2022, exams were staged with students being able to choose between sitting in-person at a venue in the Sydney CBD, or online. Candidates sitting online were on notice throughout the tuition period that their exams may be invigilated remotely via Zoom. Given the option to sit online, no exam venues operated outside of the Sydney metropolitan area.

Flooding events in Western Sydney and Northern NSW coincided with the March 2022 exam period, and there were other associated impacts on public transport across Sydney. This drove a cohort of students to switch to the online mode shortly before or during the exam period. As a result 92% of all exams sat in March 2022 were online, with 14% of those exams being supervised via Zoom.

Digitisation program

Due to the impacts of the COVID-19 pandemic on the operations of the Office of the LPAB, procurement activity related to new digital case management solutions was suspended.

However, with the support of the Department of Communities and Justice, a major remediation of the LPAB's existing online Admission Portal and its associated Client Relationship Management system was completed in April 2022. The remediation project ensured that the systems continue to function despite changes in the underlying platform implemented worldwide.

For the first time, Diploma in Law results were issued to all students by email in October 2021, which meant that they received them earlier and more reliably than in the past.

Office relocation

During 2021-22 the LPAB negotiated the sale of its strata office lot to the NSW Government, which wished to acquire and demolish the building at 37 Bligh Street Sydney in which the Office of the LPAB is located. The land is required for the Hunter Street station of the Sydney Metro project. As at 30 June 2022 the LPAB and Sydney Metro had reached agreement on the commercial terms of the sale, but the sale had not been completed.

The LPAB resolved to purchase a replacement strata office space nearby at 109 Pitt Street, and that purchase was completed on 10 June 2022.

Office restructure

A restructure of staffing in the Office of the LPAB was announced in January 2022. Implementation of changes commenced in April 2022 with recruitment continuing through the end of the financial year.

The Year Ahead

For the September 2022 Diploma in Law exam period, all exams which are sat online will be supervised via Zoom. The option to sit in-person at a Sydney CBD venue will remain.

The second stage of the procurement process for digital case management solutions, involving a Request for Tenders (RFT), will be undertaken during the next financial year.

The Office of the LPAB plans to vacate its current premises in December 2022, and relocate firstly to temporary premises while its new space at 109 Pitt Street is reconfigured. It expects to commence operations at 109 Pitt Street early in calendar year 2023.

Recruitment as a result of the staffing restructure will be completed in the first half of 2022-23.

Acronym Glossary

| | |
|------|---|
| JD | Juris Doctor degree |
| LACC | Law Admissions Consultative Committee |
| LEC | Law Extension Committee (of the University of Sydney) |
| LLB | Bachelor of Laws degree |
| LPAB | Legal Profession Admission Board |
| NSW | New South Wales |
| PLT | Practical Legal Training |

Contact Details

Legal Profession Admission Board of NSW

Phone: (02) 9338 3500

Email: lpab@justice.nsw.gov.au

Web: www.lpab.justice.nsw.gov.au

Post: GPO Box 3980

Sydney NSW 2001

Australia

Street: Level 4

37 Blich Street

Sydney NSW 2000

Australia

Hours: 9:00am to 5:00pm

Monday to Friday

(excluding public holidays)

Appendix A: Legal Profession Admission Board

During 2021-22, the members of the LPAB were as set out below. The LPAB held six scheduled meetings and two out-of-session meetings, which were attended as indicated.

| Member | Qualification and method of appointment | Term | Attendance |
|---|---|---------------------------------|------------|
| The Hon T F Bathurst AC | Chief Justice of the Supreme Court of NSW | 1 July 2021 to 5 March 2022 | N/A* |
| The Hon A S Bell | Chief Justice of the Supreme Court of NSW | 7 March to 30 June 2022 | N/A* |
| The Hon A R Emmett AO QC (Presiding Member) | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 8 |
| The Hon Justice A Payne (Deputy Presiding Member) | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 7 |
| The Hon Justice G Lindsay | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 7 |
| Ms Margaret Allars SC | Barrister, nominated by the Bar Council | 1 July 2021 to 5 April 2022 | 5 |
| Ms Jennifer Ball | Solicitor, nominated by the Law Society Council | 1 July 2021 to 30 June 2022 | 8 |
| Mr Peter Brereton SC | Barrister, nominated by the Bar Council | 26 April to 30 June 2022 | 1 |
| Mr Mark Follett | Department of Justice officer, nominated by the Attorney General | 30 May to 30 June 2022 | 0 |
| Ms Phillipa Hetherington | Department of Justice officer, nominated by the Attorney General | 1 July to 4 November 2021 | 0 |
| Professor Lesley Hitchens | Dean of Law School, nominated by New South Wales law deans | 1 July to 28 September 2021 | 2 |
| Mr Wen-Ts'ai Lim | Solicitor, nominated by the Law Society Council | 1 July 2021 to 30 June 2022 | 7 |
| Professor Trish Mundy | Dean of Law School, nominated by New South Wales law deans | 9 November 2021 to 30 June 2022 | 5 |
| Professor Michael Quinlan | Dean of Law School, nominated by New South Wales law deans | 1 July 2021 to 30 June 2022 | 8 |
| Mr Julian Sexton SC | Barrister, nominated by the Bar Council | 1 July 2021 to 30 June 2022 | 6 |

* The Chief Justice is represented at meetings of the LPAB by the Presiding Member.

Appendix B: Legal Qualifications Committee

During 2021-22, the members of the Legal Qualifications Committee were as set out below. The Legal Qualifications Committee held six scheduled meetings, which were attended as indicated.

| Member | Qualification and method of appointment | Term | Attendance |
|---|---|------------------------------|------------|
| The Hon Justice Lucy McCallum (Chairperson to 7 March 2022) | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 7 March 2022 | 4 |
| The Hon Justice Richard Cavanagh (Chairperson from 2 February 2022) | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 5 |
| The Hon Justice Julie Ward | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 3 |
| The Hon Justice Julia Lonergan | Judge of the Supreme Court of NSW, nominated by the Chief Justice | 8 March 2022 to 30 June 2022 | 1 |
| Mr Edward Muston SC | Barrister, nominated by the Bar Council | 1 July 2021 to 30 June 2022 | 6 |
| Ms Sonia Tame | Barrister, nominated by the Bar Council | 1 July 2021 to 30 June 2022 | 6 |
| Mr Thomas Spohr | Solicitor, nominated by the Law Society Council | 1 July 2021 to 30 June 2022 | 2 |
| Mr Richard Flitcroft | Solicitor, nominated by the Law Society Council | 1 July 2021 to 30 June 2022 | 4 |
| Professor Theunis Roux | Law Lecturer, nominated by New South Wales law deans | 1 July 2021 to 30 June 2022 | 6 |
| Associate Professor Maxine Evers | Law Lecturer, nominated by New South Wales law deans | 1 July 2021 to 30 June 2022 | 6 |
| Mr Prasan Ulluwishewa | Law Lecturer, nominated by New South Wales law deans | 1 July 2021 to 30 June 2022 | 5 |
| Dr Gordon Elkington | Barrister, appointed by co-option | 1 July 2021 to 30 June 2022 | 6 |
| Mr Greg Ross | Solicitor, appointed by co-option | 1 July 2021 to 30 June 2022 | 5 |
| Mr Peter Underwood | Lawyer, appointed by co-option | 1 July 2021 to 30 June 2022 | 5 |

