

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

**ANNUAL REPORT
2006-07**

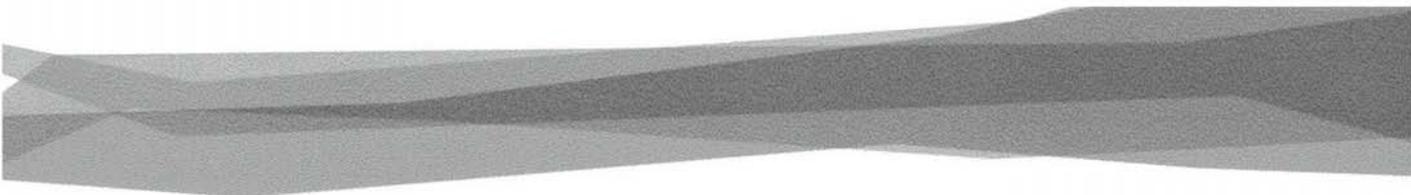
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THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

ANNUAL REPORT 2006-07

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NOTICE CONVENING THE ANNUAL GENERAL MEETING

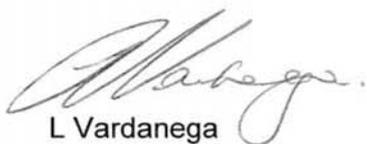
The **Annual General Meeting** of the Society will be held on
Thursday, 20 September 2007 commencing at 12.30pm
Theo & Notaras Multicultural Centre, North Building, Level 2, 180 London
Circuit, Canberra City

Business

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

Members will be asked to approve changes to the *Legal Profession (Solicitors) Rules* made necessary by the new *Legal Profession Act 2006* and Regulation. Attached for Members' guidance is a discussion paper prepared at the request of the Executive Committee.

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



L Vardanega
Secretary

8 August 2007



MINUTES OF THE ANNUAL GENERAL MEETING OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
HELD IN THE FUNCTIONS ROOM, CANBERRA CLUB, 45 WEST ROW, CANBERRA ON THURSDAY, 21
SEPTEMBER 2006 AT 12.30PM

Present: Trevor Barker, Rod Barnett, Robin Bell, Uwe Boettcher, Barbara Campbell, Tim Chadwick, Elspeth Bodley, Bill Coombes, Edward Corbitt, Linda Crebbin, Chris Donohue, Denis Farrar, Max Emanuel, Michael Flynn, Tony Foley, Andrew Freer, Phil Giles, Jim Gralton, Paul Gubecka, Brian Hatch, Walter Hawkins, Michael Higgins, Martin Hockridge, Michael Jurd, Leonie Kennedy, Tony Kidney, Jane Lally, Fred Lester, Brian Loftus, Don Malcolmson, Roberta McCrae, Athol Opas, Craig Painter, Nick Parmeter, Michael Phelps, Bill Redpath, Eunice Ryan, Emily Ryan, Stephen Sum, Gary Tamsitt, Tal Williams, Brian Tetlow, Charmaine Tunn, Louise Vardanega, Greg Walker, Ross Watch, Mary Villis, Angela Wisbey,

In attendance: Messrs King and MacArthur, and Mss Sims, Clay, De Paoli and Mackay

The meeting opened at 12.40 pm

The President, Mr Walker, welcomed all members to the Annual General Meeting.

1. APOLOGIES:

Mss Lisa Barlin and Joanne Purcell and Messrs Denis O'Brien, Russell Miller, Michael Francis, David Mitchell, Eden Zanatta, Graeme Blank, Chris Chenoweth and Mark Tigwell

2. MINUTES

The minutes of the Annual General Meeting held on 15 September were previously circulated to all members as part of the Annual Report.

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

3. PRESIDENT'S REPORT

The President's report was previously circulated to all members as part of the Annual Report.

The President reported that it had been an active year for the Society with the implementation of the *Legal Profession Act 2006* as from 1 July 2006. He said that there has been a lot of effort over a number of months, considering the original draft and negotiating with the Department and the Bar Association. The President thanked Council members, and the members of the negotiating team: Mr Bill Redpath, the Executive Director and Ms Clay for their assistance provided during the project. He said that this had increased the workload of the Society beyond what it would normally have been.

The President said the major challenge now will be compliance with the costs disclosures and review provisions. The new regime is scheduled to commence on 1 January 2007. He said that the Society has spoken with departmental representatives asking that the commencement date be deferred to either 1 April or 1 July 2007.

The President reported that there was a high take-up rate for the Incorporated Legal Practice regime. So far about 11 firms had decided to incorporate. Seminars conducted with Mr Ian Hallett had had a beneficial effect.

The President said that the Professional Standards Director, Mr Tony Kidney, is about to retire. He said that he had worked closely with him during the 11 years Tony has been with the Society. He said that Tony had revitalised the way in which the job has been done; he has the respect of the profession and will be greatly missed. He said that Mr Kidney and his wife Margaret, will be the Society's Guests of Honour at the Annual Dinner in October. The President announced that Mr Robert Reis will be the Society's new Professional Standards Director, taking up the position on 4 October 2006. He said that Mr Reis has been in practice for over 20 years and has a wealth of skill and experience.

He said it has been a busy year and productive year and a challenging one. The President thanked the members of Council, the Society's committees, the Executive Director and the Secretariat for all the assistance provided throughout the year.

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

4. FINANCIAL STATEMENTS

The 2005-06 Financial Statements were previously circulated to all members as part of the Annual Report.