Appendix C: Examinations Committee

During 2021-22, the members of the Examinations Committee were as set out below. The Examinations Committee held five scheduled meetings, which were attended as indicated.

| Member | Qualification and method of appointment | Term | Attendance |
|--|---|-----------------------------|-------------------|
| The Hon Justice P Hamill (Chairperson) | Judge of Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 3 |
| The Hon Justice R Darke | Judge of Supreme Court of NSW, nominated by the Chief Justice | 1 July 2021 to 30 June 2022 | 4 |
| Mr Ross Anderson | Examiner, appointed by the Chairperson of the Committee | 1 July 2021 to 30 June 2022 | 5 |
| Mr Andrew Boog | Solicitor, nominated by the Law Society Council | 1 July 2021 to 30 June 2022 | 5 |
| Ms Susan Carter | Examiner, appointed by the Chairperson of the Committee | 1 July 2021 to 30 June 2022 | 5 |
| Mr Michael Christie SC | Barrister, nominated by the Bar Council | 1 July 2021 to 30 June 2022 | 4 |
| Mr John Dobson | Appointed by co-option by the Committee | 1 July 2021 to 30 June 2022 | 5 |
| Ms Maureen Noonan | Examiner, appointed by the Chairperson of the Committee | 1 July 2021 to 30 June 2022 | 5 |

Appendix D: Sub-Committees

Academic Exemptions Sub-Committee

The Academic Exemptions Sub-Committee, determines applications in relation to overseas and local academic qualifications. During 2021-22, members of the Sub-Committee were:

- The Hon Justice Lucy McCallum (to 1 February 2022)
- Dr Gordon Elkington
- Mr Peter Underwood.

Curriculum Sub-Committee

Positions on the Curriculum Sub-Committee were not filled for 2021-22. Any issues in relation to the planning and review of the curriculum and syllabi for the LPAB's examinations were dealt with by the whole Committee at scheduled meetings.

Performance Review Sub-Committee

The Performance Review Sub-Committee determines applications under Rule 67 in relation to exclusion from the LPAB's Diploma in law course. During 2021-22, members of the Sub-Committee were:

- Mr John Dobson
- Ms Susan Carter
- Mr Andrew Boog.

Practical Training Exemptions Sub-Committee

The Practical Training Exemptions Sub-Committee determines applications in relation to overseas and local practical training experience and qualifications. During 2021-22, members of the Sub-Committee were:

- Ms Maxine Evers
- Mr Greg Ross
- Mr Richard Flitcroft.

Quality Sub-Committee

Positions on the Quality Sub-Committee were not filled for 2021-22. Any issues in relation to the quality of the LPAB's examinations were dealt with by the whole Committee at scheduled meetings

Appendix E: Additional Reporting Matters

Annual report costs

The LPAB did not incur any external costs in producing the Annual Report for 2021-22.

The Annual Report may be accessed at the LPAB's website: www.lpab.justice.nsw.gov.au.

Consultants

Engagements costing equal to or greater than \$50,000

The LPAB engaged Spectrum Partners/Bramford Property for property advisory services relating to the purchase of a replacement strata office space as a result of Sydney Metro's intention to acquire the building at 37 Bligh Street including the LPAB's strata office lot. The total cost of the engagement was \$115,775.

Engagements costing less than \$50,000

The LPAB engaged one other consultancy at a total cost of \$3,190.

Consumer response

The Office of the LPAB responds to consumer feedback and complaints that are received via the NSW Government Feedback Assist portal as well as via email, telephone, and by referral from the Department of Communities and Justice or the Attorney General.

The Office of the LPAB received a higher than usual volume of feedback and complaints relating to Diploma in Law exams as a result of the lockdown-related disruptions to exams in September 2021 as described on page 11. The Office issued apologies to affected students, arranged consideration by the Examinations Committee of mark adjustments in appropriate cases, and also offered refunds in appropriate cases.

The Office of the LPAB reviewed and amended its procedure for issuing Certificates of Current Admission following a complaint about an extended delay in the issue of a Certificate to a particular client.

Controlled entities

The LPAB does not have any controlled entities (see Part 2 of the *Government Sector Finance Act 2018*).

Economic factors

No economic factors affected the achievement of operational objectives during 2021-22.

Funds granted to non-government community organisations

The LPAB did not grant any funds to non-government community organisations during 2021-22.

Human resources

| | 2019-20 | | 2020-21 | | 2021-22 | |
|--------------------------------|-----------|----------|-----------|-----------|-----------|-----------|
| | M | F | M | F | M | F |
| Clerk 11/12 | 1 | 0 | 1 | 0 | 1 | 0 |
| Legal Officer I-III | 0 | 1 | 0 | 1 | 0 | 1 |
| Clerk 7/8 | 0 | 2 | 0 | 2 | 0 | 2 |
| Clerk 5/6 | 0 | 2 | 0 | 2 | 0 | 2 |
| Clerk 3/4 | 2 | 1 | 1 | 2 | 1 | 2 |
| Clerk 1/2 | 1 | 2 | 2 | 3 | 1 | 3 |
| Total males and females | 4 | 8 | 4 | 10 | 3 | 10 |
| Total employees | 12 | | 14 | | 13 | |

As at 30 June 2022, the Office of the LPAB was staffed by 13 full time equivalent employees of the Department of Communities and Justice. The LPAB also engages temporary and casual staff including examiners, revising examiners and examination invigilators. As at 30 June 2022, the Office of the LPAB was managed by the Executive Officer, Mr Christopher Banks.

Land disposal

The LPAB did not dispose of any land or properties during 2021-22. However as at 30 June 2022 commercial terms had been reached for the sale of the LPAB's strata office lot at 37 Bligh Street to Sydney Metro.

Legal change

In 2021-22 there were no changes to legislation and no significant judicial decisions that affected the functions of the LPAB or users of its services.

The LPAB resolved to increase the Subject Enrolment Fee in its Diploma in Law Course with effect from 1 July 2022 from \$947 to \$957 per subject, requiring relevant amendment to the fee schedule in the NSW Admission Board Rules 2015. All other fees remained unchanged.

Multicultural policies and services

Information about multicultural policies and services is reported in the Annual Report of the NSW Department of Communities and Justice.

Promotion

No overseas visits were undertaken by members, officers or employees of the LPAB with the use of LPAB funds during the reporting year.

Research and development

The LPAB did not undertake any research and development activities during 2021-22.

Risk management and insurance

The LPAB shares the Audit and Risk Committee of the NSW Department of Communities and Justice. In 2021-22 the LPAB reviewed and updated its risk register. Information about the management of financial risk is contained in the notes to the financial statements.

The LPAB's insurance cover is arranged by the NSW Department of Communities and Justice and provided by the Treasury Managed Fund (TMF), a government-wide self-insurance scheme. The insurance program covers workers' compensation, public liability, motor vehicle accident, property, and miscellaneous liability. During 2021-22, the LPAB did not make any claims under this insurance cover.

Subsidiaries

The LPAB does not have any subsidiaries (see Premier's Memorandum M2006-02).

Workforce diversity

As staff of the LPAB are employees of the NSW Department of Communities and Justice, workforce diversity information is reported in the Annual Report of the Department.

Work health and safety

No employee made any claim for workers compensation for a work-related injury.

Appendix F: Internal Audit and Risk Management

Internal Audit and Risk Management Attestation Statement for the 2021-22 Financial Year for the Legal Profession Admission Board

I, Christopher Banks, am of the opinion that the Legal Profession Admission Board has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

| Core Requirements | For each requirement, please specify whether compliant, non-compliant, or in transition |
|---|---|
| Risk Management Framework | |
| 1.1 The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency | Compliant |
| 1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |
| Internal Audit Function | |
| 2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | Compliant |
| 2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice of Internal Auditing. | Compliant |
| 2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |
| Audit and Risk Committee | |
| 3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'. | Compliant |

Membership

The current chair and members of the Audit and Risk Committee are:

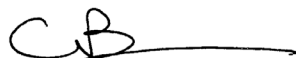
- Independent Chair, Carolyn Burlew, 1 August 2019 to 31 July 2024
- Independent Member 1, Christine Feldmanis, 1 August 2019 to 31 July 2024
- Independent Member 2, Abby Bloom, 1 August 2019 to 31 July 2024
- Independent Member 4, Garry Dinnie, 1 February 2021 to 31 March 2024
- Independent Member 5, Ian Gillespie, 14 July 2021 to 31 July 2024.

Shared Arrangements

I, Christopher Banks, advise that the Legal Profession Admission Board has entered into an approved shared arrangement with the following agencies:

- Department of Communities and Justice
- Crown Solicitor's Office
- Office of the Ageing and Disability Commissioner.

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit functions. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.



Christopher Banks
Executive Officer, Legal Profession Admission Board

27 October 2022

Appendix G: Cyber Security

Cyber Security Annual Attestation Statement for the 2021-2022 Financial Year for the Legal Profession Admission Board

I, Christopher Banks, Executive Officer of the Legal Profession Admission Board, am of the opinion that the Legal Profession Admission Board has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Digital information and services for the Legal Profession Admission Board (the Board) are provided by the NSW Department of Communities and Justice (the Department). The Board relies on the cyber security strategies and responses of the Department.

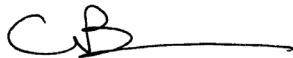
Governance is in place within the Department and the Board to manage the cyber security maturity and initiatives of the Board.

Risks to the information and systems of the Legal Profession Admission Board have been assessed and managed.

There exists an appropriate cyber incident response plan for the Department which has been tested during the reporting period.

The Department has an Information Security Management System (ISMS) in place.

This attestation covers the Legal Profession Admission Board.



Christopher Banks
Executive Officer, Legal Profession Admission Board

27 October 2022

Appendix H: Financial Statements



INDEPENDENT AUDITOR'S REPORT

Legal Profession Admission Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Legal Profession Admission Board (the Board), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Board's financial position, financial performance and cash flows.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

The Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 October 2022
SYDNEY

Legal Profession Admission Board

Annual Financial Statements

for the year ended 30 June 2022

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**Legal Profession Admission Board
Statement by the Accountable Authority**

for the year ended 30 June 2022

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to Section 7.6 (4) of the *Government Sector Finance Act 2018* 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 present fairly of the financial position as at 30 June 2022 and financial performance and cash flows of the Legal Profession Admission Board for the year then ended.
2. The financial statements have been prepared in accordance with the provision of the *Government Sector Finance Act 2018* (the GSF Act), Government Sector Finance Regulation 2018, applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and Treasurer's Directions issued under the GSF Act.

As at the date of this statement, there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Dated: 17 October 2022



Board Member



Board Member

Legal Profession Admission Board
Statement of comprehensive income
for the year ended 30 June 2022

| | Notes | Actual 2022 \$ | Actual 2021 \$ |
|--|-------|----------------------|----------------------|
| Expenses excluding losses | | | |
| Personnel services expenses | 2(a) | 1,927,684 | 1,854,156 |
| Operating expenses | 2(b) | 872,150 | 911,818 |
| Depreciation and amortisation | 2(c) | 23,765 | 262,743 |
| Total expenses excluding losses | | 2,823,599 | 3,028,717 |
| Revenue | | | |
| Sale of goods and services from contracts with customers | 3(b) | 3,161,627 | 3,463,318 |
| Investment revenue | 3(c) | 12,082 | 13,083 |
| Acceptance by the Crown of employee benefits and other liabilities | 3(d) | 39,539 | 41,184 |
| Other revenue | 3(e) | 36,860 | - |
| Total revenue | | 3,250,108 | 3,517,585 |
| Operating result | | 426,509 | 488,868 |
| Gain/(losses) on disposal | 4 | - | (11,600) |
| Net result | | 426,509 | 477,268 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to net result in subsequent periods</i> | | | |
| Changes in revaluation surplus of property, plant and equipment | | - | 47,286 |
| Total other comprehensive income | | - | 47,286 |
| TOTAL COMPREHENSIVE INCOME | | 426,509 | 524,554 |

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Legal Profession Admission Board
Statement of financial position
as at 30 June 2022

| | Notes | Actual 2022 \$ | Actual 2021 \$ |
|--------------------------------------|-------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 2,763,254 | 9,804,994 |
| Receivables | 6 | 1,100,796 | 489,574 |
| | | 3,864,050 | 10,294,568 |
| Non-current assets held for sale | 10 | 4,330,591 | 4,330,591 |
| Total current assets | | 8,194,641 | 14,625,159 |
| Non-current assets | | | |
| Receivables | 6 | 34,740 | 48,960 |
| Property, plant and equipment | | | |
| Land and building | 8 | 6,470,522 | - |
| Total property, plant and equipment | | 6,470,522 | - |
| Intangible assets | 9 | - | 23,765 |
| Total non-current assets | | 6,505,262 | 72,725 |
| Total assets | | 14,699,903 | 14,697,884 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 12 | 1,661,687 | 1,864,830 |
| Contract liabilities | 7 | 464,750 | 527,165 |
| Provisions | 13 | 635,091 | 777,443 |
| Total current liabilities | | 2,761,528 | 3,169,438 |
| Non-current liabilities | | | |
| Provisions | 13 | 40,573 | 57,153 |
| Total non-current liabilities | | 40,573 | 57,153 |
| Total liabilities | | 2,802,101 | 3,226,591 |
| Net assets | | 11,897,802 | 11,471,293 |
| EQUITY | | | |
| Reserves | | 3,054,686 | 3,054,686 |
| Accumulated funds | | 8,843,116 | 8,416,607 |
| Total equity | | 11,897,802 | 11,471,293 |