Mr Coombes reported that it had been another tranquil year as far as the accounts were concerned. The Society had maintained a surplus of approximately \$33,000 and expects the same sort of management targets to be pursued over the next year, although the Society was budgeting to break even. Income had risen this year due principally to the membership increase. Higher revenue from the Practice Management Course had also contributed. The Treasurer thanked Tony Kidney and Rod Barnett for their efforts in that respect. He reported that no-one had defalcated during the year. The Statutory Interest Account had grown with a distribution of \$1.25 million to various legal aid organisations.

He said that there has been an increase in legal fees paid for disciplinary matters and the Society was doing everything possible to recover those fees. He thanked Mr MacArthur and Ms Lui for their assistance throughout the year.

Mr Farrar addressed the meeting in relation to the Statutory Deposit Account. He said that the Statutory Deposit Account (SDA) contained \$7.3 million as at 30 June 2006. He said that the SDA had been created to enable the Society to generate interest from monies held by the Society, under the *Legal Practitioners Act*, from the trust accounts of members.

He said that from April this year trust accounts will only be held with banks that the Society approves. Mr Farrar recommended that the Society should investigate driving a better bargain for the provision of the interest paid on solicitors' trust accounts as commercial rates would be 5.5-6%. If the Society could generate a better return it would make a difference to the legal aid system in the territory funded by the SIA. Mr Farrar also recommended that the Society move to dispense with the Statutory Deposit Account. On behalf of the Legal Aid Commission Mr Farrar thanked the Society for the contribution from the SIA.

In response Mr Coombes said that the Society was making enquiries about the former issue and the matter of the SDA will be considered during the course of the year.

It was **resolved** (Hatch/Watch) that the Financial statements for 2005-06 be accepted.

The President said that it was Mr Coombes' last year on the Executive Committee. Mr Coombes has been on the Executive Committee for the past 6 years, however he will remain on Council. He said that Mr Coombes has a deep understanding of how the profession works and thanked him for his contribution to the Executive's activities.

The President moved a vote of thanks to Mr Coombes. This was carried by acclamation.

5. ELECTION OF COUNCIL

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

32% of the membership had voted.

President:	Mr Greg Walker
Vice Presidents:	Mr Rod Barnett Mr Athol Opas
Secretary:	Ms Louise Vardanega
Treasurer:	Ms Linda Crebbin
Councillors:	Ms Kay Barralet Mr Bill Coombes Ms Suzanne Falvi Mr Brian Hatch Mr Martin Hockridge Mr Don Malcolmson Mr Matt O'Brien Ms Joanne Purcell Ms Jayne Reece Mr Paul Vane-Tempest

It was noted that Mr Redpath would continue as Immediate Past President.

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

6. APPOINTMENT OF AN AUDITOR

Members noted that Duesburys Nexia had indicated their willingness to accept appointment for 2006-07.

It was **resolved** (Hatch/Watch) that Duesburys Nexia be appointed as Auditors for 2006-07.

7. OTHER BUSINESS

The President reminded Councillors that the next meeting of Council was scheduled for 16 October 2006. Photographs of the new Councillors will be taken at 5.00 pm prior to the meeting.

8. CLOSE OF BUSINESS

The meeting closed at 1.05 pm

OFFICE BEARERS 2006-07

President:	Mr Greg Walker
Vice President:	Mr Rod Barnett
Vice President:	Mr Athol Opas
Secretary:	Ms Louise Vardanega
Treasurer:	Ms Linda Crebbin
Executive Member:	Mr Brian Hatch
Immediate Past President:	Mr Bill Redpath

COUNCIL MEMBERS 2006 - 07

Ms Kay Barralet
Mr Bill Coombes
Ms Suzanne Falvi
Mr Martin Hockridge
Mr Don Malcolmson
Mr Matt O'Brien
Ms Joanne Purcell (until 30 June 2007)
Ms Jayne Reece
Ms Eunice Ryan (from 20 August 2007)
Mr Paul Vane-Tempest

SOCIETY SECRETARIAT

Executive Director:	Mr Larry King
Professional Standards Director:	Mr Rob Reis
Accountant:	Mr Stewart MacArthur
Executive Secretary:	Ms Debbie Sims
Member Services Officer:	Ms Yvette De Paoli
Committee Administrator:	Ms Jan Dutton
Bookkeeper:	Mrs Kathleen Lui
Complaints Secretary:	Mrs Linda Mackay
Project Officer:	Ms Jo Clay
Receptionist:	Ms Jocelyn Campbell

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

PRESIDENT'S REPORT 2006-07

A Busy Year

2006-07 has been a particularly busy year as a result of the general economic growth from which Canberra's legal profession has also benefited. As a result of that growth, and the concomitant increase in interest rates, the statutory funds managed by the Society have increased significantly to the benefit of those who have had access to legal aid provided by the State and community organisations. I am therefore grateful for the support of the Executive Committee and the Council in what was also a busy year for the Society. It is also pleasing to note that the higher workload has not reduced the pro bono efforts of the profession if activity by the Society's Pro Bono Clearing House is an indication: referrals increased from 29 to 43 over the previous year. It is testament to a professional ethos that busy lawyers are still prepared to volunteer their personal time to improve the professional standards of their calling and to assist others in the community.

Legal Profession Act 2006

Bedding down the new Act, coping with changes to the Model Law (resulting in amendments to the Act) and grappling with the Regulations under the Act were by far the most time-consuming activities for your Council and Executive over the preceding year. Our ambition, to ensure a trouble-free transition for the profession to the new regulatory system has not always been possible to realise. At the time of writing, Parts 3.1 (Trust Accounting) and 3.2 (Cost Disclosure and Assessment) have yet to commence. They are scheduled to commence on 1 October 2007. The Society has put much effort into preparing the profession for that event. Many good people have devoted many hours preparing standard documents and explanatory material to guide members through the new provisions.