STATEMENT OF FINANCIAL POSITION

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of changes in equity
for the year ended 30 June 2022

| | Accumulated funds \$ | Asset revaluation surplus \$ | Total equity \$ |
|--|----------------------------|---------------------------------------|--------------------|
| Balance at 1 July 2021 | 8,416,607 | 3,054,686 | 11,471,293 |
| Net result for the year | 426,509 | - | 426,509 |
| Other comprehensive income | | | |
| Net change in revaluation surplus of property, plant and equipment | - | - | - |
| Total other comprehensive income | - | - | - |
| Total comprehensive income for the year | 426,509 | - | 426,509 |
| Transactions with owners in their capacity as owners | | | |
| Increase / (decrease) in net assets from equity transfers | - | - | - |
| Balance at 30 June 2022 | 8,843,116 | 3,054,686 | 11,897,802 |
| Balance at 1 July 2020 | 7,939,339 | 3,007,400 | 10,946,739 |
| Net result for the year | 477,268 | - | 477,268 |
| Other comprehensive income | | | |
| Net change in revaluation surplus of property, plant and equipment | - | 47,286 | 47,286 |
| Total other comprehensive income | - | 47,286 | 47,286 |
| Total comprehensive income for the year | 477,268 | 47,286 | 524,554 |
| Transactions with owners in their capacity as owners | | | |
| Increase / (decrease) in net assets from equity transfers | - | - | - |
| Balance at 30 June 2021 | 8,416,607 | 3,054,686 | 11,471,293 |

STATEMENT OF CHANGES IN EQUITY

The accompanying notes form part of these financial statements.

Legal Profession Admission Board**Statement of cash flows**

for the year ended 30 June 2022

| | Notes | Actual 2022 \$ | Actual 2021 \$ |
|---|-------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Personnel services | | (1,893,044) | (1,744,495) |
| Tuition fees | | (410,098) | (401,746) |
| Other | | (1,747,052) | (849,015) |
| Total payments | | (4,050,194) | (2,995,256) |
| Receipts | | | |
| Admission | 3(b) | 1,564,130 | 1,683,840 |
| Diploma Course | | 1,133,064 | 1,283,135 |
| Public Notary | 3(b) | 95,690 | 101,610 |
| Interest received | | 12,082 | 13,083 |
| Other | | 674,010 | 776,526 |
| Total receipts | | 3,478,976 | 3,858,194 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 16 | (571,218) | 862,938 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of land and building | 8 | (6,470,522) | - |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (6,470,522) | - |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (7,041,740) | 862,938 |
| Opening cash and cash equivalents | | 9,804,994 | 8,942,056 |
| CLOSING CASH AND CASH EQUIVALENTS | 5 | 2,763,254 | 9,804,994 |

STATEMENT OF CASH FLOWS

The accompanying notes form part of these financial statements.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Legal Profession Admission Board (the Board) is constituted under Division 1 of Part 3 of the *Legal Profession Uniform Law Application Act 2014 No. 16*. The Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Board is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent.

The financial statements for the year ended 30 June 2022 have been authorised for issue by the Board on 17 October 2022.

(b) Basis of preparation

The Board's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* (the GSF Act); and
- Treasurer's Directions issued under the GSF Act.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the financial statements. Costs incurred that are incremental and directly attributable to the COVID-19 pandemic have been disclosed. Refer Note **Error! Reference source not found.** (b) and Note 19.

All amounts are rounded to the nearest dollar and are expressed in Australian currency, which is the Board's presentation and functional currency.

The financial statements have been prepared on a going concern basis.

(c) Statement of compliance

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

(d) Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2022

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

(e) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Board's policy on the revaluation of property, plant and equipment as discussed in Note 8.

(ii) Accumulated funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(f) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(g) Change in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2021-22

International Financial Reporting Standards Interpretations Committee (IFRIC) final agenda decisions on accounting for Cloud Computing arrangements:

In April 2021, the IFRIC issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Board's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of the intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2022, there is no impact on adoption of this IFRIC agenda decision as the Board does not have intangible assets.

Several amendments and interpretations apply for the first time in 2021-22, but do not have an impact on the financial statements of the Board.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early-adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective as per NSW Treasury Circular NSW TPG 22-07:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.

The Board has assessed the impact of the new standards and interpretations on issue but not yet effective where relevant and considers the impact to be not material.

**Legal Profession Admission Board
Notes to the financial statements**for the year ended 30 June 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) Superannuation on annual leave loading**

The Board has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409*. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

2. EXPENSES EXCLUDING LOSSES

(a) Personnel service expenses

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and salaries related ^{1,3} | 1,519,083 | 1,480,215 |
| Annual leave and other | 173,907 | 119,913 |
| Payroll tax and fringe benefits tax | 74,154 | 80,139 |
| Worker's compensation insurance (recovery)/expense | (2,835) | 607 |
| Superannuation - defined benefit plans ² | 37,185 | 41,406 |
| Superannuation - defined contribution plan | 126,190 | 131,876 |
| Total | 1,927,684 | 1,854,156 |

¹ Salaries and salaries related expenses include the Board's office staff salaries as well as salaries for examiners, examination supervisors and Academic Exemptions Sub-Committee members.

² The Board's liability for the defined benefit scheme has been assumed by The Crown in right of the State of New South Wales (the Crown) as at 1 July 2018.

³ No employee related costs have been capitalised in property, plant and equipment (Note 8) or intangible assets (Note 9).

Recognition and measurement

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

Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave as prescribed by TC21-03 Part B1) can be used to approximate the present value of the annual leave liability.

The Board has assessed the actuarial advice based on the Board's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Board does not expect to settle the liability within 12 months as the Board does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

On-costs, such as payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

Long service leave liability comprises the Board's liability to the Department for costs arising from personnel services rendered by the Department to balance date. Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

**Legal Profession Admission Board
Notes to the financial statements**for the year ended 30 June 2022

2. EXPENSES EXCLUDING LOSSES (CONT'D)**(a) Personnel service expenses (cont'd)****Recognition and measurement (cont'd)**

From 1 July 2018, the Board accounts for personnel services relating to the defined benefit superannuation liability assumed by the Crown as a non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

As the Department provides personnel services to the Board, defined benefit superannuation liabilities were recognised within personnel services provisions. All re-measurements arising from defined benefit plans were recognised as personnel services expenses in the year in which they occurred.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (Basic Benefit and Aware Super (formerly known as First State Super)) is calculated as a percentage of the employees' salary. For other superannuation schemes (State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions. Defined benefit superannuation obligations are as determined by Mercer Administration Services.

The Board is a member of the Agency Funded Crown Long Service Leave Pool. Personnel services receivable comprises the Board's receivable from the Department for long service leave reimbursements from the Crown. The amount expected to be reimbursed by the Crown is recognised as personnel services receivable (Note 6).