The Society is particularly appreciative of the good working relationship we have developed with senior officers of the Department of Justice and Community Safety. The absence of such a relationship would have made this massive exercise impossible. I should also record our appreciation of the sterling efforts of Ron Travers, Nichole Armitage, Adrian Bray, Tony Cibiras and the Society's staff, and in particular our Project Officer, Jo Clay.

There are still many loose ends to tidy up – such as the details of how the Disciplinary Tribunal will operate – but I am hopeful that our principal aim, the profession's relatively smooth transition to the new regulatory system, can be realised.

Courts Administration

An eventful year saw the introduction of harmonised rules in the Supreme and Magistrates Courts. The Society was closely engaged in the development of the rules through our Civil Litigation Committee, ably

assisted by prominent solicitor Col Blain. Improvements to courts procedures and administration are being pursued at a number of levels: through a Stakeholders Committee chaired by the Chief Justice; as part of an on-going long term review by the Department of Justice and Community Safety; and as part of a total review of the ACT's network of tribunals.

July saw the retirement of long standing and much liked Magistrate Michael Somes. It seems to me a pity that Magistrate Somes' position on the Bench is unlikely to be filled at least in the short term. In October we will lose Justice Crispin who has elected to retire early. Both these outstanding judicial officers will be sorely missed.

The incidence of overdue reserved judgments in the Magistrates Court continues to cause concern and we are seeking to explore ways in which we may assist the Court in achieving a satisfactory long-term solution to this problem.

Tribunals

As this report goes to press, the Society is gearing up to respond to the Department's Discussion Paper on the review of ACT Tribunals. I have referred the Discussion Paper to a number of our committees whose members typically deal with Tribunals and we have scheduled a Members Forum at which the proposals in the Discussion Paper will be considered and members' views gathered. This is an important issue which we can expect will determine the nature and administration of tribunals for many years to come.

Statutory Responsibilities

The regulation of the professional conduct of solicitors in the Territory, one of the Society's traditional roles, has been made more complicated this year by the necessity to come to grips with the new provisions of the Legal Profession Act 2006. The granting and renewal of practising certificates and the handling of complaints and disciplinary matters have all required the Society to develop new procedures and even new pro formas. I take some pride in the fact that the Society's regulatory operations have continued efficiently to the benefit of the public and profession alike.

Submissions

The Society has engaged with government, the media and other parties on a wide variety of issues of interest to lawyers. Some of those issues are listed below:

- Powers of Attorney Act
- Planning legislation
- Review of ACT Workers' Compensation
- The future of AustLII
- The NSW Legal Fees Panel Report
- The relocation of the Registrar-General's Office / Land Titles Office to Fyshwick
- Consumer protection under the Unit Titles Act

- Relocation and the Paramountcy Principle
- The funding of the Russell Fox Library
- Proposals for Mandatory Continuing Legal Education
- Exchange of contracts
- The Law Council of Australia's Model Equal Opportunity Briefing Policy
- Single Expert Evidence and the Civil Law (Wrongs) Act.

People

During the year a number of industry identities were honoured or moved on. Former President, Christopher Chenoweth was awarded the Medal in the Order of Australia for his contribution to the profession and the community in general. Former Law Society Councillor and Treasurer Linda Crebbin was appointed by the Government to the onerous duties of Disability and Children's Services Commissioner and Young Persons Commissioner. The former CEO of the Legal Aid Office, Chris Staniforth, opted for early retirement down at his beloved Batemans Bay. Long serving Professional Standards Director, Tony Kidney, retired (after, it seems, 150 years in the workforce) to be replaced by new PSD, Rob Reis. Former Deputy Registrar, Annie Glover, was promoted to the position of Registrar upon the retirement of the former incumbent, Jill Circosta.

Vale

Some departures of a sadder nature included the deaths of the Hon Rae Else-Mitchell and former Justice John Kelly. The profession was also saddened by the untimely death of Professor Philippa Weeks of the ANU Law Faculty.

Depression

In the light of a report by BeyondBlue much has been written about the depressive state of a relatively small number of lawyers. Nevertheless, the Society has decided to take seriously this warning and has taken the step of renewing for an additional two years our contract with Relationships Australia, a professional counselling service which deals with much more than domestic relationships. There is also access for members to our Senior Counsellors and our Young Lawyer mentors.

Young Lawyers

Because they represent the future of our profession, the Society has put some effort into encouraging the involvement in the affairs of the profession by its young lawyers. I am pleased to say that our present crop of young lawyers is an active, even a feisty, lot. Apart from their excellent organisation of the Law Week Quiz Night, the Young Lawyers Committee has arranged sponsorship for many of their own functions, the number and extent of which have increased considerably over the last year (and they don't all involve drinks after work!) I am particularly pleased to report that the retiring Chair of our Young Lawyers Committee, Elizabeth Lee, has just been elected the Chair of Australian Young Lawyers.

An initiative taken this year has been the establishment of the inaugural ACT Law Society Young Lawyers Award. Nominations have been sought and the Rules are on our website for all to see. The Young Lawyers' Patron, Justice Terry Connolly, has agreed to chair the judging

committee. The winner's name will be announced at the Annual Dinner on 25 October 2007.