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

2. EXPENSES EXCLUDING LOSSES (CONT'D)

(b) Operating expenses

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Department of Communities and Justice – fees ¹ | 224,478 | 137,264 |
| Exam related - Rental for venue and computer | 13,200 | 41,447 |
| Rates | 55,260 | 71,344 |
| Police checks | 63,457 | 73,460 |
| Printing | 40,740 | 58,326 |
| Postage and freight | 18,504 | 20,951 |
| Bank charges | 33,160 | 38,423 |
| Legal services | 96,613 | 220,210 |
| Archive fees - State Archives and Records | 24,291 | 24,498 |
| Land tax | 10,638 | 9,908 |
| Computer expenses | 17,397 | 14,923 |
| Stores and stationery cost | 836 | 7,138 |
| Marketing | - | 14,823 |
| Agency staff fees | 11,288 | 38,412 |
| Internal auditor fee | 8,400 | 8,400 |
| Telephone | 21,695 | 23,608 |
| Repairs and maintenance | 441 | 1,039 |
| Electricity | 3,070 | 2,680 |
| Auditor's remuneration - audit of the financial statements | 33,000 | 29,300 |
| Auditor's remuneration - audit of the financial statements - prior year | 5,500 | 4,000 |
| Minor equipment | 162,792 | 30,975 |
| Security (office) | 2,155 | 845 |
| Others | 25,235 | 39,844 |
| Total | 872,150 | 911,818 |

¹ This includes \$88,450 (2021: \$nil) contribution collected for the Legal Services Council between 1 June and 30 June 2022.

* Reconciliation - Total maintenance

| | | |
|--|------------|--------------|
| Maintenance expense - contracted labour and other (non-employee related), as above | 441 | 1,039 |
| Total maintenance expense included in Note 2(b) | 441 | 1,039 |

The Board does not have any COVID-19 expenses incurred during the current year (2021: \$63,514 mainly comprise of telephone, minor equipment and other expenses).

Recognition and measurement

Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Maintenance expense

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

(c) Depreciation and amortisation

| | 2022 | 2021 |
|---|---------------|----------------|
| | \$ | \$ |
| Depreciation | | |
| - Building | - | 164,623 |
| - Plant and Equipment | - | 3,058 |
| | - | 167,681 |
| Amortisation | | |
| - Intangible (software) | 23,765 | 95,062 |
| | 23,765 | 95,062 |
| Total Depreciation and Amortisation expenses | 23,765 | 262,743 |

Refer to Note 8 and Note 9 for recognition and measurement policies on depreciation and amortisation.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2022

3. REVENUE

Recognition and measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*.

(a) Statement of Compliance and Deemed Appropriations

Deemed appropriation money is government money that the Board receives or recovers (including from the Commonwealth or another entity) or a kind prescribed by the regulation that is not appropriated under the authority of the GSF Act.

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the Government Sector Finance Act, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister(s) from deemed appropriation money has been delegated or sub-delegated to officers of the Board for its own services.

The delegation/sub-delegations for FY21/22 and FY20/21, authorising officers of the Board to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the Board. The individual transaction limits have been properly observed.

The Board did not receive any Consolidated Fund money in the current year and prior year.

(b) Sale of goods and services from contracts with customers

| | 2022 | 2021 |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| Admission ¹ | 1,564,130 | 1,683,840 |
| Diploma Course | 1,195,479 | 1,319,970 |
| Public Notary | 95,690 | 101,610 |
| Academic fees ² | 306,328 | 357,898 |
| Total | 3,161,627 | 3,463,318 |

¹ Admission excludes admission revenue of \$1,092,000 (2021: \$1,192,930) collected on behalf of the Department under the Legal Profession Uniform Law Scheme.

² 2022 year: Academic fees consist of Academic exemptions \$157,700, Practical legal training exemptions \$56,998, Late applications \$4,200, Section 21 applications \$420 and Miscellaneous receipts \$87,010.

Recognition and measurement

Revenue from rendering of services is recognised when the Board satisfies the performance obligation by transferring the promised services. The Board provides the service of admission of lawyers in New South Wales, diploma courses to law students, public notary and other academic related services. The Board typically satisfies its performance obligations when the services are provided to the customers either at the point in time or over time. For performance obligations that the Board satisfies at a point in time, the Board recognises the revenue when the admission application and payment are received. For the performance obligations satisfied over time, because the students simultaneously receive and consume the benefits of the courses as the Board performs its obligations, the revenue is recognised when the students complete the subjects.

The Board receives enrolments fees comprising of tuition fees and examinations fees from students for the Diploma in Law Course taught by the University of Sydney. The transaction price is the amount of consideration that the Board is entitled to in exchange for the services to the students (examination fees) excluding the amounts collected on behalf of the University of Sydney (tuition fees). Revenue is only recognised at the transaction price at the completion of exams.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

3. REVENUE (CONT'D)

(c) Investment revenue

| | 2022 | 2021 |
|-----------------|---------------|---------------|
| | \$ | \$ |
| Interest Income | 12,082 | 13,083 |
| Total | 12,082 | 13,083 |

Recognition and measurement

Variable interest earned on cash balances is recognised when it is probable that the economic benefits will flow to the Board and the amount of interest income can be measured reliably. The interest income is accrued on a time basis, based on the applicable interest rate. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

(d) Acceptance by the Crown of employee benefits and other liabilities

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$ | \$ |
| The following liabilities and expenses have been assumed by the Crown: Superannuation - defined benefit plans ¹ | 39,539 | 41,184 |
| Total | 39,539 | 41,184 |

¹ The liabilities and expenses have been disclosed from 1 July 2018 as the defined benefit transactions are in the Department's accounts. From 1 July 2018 the Crown assumed the superannuation defined benefit of the Board. As a result a notional amount equivalent to defined benefit super expense the Board would have otherwise incurred is recognised as expense and revenue. Refer Note 2 (a).

(e) Other revenue

| | 2022 | 2021 |
|---------------------------------|---------------|----------|
| | \$ | \$ |
| Refund of building strata rates | 36,860 | - |
| Total | 36,860 | - |

Recognition and measurement

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

The Board's liabilities for defined benefit superannuation are assumed by the Crown. The Board accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

4. GAIN / (LOSS) ON DISPOSAL

| | 2022 | 2021 |
|---------------------------------------|----------|-----------------|
| | \$ | \$ |
| Work in progress write-off – building | - | (11,600) |
| | <u>-</u> | <u>(11,600)</u> |

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

| | 2022 | 2021 |
|--------------|-------------------------|-------------------------|
| | \$ | \$ |
| Cash at bank | 2,762,754 | 9,804,494 |
| Cash on hand | 500 | 500 |
| Total | <u>2,763,254</u> | <u>9,804,994</u> |

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. Cash and cash equivalent assets recognised in the statement of financial position are the closing cash and cash equivalents in the statement of cash flows.

Cash at bank includes \$1,298,581 (2021: \$1,441,522) (Note 12) that is restricted for payment to the University of Sydney and \$88,450 (2021: \$209,730) for the admission fee payable to the Department.

Refer Note 17 for details regarding credit risk and market risk arising from financial instruments.