National Matters

As this Society's representative on the Board of Directors of the Law Council of Australia, I have attended the quarterly Directors' meetings in addition to the quarterly meetings of the Conference of Law Societies. All members will have observed the Law Council's responsiveness to a number of rule-of-law issues, including the now celebrated Hicks case and the Commonwealth and State Anti-Terrorism legislation. These are very important fundamental issues but, in the eyes of many solicitors, the real test of the effectiveness of our national peak body and federal lobby is how it responds to more prosaic national issues which affect the daily professional and commercial lives of working solicitors. It will be interesting to see how the Law Council responds to this challenge now that its constituent bodies have agreed to considerably increase capitation fees in an effort to boost its resources.

Other Matters

Some of the other matters that the Society confronted and dealt with during the year are listed below:

- The collapse of HIH – ACT firms adversely affected by the demise of HIH / FAI have been now assisted through the Fidelity Fund.
- Information barriers – formerly known as Chinese Walls
- Participation on the ANU Legal Workshop's Advisory and Curriculum committees
- Consideration of the possibility of a Professional Standards Scheme in the Territory
- Neutral Evaluation

75th Anniversary

2008 will mark the 75th anniversary of this Society which began all those years ago as the Law Society of the Territory for the Seat of Government. In a technical sense the Society pre-dates the ACT itself. The Functions and Law Week Committee are planning a suitable method of celebrating this milestone.

And Finally

This is the conclusion of my second term as your President. It has been a great challenge as well as a great privilege. Thank you for the confidence you have placed in me. I hope I leave this wonderful professional institution in as good or better shape than I found it. For my part I thank those who assisted me on the Council, on the Executive Committee and on the staff of the Secretariat. I am confident that this Society is in good hands and will prosper.



Greg Walker
President

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COMMITTEES MEMBERSHIP & REPORTS 2006-07

CHURCH ♣

Lady Lorraine Bevan (Chair)
Barbara Campbell
Chris Erskine
Ken Hubert

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

The service this year was held at St. John the Baptist Church, Constitution Avenue, Canberra. Again this year, as we always try to do, the Committee decided to be innovative.

The format, the participation of the many people involved in the service and the speaker, Dr Paul Collins, Theologian, for whose address we wish to particularly thank.

We were happy as to the number of members who attended the service, which appears to be improving year after year. Again I must thank Mr Ken Hubert for his efforts in promotion and advertising. I also wish to thank Ms Barbara Campbell for her participation and efforts in organising the bagpipes being played at the beginning and the recorder group.

As stated previously, we are the only place in Australia which holds an Ecumenical Church Service, and again I re-iterate that as the Committee puts so much work into the service to ensure that all denominations are catered for, we would like to see more practitioners support the commencement of the Legal year by attending the church service.

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

I wish to particularly thank Mr Chris Erskine and Rev. Greg Thompson through his assistant Mr Tony Reily for their assistance and advice. Mr Erskine's expertise with music and organising that side of things is invaluable.

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

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

address is always more than worthwhile.

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

Lorraine Bevan (Chair)

CIVIL LITIGATION ♦

Richard Faulks (Chair)
Graeme Blank
Mary Brennan
Rebecca Curran
Annie Glover
John Henry
Steven Hausfeld
Walter Hawkins
Hugh Jorgensen
John Little
Melanie McKean/Sarah Simpson
Russell Patrick
Karl Pattenden
Richard Refshauge

The Civil Litigation Committee has met monthly throughout the last 12 months, and has continued to be well supported by members of the profession, Registrars from both courts, and the Director of Public Prosecutions.

Our agenda has been a busy one, bearing in mind ongoing issues relating to the provisions of the Civil Law (Wrongs) Act 2002 and, in particular, ongoing uncertainty with the chapter dealing with expert evidence.

Of recent times, the government has announced a review of the CTP scheme and proposed amendments to the Road Transport (General) Act, and the Committee has been monitoring those matters and will, no doubt, have a much more active role in reviewing the changes once details are announced.

One of the major projects for the Committee has been the review by the ACT Government of the Workers' Compensation Scheme. A sub committee involving members of the Civil Litigation Committee, the Bar Association, and the Australian Lawyers Alliance, was formed to respond to requests for a submission by the review panel, and a detailed submission was prepared, including case studies compiled from clients of various committee members. The Workers' Compensation Review Team is scheduled to release its report in the near future, and the Civil Litigation Committee will be involved in reviewing the report and the recommendations made, and, if appropriate, making submissions to government.

There has also been an ongoing monitoring of the new Court Procedures Rules and, at times, discussions about changes to those Rules. Our Committee is fortunate that it is well represented on the Joint Rules Advisory Committee, as I am a member, and so are Registrars Glover and Jorgensen, as well as Richard Refshauge. Through input of members of the Society, we have been able to recommend changes to the Rules, where appropriate, and many of those changes have been implemented. This will be an ongoing process, and the item remains a permanent fixture on our agenda.

I express my sincere thanks to the members of the Civil Litigation Committee, who are proactive in raising important issues concerning litigation in the ACT and are always willing to assist with important projects placed before the Committee. I expect that the next 12 months will be no different in that regard.

Richard Faulks (Chair)

COLLABORATIVE LAW ♦

Phil Davey (Chair)
Greg Brackenreg
Lois Clifford
Rebecca Curran
Julie Dobinson
Jill Heeley/Heidi Yates
Kathryn Heuer
Margaret Reid
Helen Small

The Collaborative Law Committee of the Law Society held its inaugural meeting on 15 June 2006. The aims and objectives of the Collaborative Law Committee include encouraging the development of collaborative practice across a range of practice areas in the ACT; providing information about Collaborative Practice to the legal profession and other professionals; and establishing and maintaining a dialogue with key stake holders including lawyers and other professions in each state and territory.