6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

| | 2022 | 2021 |
|---|-------------------------|-----------------------|
| | \$ | \$ |
| Current receivables | | |
| Personnel services ¹ | 351,260 | 478,987 |
| GST receivable | 604,954 | 4,717 |
| Prepayments - asset held for sale and levies | 136,295 | - |
| Others | 22,287 | 27,040 |
| | <u>1,114,796</u> | <u>510,744</u> |
| Less: Allowance for expected credit losses – Others | (14,000) | (21,170) |
| Total | <u>1,100,796</u> | <u>489,574</u> |
| Non-current receivables | | |
| Personnel services | | |
| Personnel service ¹ | 34,740 | 48,960 |
| Total | <u>34,740</u> | <u>48,960</u> |
| *Movements in the allowance for expected credit losses | | |
| Balance at 1 July | 21,170 | - |
| Amounts written off during the year | - | - |
| Amounts recovered during the year | (14,743) | - |
| Increase in allowance recognised in net result | 7,573 | 21,170 |
| Balance at 30 June | <u>14,000</u> | <u>21,170</u> |

¹ The Board is a member of the Agency Funded the Crown Long Service Leave (LSL) Pool. The Department contributes to the LSL Pool on behalf of the Board. The amount expected to be reimbursed by the Crown is recognised as personnel services receivable, current and non-current. Refer to Note **Error! Reference source not found.** (a).

Refer Note 17 for details regarding credit risk of trade debtors that are neither past due nor impaired, liquidity risk and market risk arising from financial instruments.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

6. CURRENT / NON-CURRENT ASSETS - RECEIVABLES (CONT'D)

Recognition and measurement

Subsequent measurement

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Board recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Board expects to receive, discounted at the original effective interest rate.

For trade receivables, the Board applies a simplified approach in calculating ECLs. The Board recognises a loss allowance based on lifetime ECLs at each reporting date. The Board has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

7. CONTRACT LIABILITIES

| | 2022 | 2021 |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| Contract liabilities - current | 464,750 | 527,165 |
| | 464,750 | 527,165 |

Recognition and measurement

Contract assets relate to the Board's right to consideration in exchange for goods transferred to customers/works completed, but not billed at the reporting date.

Contract liabilities relate to consideration received in advance from customers. The Board receives examination fees in advance from the students.

| | 2022 | 2021 |
|---|---------|---------|
| | \$ | \$ |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | 509,915 | 450,085 |
| Revenue recognised from performance obligations satisfied in previous periods | 509,915 | 450,085 |
| Transaction price allocated to remaining performance obligations from contracts with customers | 464,750 | 509,915 |

The Board charges examination fees at the beginning of each semester. The Board recognises revenue from examination fees once it satisfies its performance obligation in regards to the fees received. The transaction price allocated to the remaining performance obligations relates to examination fee for revenue. 100% is expected to be recognised as revenue in the following financial year.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

8. PROPERTY, PLANT AND EQUIPMENT

(a) Total property, plant and equipment

| | Land and Building \$ | Plant & Equipment \$ | Total \$ |
|--|----------------------------|----------------------------|------------------|
| At 1 July 2021 - fair value | | | |
| Gross carrying amount | 4,374,999 | 222,547 | 4,597,546 |
| Accumulated depreciation and impairment | (44,408) | (222,547) | (266,955) |
| Transfer to Non-current assets held for sale (Note 10) | (4,330,591) | - | (4,330,591) |
| Net carrying amount | - | - | - |
| At 30 June 2022 - fair value | | | |
| Gross carrying amount | 6,470,522 | 207,252 | 6,677,774 |
| Accumulated depreciation and impairment | - | (207,252) | (207,252) |
| Net carrying amount | 6,470,522 | - | 6,470,522 |

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 out below:

| | Land and Building \$ | Plant & Equipment \$ | Total \$ |
|---|----------------------------|----------------------------|------------------|
| Year ended 30 June 2022 | | | |
| Net carrying amount at start of year | - | - | - |
| Addition | 6,470,522 | - | 6,470,522 |
| Net carrying amount at end of year | 6,470,522 | - | 6,470,522 |

| | Land and Building \$ | Plant & Equipment \$ | Total \$ |
|--|----------------------------|----------------------------|------------------|
| At 1 July 2020 - fair value | | | |
| Gross carrying amount | 4,499,599 | 222,547 | 4,722,146 |
| Accumulated depreciation and impairment | (40,071) | (219,489) | (259,560) |
| Net carrying amount | 4,459,528 | 3,058 | 4,462,586 |
| At 30 June 2021 - fair value | | | |
| Gross carrying amount | 4,374,999 | 222,547 | 4,597,546 |
| Accumulated depreciation and impairment | (44,408) | (222,547) | (266,955) |
| Transfer to Non-current assets held for sale (Note 10) | (4,330,591) | - | (4,330,591) |
| Net carrying amount | - | - | - |

Reconciliation

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

| | Land and Building \$ | Plant & Equipment \$ | Total \$ |
|--|----------------------------|----------------------------|-------------|
| Year ended 30 June 2021 | | | |
| Net carrying amount at start of year | 4,459,528 | 3,058 | 4,462,586 |
| Work in progress written-off | (11,600) | - | (11,600) |
| Net revaluation increments less revaluation decrements | 47,286 | - | 47,286 |
| Depreciation expense (Note 2(c)) | (164,623) | (3,058) | (167,681) |
| Transfer to Non-current assets held for sale | (4,330,591) | - | (4,330,591) |
| Net carrying amount at end of year | - | - | - |

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

The property, plant and equipment listed above are held and used by the Board.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2022

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Property, plant and equipment held and used by the Board

All property, plant and equipment included in Note 8(a) above is held and used by the Board.

(c) Property, plant and equipment where the Board is lessor under operating leases

There is nil property, plant and equipment where the Board is a lessor.

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost, and subsequently revalued at fair value less accumulated depreciation and impairment. 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 recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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 over the period of credit.

Capitalisation threshold

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Depreciation of property, plant and equipment

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 useful lives. Land is not a depreciable asset.

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

| Asset Class | Rate of Depreciation |
|---------------------|-----------------------------|
| Land and building | 2.5% |
| Plant and equipment | 10 to 20% |

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Recognition and measurement (cont'd)

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 21-09). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 11 for further information regarding fair value.

The Board revalues its land and building property at least every three years where the market approach is the most appropriate valuation technique. No other class of property, plant and equipment is subject to valuation.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. The Board used an external professionally qualified valuer to conduct the interim fair value assessment. A comprehensive valuation of the Board's property has been performed on 31 March 2021 based on an independent assessment and the property has been transferred to asset held for sale at 30 June 2021. The Board acquired an office space at Level 18, 109 Pitt Street, Sydney on 16 June 2022 at market value. The purchase price approximates market approach fair valuation at 30 June 2022. The next comprehensive valuation of the Board's property will be on 31 March 2025.

Non specialised assets with short useful lives are measured at depreciated historical cost as an approximation for fair value. The Board has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, 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 recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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 the financial statements**for the year ended 30 June 2022

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)***Recognition and measurement (cont'd)*****Revaluation of property, plant and equipment (cont'd)**

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value, or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. 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.

The Board assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2022

9. INTANGIBLE ASSETS

| | Software |
|---|----------------------|
| | \$ |
| At 1 July 2021 | |
| Cost (gross carrying amount) | 835,869 |
| Accumulated amortisation and impairment | <u>(812,104)</u> |
| Net carrying amount | <u>23,765</u> |
| At 30 June 2022 | |
| Cost (gross carrying amount) | 835,869 |
| Accumulated amortisation and impairment | <u>(835,869)</u> |
| Net carrying amount | <u>-</u> |

Reconciliation

A reconciliation of the carrying amount of software at the beginning and end of the current reporting period is set out below:

| | Software |
|--|-----------------|
| | \$ |
| Year ended 30 June 2022 | |
| Net carrying amount at beginning of year | 23,765 |
| Additions | - |
| Amortisation | <u>(23,765)</u> |
| Net carrying amount at end of year | <u>-</u> |

| | Software |
|---|-----------------------|
| | \$ |
| At 1 July 2020 | |
| Cost (gross carrying amount) | 835,869 |
| Accumulated amortisation and impairment | <u>(717,042)</u> |
| Net carrying amount | <u>118,827</u> |
| At 30 June 2021 | |
| Cost (gross carrying amount) | 835,869 |
| Accumulated amortisation and impairment | <u>(812,104)</u> |
| Net carrying amount | <u>23,765</u> |

Reconciliation

A reconciliation of the carrying amount of software at the beginning and end of the previous reporting period is set out below:

| | Software |
|--|----------------------|
| | \$ |
| Year ended 30 June 2021 | |
| Net carrying amount at beginning of year | 118,827 |
| Amortisation | <u>(95,062)</u> |
| Net carrying amount at end of year | <u>23,765</u> |

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

9. INTANGIBLE ASSETS (CONT'D)

Recognition and measurement

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. 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 and impairment losses.

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Amortisation of intangible assets

Intangible assets are also amortised using the straight-line method. The amortisation rates used for each class of assets are as follows:

| | |
|---------------------------|-----|
| Intangible assets | |
| Software – Minor Projects | 20% |
| Software – Major Projects | 10% |

10. NON-CURRENT ASSETS HELD FOR SALE

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Non-current assets held for sale - land and building | 4,330,591 | 4,330,591 |
| | 4,330,591 | 4,330,591 |

Amounts recognised in other comprehensive income relating to non-current assets held for sale

| | 2022 | 2021 |
|--|------|------|
| | \$ | \$ |
| Net change in revaluation surplus of property, plant and equipment | - | - |
| | - | - |

Non-current assets held for sale comprises of the land and commercial strata office space at Level 4, 37 Bligh Street, Sydney. The land and building has been classified as held for sale at 30 June 2021 as its carrying value will be recovered principally through a sale transaction that is determined to be highly probable rather than through continuing use.

In late June 2021 the NSW Government notified the Board its intention to acquire and demolish the building at 37 Bligh Street Sydney in which the Board owns a strata lot. It is understood that such an acquisition would use a 'just terms' approach that includes market value for the property and disturbance compensation. On 28 June 2022, the Board have accepted an offer from Sydney Metro, which comprised market value of \$9.5 million and disturbance compensation of \$2.0 million. The sale was completed on 17 August 2022. As the offer exceeded the book value of the assets at 30 June 2022, a gain on sale of non-current assets held for sale will be recorded in the next financial year.

Recognition and measurement

The Board has certain non-current assets (or disposal groups) classified as held-for-sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

10. NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

Recognition and measurement (cont'd)

These assets are not depreciated/amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are continued to be recognised.

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, the Board categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 - quoted (unadjusted) prices in active markets for identical assets/liabilities that the Board can access at the measurement date

Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Board recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer Note 17 for further disclosures regarding fair value measurements of financial assets.

(a) Fair value hierarchy

| 2022 | Level 1 | Level 2 | Level 3 | Total fair value |
|--|----------------|-------------------|----------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Property, plant and equipment | | | | |
| Land and Building (Note 8) | - | 6,470,522 | - | 6,470,522 |
| Non-current asset held for sale ¹ (Note 10) | - | 4,330,591 | - | 4,330,591 |
| | - | 10,801,113 | - | 10,801,113 |
| 2021 | Level 1 | Level 2 | Level 3 | Total fair value |
| | \$ | \$ | \$ | \$ |
| Property, plant and equipment | | | | |
| Land and Building (Note 8) | - | - | - | - |
| Non-current asset held for sale ¹ (Note 10) | - | 4,330,591 | - | 4,330,591 |
| | - | 4,330,591 | - | 4,330,591 |

¹ Land and Building-recurring Level 2 has been transferred to non-current assets held for sale - non-recurring Level 2 at 30 June 2021. Refer to Note 10 for details.

(b) Valuation techniques, inputs and processes

The Board's property has been valued using market evidence with adjustment for condition, location, comparability, etc. Level 2 inputs have been used in determining the fair value of the property since observable market data is readily available. There were no transfers between level 1 and 2 during the period.

The building and improvements are non-specialised assets, for which current market buying price can be observed. The property is valued having reference to current market transactions of comparable properties in the surrounding locality.

The Board owns the office space at Level 4, 37 Bligh Street, Sydney. It is a commercial strata plan that was purchased in 2004 through a loan from NSW Treasury. The loan was fully repaid in 2014. A comprehensive revaluation was performed by an

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONT'D)

Fair value measurement and hierarchy (cont'd)

(b) Valuation techniques, inputs and processes (cont'd)

independent registered valuer from Valuer General of New South Wales as at 31 March 2021. This resulted in a revaluation increment of \$47,286 disclosed in Other Comprehensive Income for the year ended 30 June 2021. The revalued asset has been transferred from continuing use to non-current assets held for sale as disclosed in Note 10.

On 16 June 2022, the Board purchased a new office space at Level 18, 109 Pitt Street, Sydney at market value. It is commercial strata plan purchased using the Board's cash at bank. The purchase price approximates market approach fair valuation at 30 June 2022. The next comprehensive valuation of the Board's property will be on 31 March 2025.

12. CURRENT LIABILITIES – PAYABLES

| | 2022 | 2021 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Current payables | | |
| Accrued salary and wages | 23,263 | 18,458 |
| Sundry accruals ¹ | 326,122 | 404,850 |
| Tuition fees ² | 1,312,302 | 1,441,522 |
| Total | 1,661,687 | 1,864,830 |

¹ Sundry accruals includes \$158,060 (2021: \$383,922) to be paid to the Department for payroll related costs.

² The Board collects the tuition fees on behalf of the University of Sydney and remits the full amount of fee collections to the University at least twice a year. The tuition fees are not recognised as revenue by the Board.

Recognition and measurement

Payables represent liabilities for goods and services provided to the Board and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

As per clause 63 of the Legal Profession Uniform Law Application Regulation 2015, the admission fee to the Australian legal profession in New South Wales is \$950. The Board is responsible for collecting the fees of which \$400 is payable to the Department to fund the operation of the Legal Services Council in regulating the Legal Profession Uniform Framework.

Details regarding liquidity risk are disclosed in Note 17.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

13. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

The provisions below relate to annual leave and long service leave for personnel services provided by the Department.