During the past 12 months the committee has put in place a strategic plan for the development of collaborative practice within the Australian Capital

Territory and has commenced work in relation to the implementation of the plan.

In June 2006 the committee made submissions to the Attorney General's Department in relation to a draft report to the Attorney about collaborative practice in family law. The report was published in December 2006.

In July 2006, the committee lent its support to the holding of a Collaborative Law Forum in Canberra which was held on 27 July 2006. The forum was attended by representatives from key service providers in the area of family law in the ACT and was extremely successful.

In August 2006 the committee, through the President, wrote to each State and Territory Law Society advising them of the establishment of the committee and outlining the proposed work of the committee.

In September 2006 the committee made representations, through the President, to the Law Council of Australia recommending the formation of a Collaborative Law Committee of the Law Council of Australia. The Law Council of Australia has since formed a Collaborative Law Committee and we look forward to working closely with the Law Council Committee in the future.

The Committee has recently been in contact with other Law Society Committees to make arrangements for members of the Collaborative Law Committee to make presentations to those committees about collaborative practice and it is anticipated that those presentations will take place in the near future. Arrangements are also being made to make a presentation for students at Legal Workshop. The Committee is also finalising work in relation to the preparation of an information brochure about collaborative practice for dissemination to members of the public. It is anticipated that the brochure will be available from the Law Society and other outlets including the Family Relationships Centre in Woden.

The development of Collaborative Practice in the ACT is still in its early stages. It has taken a foot hold in the area of family law, however it is hoped that there will be increasing interest from a wider range of practice areas in the future.

Phillip Davey (Chair)

COMMERCIAL & BUSINESS LAW ♦

Brian Tetlow (Chair)
Rod Badgery
Allan Bedford
Peter Garrison
Katy Grimes
David Hanstein
John Irvine
Richard Lewis
Chris MacPhillamy
Jill McSpedden
Geoff Nicoll
Peter Quinton

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

This year the Committee has largely focused its attention on the new Powers of Attorney Act. This has included:-

- Lengthy consideration of the new Act
- Submission to Government on the new Act
- Seminar on the new Act which was attended by over 100 practitioners
- Notices to Law Society members regarding the new Act.

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

In particular, I would like to recognise the efforts of Richard Clarke who has retired from the Committee this year. His assistance and efforts for the Law Society are greatly appreciated.

Brian Tetlow (Chair)

COMPLAINTS ↗

Graeme Finlayson (Chair)

Rod Barnett

Bill Coombes

Sheena Dadge (Lay member)

Michael Deasey

Jim Dunn

Michael Eley

Tony Foley

Karen Fogarty

Jeanine Lloyd

Col Maclachlan

Joanne Purcell

Ross Reid

Tal Williams (until December 2006)

With the introduction of the Legal Profession Act 2006 from 1 July 2006 the Professional Conduct Rules became binding on practitioners as subordinate legislation. The new complaints and discipline provisions, found in Chapter 4 of the Act, depart from the former Legal Practitioners Act 1970 in a number of useful and pragmatic ways which have confirmed the established procedures used by the Committee in the past in discharging its function of the initial investigation of complaints.

Examples include provisions on the type of conduct capable of being unsatisfactory professional conduct and professional misconduct, conduct to which Chapter 4 applies, procedural provisions on the handling of Chapter 4 complaints, and generally on the investigation of such complaints. The Act also requires that investigations of Chapter 4 complaints apply the rules of procedural fairness and are dealt with as efficiently and

quickly as practicable.

The Act also established the Disciplinary Tribunal in place of the former Professional Conduct Board. The Disciplinary Tribunal consists, in total, of Master David Harper as Chairman, the former Justice John Gallop QC as Deputy Chairman and a panel of barristers, solicitors and lay persons.

A further departure from the former Act has been the introduction of the right of complainants and practitioners to appeal decisions of the Society to the Disciplinary Tribunal in respect of complaints. The current legislative framework pertaining to such appeals gives the Disciplinary Tribunal extensive powers arguably including the power to hear a matter on appeal de novo. The Law Society has, in consultation with the Department of Justice and Community Safety, made further recommendations in relation to the appeals process.

There were 99 formal complaints received during the reporting year, one less than the previous year. Two complaints, received in the previous year, were heard before the Professional Conduct Board in December 2006. In both instances, a finding of unsatisfactory professional conduct was made against the solicitors concerned and the Board ordered, inter alia, that these members both attend a course in Ethics conducted by the Legal Workshop at ANU.

In addition to the handling of the formal complaints that were received, there were approximately 200 enquiries received from practitioners and 250 from members of the public.

To assist practitioners, an analysis of the complaints received has been carried out. This analysis indicates the type of conduct which are raised in the complaint. A comparison with the previous four years has been included so the member can see whether or not a pattern is emerging.

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

Type of Matter	06/07	05/06	04/05	03/04	02/03
Costs	24	24	32	28	23
Failure to communicate	23	10	19	7	16
Failure to follow instructions	12	5	5	6	4
Possible negligence	13	16	10	5	1
Discourtesy	9	13	20	6	9
Conflict of interest	3	5	11	3	8
Delay	29	6	15	13	3
General Conduct	30	30	18	18	8
Acting without instructions	7	3	6	1	9
Failure to pay 3rd parties	2	1	3	6	13

After eleven years as the Professional Standards Director, Tony Kidney retired last October. Tony's contribution to the Society, and the Complaints Committee in particular, was invaluable and on behalf of the Committee, I thank him for his contribution. Rob Reis is proving to be a very able replacement for Tony. I welcome him to the position. I extend my gratitude to Tony, Rob and Linda Mackay and all members of the Committee for their hard work & dedication over the past year.

Graeme Finlayson (Chair)

John Jasinski
Hugh Jorgensen
Jerry Leyland
John Lundy
Rasa Mauragis
Sean Moysey
Matt O'Brien
Darryl Perkins
Richard Refshauge
James Sabharwal
Tim Sharman
Amber Sullivan
Jon White

CONTINUING LEGAL EDUCATION ♣

Mark Blumer (Chair)
Graeme Blank
Barbara Campbell
Avinesh Chand (until July 2006)
Genevieve Cuddihy
Anthony Field
Michael James
Gavin Lee
Leah-Barbara Maguire
Maria Mitchell
Alison Osmand
Jayne Reece
Simon Taylor

During the 2006/07 financial year, there were 19 seminars and workshops with an average 33 people attending each. A profit of \$19,305.96 was made.

This could be compared with the financial year ending 30 June 2006, when an average of 41 people attended each of 27 seminars or workshops and a profit of \$27,290 was made.

Many topics were covered. A valuable contribution was made by a series of skills workshops including advocacy. Our CLE co-ordinator, Yvette De Paoli, again did a very good job.

The provision of CLE relies on the valuable and voluntary contribution of the committee members and the presenters; on behalf of the ACT profession, I thank them for that contribution once more.

Mark Blumer (Chair)

CRIMINAL LAW ♦

Martin Hockridge (Chair)
Peter Bevan
Helen Child
Paul Edmonds
Mark Fleming
Sheila Foliaki Singh
Miriam Garni
Shane Gill
Annie Glover

The Criminal Law Committee had another busy year.

There have been significant procedural changes in the Supreme Court with the introduction of the Court Procedures Rules 2006. Those rules have now commenced to operate in the Magistrates Court.

New criminal listing arrangements have been debated for some time and are now implemented in Magistrates Court. The committee has been involved in the discussion around that change, and Magistrate Burns attended a special meeting of the committee on this subject. Criminal defence practitioners broadly support the changes and anticipate that the changes will produce a more efficient listing system.

The committee has discussed the arrangements being made for the operation of the new prison. We continue to do so. We have provided comment on the Corrections Management Bill. How new technology can be used in the prison context has been raised and is an important issue for practitioners in this area, particularly the potential for the use of video link.

Comment was made opposing the suggestion that the law relating to the principle of double jeopardy needed to be changed. We also recommended that the ACT Law Society follow the lead of the Victorians and support a position against the death penalty. We also looked at the review of strict liability offences in the ACT, juvenile access to tobacco, and at proposals regarding entry and search provisions. The committee also debated the Children and Young Person's Bill, noting the work of other committees. We continue to review the work being done on the Criminal Code.

Members have discussed issues arising from the introduction of the Sentencing legislation. Those changes have thrown up some consequences that the committee will seek to address, particularly in relation to question of the level of discretion allowed to the Sentence Administration Board.

Commonwealth law reform issues discussed have included identity crime, the inquiry into the future of serious organised crime, sedition, and bail and sentencing in remote communities. The Chair continues to keep in touch with national issues as a member of the Criminal law Liaison Committee of the Law Council.

The committee agenda contains standing items of importance to criminal law solicitors. We regularly

consider any developments in the Family Violence Intervention program, drug and alcohol programs, and new criminal justice proposals. We benefit by having the Registrars of the Supreme Court and Magistrates Court, representatives from the Department of Justice & Community Safety and from Corrective Services, the Director of Public Prosecutions and other people from that office and the Commonwealth DPP as well as academics attending our meetings. Many “nuts and bolts” matters can be raised and sorted out. The assistance provided by private and legal aid solicitors giving up their time is much appreciated.

I take this opportunity to extend my thanks to all committee members who have contributed to the work of the criminal law committee during the last year.

Martin Hockridge (Chair)

EQUALISING OPPORTUNITIES IN THE LAW ♦

Noor Blumer (Chair)
 Jessica Dickerson
 Louise Donohoe
 Tristy Falkenberg
 Margaret Hunter
 Leonie Kennedy
 Janean Richards
 Alisa Taylor
 Sara Wedgwood
 Helen Weldon

The Equalising Opportunities in the Law Committee reconvened in May this year, after an absence of some years. An enthusiastic group has been formed and has met on 3 occasions.

The committee has taken an interest in the Beyondblue survey of depression in the professions, which particularly shows that young women lawyers are at increased risk of developing depression. The EOL Committee has sought follow up and information from the Law Society with respect to existing counselling services such as Relationships Australia and the assistance provided to members in difficulty.

The committee is represented on the EOL Committee of the Law Council of Australia by Noor Blumer who now chairs that committee. Louise Donohoe is also on that committee representing the ACT Bar Association and Janean Richards as President of Australian Women Lawyers. That EOL Law Council Committee is meeting in Brisbane in September to coincide with the National Indigenous Legal Conference.

Leonie Kennedy, current president of the Women Lawyers Association of the ACT is also represented on the committee and reports that association.

The EOL Committee is supportive of the Model Equality of Opportunity Briefing Policy and has supported the efforts of the Law Society and the Bar Association in promoting the policy with a joint letter to members.

The EOL Committee in conjunction with the CLE

Committee is organising a seminar on briefing counsel which will also highlight the briefing policy and women barristers in the ACT.