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Current: Employee benefits and related on-costs | | |
| Annual leave* and related on-costs | 224,856 | 199,560 |
| Long service leave* and related on-costs | 410,235 | 577,883 |
| Total | 635,091 | 777,443 |
| Non-current: Employee benefits and related on-costs | | |
| Long service leave and on-costs | 40,573 | 57,153 |
| Total | 40,573 | 57,153 |
| Aggregate employee benefits and related on-costs | | |
| Provisions – current | 635,091 | 777,443 |
| Provisions - non-current | 40,573 | 57,153 |
| Accrued salaries, wages and on-costs (Note 12) | 23,263 | 18,458 |
| Total | 698,927 | 853,054 |
| *Expected settlement of current employee benefits and related on-costs | | |
| No later than 12 months | 205,613 | 68,585 |
| Later than 12 months | 429,478 | 708,858 |
| Total | 635,091 | 777,443 |

The non-current provisions are long service leave and are expected to be settled after more than 12 months.

Recognition and measurement

Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Board has assessed the actuarial advice based on the Board's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date in accordance with AASB 119 *Employee Benefits*. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth government bond rates at the reporting date.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

13. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS (CONT'D)

Recognition and measurement (cont'd)

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of superannuation, payroll tax and workers' compensation insurance premiums.

Other provisions

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. When the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when the Board has a detailed formal plan and the Board has raised a valid expectation in those affected by restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

14. COMMITMENTS

The Board does not have any commitment for expenditure as at 30 June 2022 (2021: \$nil).

15. CONTINGENT ASSETS AND LIABILITIES

The Board does not have any contingent assets and liabilities at 30 June 2022 (2021: \$nil).

16. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| Net Cash Flows from Operating Activities | (571,218) | 862,938 |
| Depreciation and amortisation expenses | (23,765) | (262,743) |
| Write off of non-current assets | - | (11,600) |
| Increase / (decrease) in receivables and prepayments | 597,002 | (410,425) |
| Decrease / (increase) in provisions | 158,932 | (78,297) |
| Decrease in payables and contract liabilities * | 265,558 | 377,395 |
| Net Result | 426,509 | 477,268 |

* Decrease in payables and contract liabilities is due to a timing of payments for the University of Sydney tuition fees.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

17. 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 these 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

| Class | Note | Category | Carrying amount 2022 \$ | Carrying amount 2021 \$ |
|------------------------------|-------------|--|--|--|
| Financial assets | | | | |
| Cash and cash equivalents | 5 | N/A | 2,763,254 | 9,804,994 |
| Receivables ¹ | 6 | Amortised cost | 8,287 | 5,870 |
| Financial liabilities | | | | |
| Payables ² | 12 | Financial liabilities measured at amortised cost | 1,661,687 | 1,864,830 |

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*).

The Board determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

17. FINANCIAL INSTRUMENTS (CONT'D)

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Board transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a. the Board has transferred substantially all the risks and rewards of the asset; or
- b. the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Board has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Board's continuing involvement in the asset. In that case, the Board also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

(i) 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 credit losses or 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.

The Board considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Board may also consider a financial asset to be in default when internal or external information indicates that the Board is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Board.

Cash and cash equivalents

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

Receivables – trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

17. FINANCIAL INSTRUMENTS (CONT'D)

(d) Financial risks (cont'd)

(i) Credit risk (cont'd)

The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Board has identified the unemployment rate, wages growth rate and CPI inflation to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments. There are other debtors who are currently past due and impaired. The loss allowance for trade debtors as at 30 June 2022 and 30 June 2021 was determined to be \$14,000 and \$21,170 respectively.

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2022.

30 June 2022

| | Current | <30 days | 30-60 days | 61-90 days | >91 days | Total |
|---------------------------------------|---------|----------|------------|------------|----------|--------|
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | |
| Estimated total gross carrying amount | - | - | - | - | 14,000 | 14,000 |
| Expected credit loss | - | - | - | - | 14,000 | 14,000 |

30 June 2021

| | Current | <30 days | 30-60 days | 61-90 days | >91 days | Total |
|---------------------------------------|---------|----------|------------|------------|----------|--------|
| Expected credit loss rate | 4.9% | 0.0% | 55.4% | 100.0% | 100.0% | |
| Estimated total gross carrying amount | 5,580 | - | 1,260 | 1,360 | 18,840 | 27,040 |
| Expected credit loss | 271 | - | 699 | 1,360 | 18,840 | 21,170 |

(ii) 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.

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 Treasury Circular 11-12 *Payment of Accounts*. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the payment of simple interest is at the discretion of the Executive Officer.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

17. FINANCIAL INSTRUMENTS (CONT'D)

(d) Financial risks (cont'd)

(ii) Liquidity risk (cont'd)

The Board has financial liabilities of \$1,661,687 at 30 June 2022 (2021: \$1,864,830), all of which are non-interest bearing, with maturity dates of less than 1 year.

(iii) 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 cash at bank. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate 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 2021. The analysis assumes that all other variables remain constant.

(iv) Interest rate risk

The Board does not have exposure to interest rate risk through interest bearing liabilities. The Board does not account for any fixed rate financial instruments at fair value through profit or loss. 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.

| | 2022 | | 2021 | |
|------------|----------|--------|----------|--------|
| | \$ | \$ | \$ | \$ |
| | -1% | +1% | -1% | +1% |
| Net Result | (27,633) | 27,633 | (98,050) | 98,050 |
| Equity | (27,633) | 27,633 | (98,050) | 98,050 |

(e) Fair value measurement

(i) Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Board does not hold financial assets and financial liabilities where the fair value differs from the carrying amount.

(ii) Fair value recognised in the Statement of Financial Position

Management assessed that cash, trade receivables and trade payables approximate their fair values, largely due to the short-term maturities of these instruments. The Board does not hold financial assets and liabilities that are valued at fair value using valuation techniques.

Legal Profession Admission Board Notes to the financial statements

for the year ended 30 June 2022

18. RELATED PARTY DISCLOSURES

The Board's key management personnel compensation are as follows:

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits: | | |
| Salaries | 174,647 | 165,586 |
| Other long-term employee benefit | - | 6,237 |
| Total remuneration | <u>174,647</u> | <u>171,823</u> |

The Board did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Board entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Board's activities.

These transactions include:

- Long Service Leave assumed by the Crown
- Employer contributions paid to Defined Benefit Superannuation funds
- Payments for the provision of personnel and related services to the Board
- Payments into the Treasury Managed Fund for worker's compensation insurance and other insurances
- Admission fees collected by the Board on behalf of the Board for the NSW contribution to the Legal Profession Uniform Law Scheme.

19. COVID-19 DISCLOSURES

The pandemic may result in an interest rate change of +/- 1% in future years, however this change cannot be reasonably ascertained by the Board as at 30 June 2022. As at 30 June 2022, the pandemic has not prevented the Board from operating (due to the rapid re-design of its services) and there has not been any significant financial impact not already disclosed.

20. EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year other than as disclosed in note 10, which significantly affected or may affect the operations of the Board, the results of those operations or the state of affairs of the Board in future financial years.

End of audited financial statements.