The Law Council of Australia has recently endorsed Canberra company, Courage Partners, Consultants, to provide a pilot programme to formulate and implement the reporting requirements of the Model Equality of Opportunity Briefing Policy. Some Canberra firms and organisations are being approached to participate in the pilot programme.

The committee is actively looking at work choices and work life balance options, opportunities and concessions for part time practitioners and the need for legal education in the areas of bullying, sexual harassment and EEO principles to be incorporated into ongoing legal education.

Noor Blumer (Chair)

FAMILY LAW ♦

Olivia Gesini (Chair)
 Kay Barralet
 Stephen Bourke
 George Brzostowski
 Mary Burgess
 Greg Burnett (Chair until July)
 Barbara Campbell
 Lois Clifford
 Julie Dobinson
 Denis Farrar
 Gavin Howard
 Pam Lyndon
 Margaret Reid
 David Ridge

The last year has been a year of huge change for family law practice. July 2006 saw the commencement of the Shared Parental Responsibility reforms to the, the introduction of the first 15 Family Relationships Centres (including one in Canberra) and the first stage of the three year overhaul of the Child Support system.

During the year there were amendments to the Capital Gains Tax treatment of the matrimonial home on family breakdown, the extension of rollover relief to Binding Financial Agreements and a change in the treatment for tax purposes of rollovers for self-managed superannuation funds.

The changes did not stop there. The property jurisdiction of the Federal Magistrates Court became unlimited in July 2006. This means that that Court has the same jurisdiction to deal with property, children and maintenance issues arising out of the breakdown of a marriage as the Family Court. It is still intended that the Family Court should deal with the more complex matters, being those that will take longer than 2 days to hear.

The Family Court's new Less Adversarial Trial method of adjudicating children's cases (which grew out of the

Court's pilot project known as the Children's Cases Programme) has become enshrined in the new Division 12A of the Family Law Act. Those provisions now also apply in the Federal Magistrates Court for matters filed after the commencement date.

In July 2007, further amendments to the Child Support Act came into effect, a number of new Family Relationships Centres commenced operation around Australia, and Dispute Resolution Certificates (which must be obtained by a separating couple from an accredited provider before proceedings) became mandatory except in cases of urgency and domestic violence.

Meanwhile the scale of costs and the Family Court's longstanding jurisdiction to adjudicate costs as between solicitor and client in the family law area is in the process of being revoked.

In Canberra the profession has farewelled Federal Magistrate Bert Mowbray and welcomed new Federal Magistrate Warwick Neville.

The Family Law Committee has been busy keeping abreast of the changes as well as working on reports and changes that are yet to become law, such as the commencement of the model de facto relationships legislation and foreshadowed amendments to the Family Law Act to deal specifically with proposals for the relocation of children following marriage breakdown.

The Family Law Committee has during the past 12 months run a series of seminars on particular matters of interest to family law practitioners. The seminars have proved to be very successful and well attended by members of the profession as well as a number of students and other interested parties. Special thanks go to Lessli Strong and Kay Barralet for organising the seminars and to Judy Harrison and Margie Rowe of the ANU Legal Workshop for kindly hosting them. Topics have included the new Child Support Scheme regime, the practical effect of the Shared Parental Responsibility provisions and a review of the primary dispute resolution and mediation facilities in the Canberra region.

Kay Barralet has continued to edit the Family Law Newsletter, published periodically. The Committee thanks her for her extensive work on this very useful publication.

The Committee has continued its close ties with the Courts including by regular attendance of its representatives at Family Court Forum meetings convened by Deputy Chief Justice Faulks and liaison and meetings with Registrars of all the Courts.

In October 2006 the bi-annual National Family Law Conference took place in Perth.

A number of committee members was involved including Stephen Bourke who spoke at a plenary session on the topic of "Superannuation and Family Law", Olivia Gesini who took part in a panel discussion with Phil Davey and others in relation to Collaborative Law and Denis Farrar who was prominent as the ACT Representative on the Treasurer of the Family Law Section.

Committee members Lois Clifford and George Brzostowski have also given presentations on a range of Family Law topics.

The involvement of Committee members in Collaborative Law has been of national prominence. In August 2006 Olivia Gesini gave a presentation on to the National Pro-Bono Legal Convention which took place in Melbourne. Earlier this year she and Juliette Ford addressed National Legal Aid on Collaborative Practice. In the middle of this year, committee member Julie Dobinson and partner, Phil Davey, also spoke on the topic in the T.E.N series of seminars in Brisbane and Sydney.

The Committee responded to the Family Law Council's discussion paper on and endorsed its draft guidelines for the practice of Collaborative Law, prepared largely on the basis of guidelines drafted by the National Centre for Collaborative Law, being a body set up in the ACT by local practitioners. The significant work of local practitioners Juliette Ford, Phil Davey, Julie Dobson, Kathryn Heuer and Stephen Bourke should be particularly acknowledged in this regard.

Olivia Gesini has recently been appointed as the ACT Representative on the Law Council's National Committee for Collaborative Law.

All in all a very challenging year in family law. The next 12 months will also have its challenges as the dust settles on the various amendments to the Family Law Act and the Child Support Scheme. Meanwhile the profession awaits the introduction of the national de facto relationship laws.

Olivia Gesini (Chair)

FUNCTIONS LAW WEEK♣

Jason Parkinson (Chair)
 Chanaka Bandarage
 Rachel Bird
 Rosemary Budavari (until July 2007)
 Ben Caddaye
 Louise Donohoe
 Jan Dutton
 Elenore Eriksson
 Sheila Foliaki-Singh
 Leonie Kennedy
 Larry King
 Katrina Mackenzie
 Athol Opas
 Bill Redpath

2007 was the third year of the combined Functions and Law Week Committee and its members excelled in their duties.

Law Week 2007's theme was 'The Rule of Law in Democracy', and the committee and Society members were keen to offer their support.

Shoppers in Canberra's four main shopping centres could again get free legal advice with their weekly

groceries. This community pro-bono work is one of the Society's most visible contributions to Law Week and has become well regarded by the Canberra community. Thank you to all members who gave up time from their busy practices to help.

The highlight of the week was the Blackburn Lecture, with former Justice Wilcox of the Federal Court of Australia, speaking to a packed house on "The Rule of Law - looking behind the icon".

Congratulations to the winners of the Law Week soccer competition, the Office of National Assessments, and commiserations to Porters Lawyers after Grant Kenealy took one for the team when he tore his cruciate ligament and required surgery.

Thanks to the committee and volunteers for making Law Week 2007 an unmitigated success.

Our regular Law Society lunches have become a perennial favourite with practitioners—each lunch being a sell-out. Generous sponsorship from Gavin Lee of Willis Australia and Richard Navakas of Hillross Financial Services and Bill Redpath's excellent wine selections make the lunches the best value fine dining in town.

In October, the Annual Dinner was held at the Lobby Restaurant, where "Golden Gavel" finalists showed us how an after-dinner speech should be made. Thanks to all the contestants for a thoroughly entertaining evening, and congratulations to Brooke Horne of Minter Ellison for his win.

Thanks again to Yvette De Paoli, the hard working and ever-smiling brains of the operation. Yvette and all the members of the Functions and Law Week Committee have worked hard during 2007 and we are all looking forward to the challenges of 2008.

Jason Parkinson (Chair)

LEGAL PROFESSION ACT & ETHICS ♦

Michael Phelps (Chair)
 Paul Amarego
 Rod Badgery
 Trevor Barker
 David Crossin (until Sept 2006)
 Julie Dobinson (until March 2007)
 Graeme Finlayson
 Tom Howe
 Tony Kidney (until October 2006)
 Robert Reis (since October 2006)
 Gerald Santucci
 Gloria Wong

The Committee met on seven occasions throughout the year.

With the introduction of the Legal Profession Act on 1 July 2006 and the commencement of Part 3.1 (Trust Monies and Trust Accounts) and Part 3.2 (Costs Disclosure and Review) on 1 October 2007, the Committee has had a great deal to consider.

As was anticipated when the legislation was introduced, anomalies have arisen and will continue to arise as the provisions of the Act are sought to be applied to various scenarios which emerge in practice. The Committee, and the Society in general, will continue to monitor the situation and press for amendments to the legislation in appropriate cases.

Other matters considered in the context of the Act included the potentiality of conflicts of interest in incorporated legal practices and multidisciplinary practices and document retention periods.

The remaining work of the committee arose from requests for rulings or guidance from practitioners on ethical matters or issues of a regulatory nature. These typically involve matters of perceived or actual conflicts.

I extend my thanks to all Committee members, the Society's Project Officer, Jo Clay, the Committee's administrator and the other Society staff for their contribution and ongoing support. I particularly extend my gratitude to David Crossin for his wise counsel. David finally retired from the Committee during the year after previous attempts to do so had been successfully resisted. David has made a tremendous contribution to the profession over the years with considerable grace and humour.

Michael Phelps (Chair)

LAW OFFICE MANAGERS FORUM ♦

Tanya Berlis (Chair)
 Julie Barton (Deputy)
 Hilary Saunders
 Sue Hayes
 Marilyn MacLeod
 Fran Nichols
 Miquel O'Toole
 Jane Haddock
 Marcela Escosteguy
 Erin KelsallJo Salmond
 Lizette Tantara
 Gayle Sillis
 Bronwyn Sweeney
 Lyzette Tantara
 Marni Tebbutt
 Alex Thearle
 Denise van Dijk
 Melinda Whyte

The Law Office Managers Forum meets on the fourth Wednesday of each month between the hours of 1pm and 2pm. The Forum generally has a guest speaker addressing various topics of interest. In 2006/2007 the following speakers have addressed LOMF.

- David Morpett – (Industrial Relations)
- Adrian Bray – (Trust Audits)
- Yvette Kulish of LEAP – (Document Management)
- Andrew Lawson of Best Practice Consulting – (Business Advisors)

- Mark Patman of CARE Super – (Changes in Superannuation)
- Alisa Taylor of Bradley Allen – (AWA Fairness Test)
- Greg Schmidt of Chamber of Commerce – (Work Choices)

We have also conducted the following Seminar;

- Carolyn Stewart – Confident Customer Service

LOMF provides a venue for networking and a wonderful source for ideas and strategies.

If you are interested in sharing ideas and issues relating to legal management please come along and join LOMF.

Tanya Berlis (Chair)

MENTAL HEALTH & CHILDREN'S SERVICES ♦

Jerry Leyland (Chair)
 Lessli Strong (Chair until March)
 Barbara Campbell/Helen Small
 Rebecca Curran
 Mary-Therese Daniel
 Sheila Foliaki-Singh
 Helen Hayunga
 Matthew Kamarul
 Brian Liddy
 John Lundy
 Roberta McRae
 Athol Morris
 Amanda Nutall
 Darryl Perkins
 Greg Stagg
 Louise Taylor
 Amanda Tonkin
 Mary Villis
 Gillian Witchard

The Mental Health and Children's Services Committee has been through many changes in the past year. We would like to thank the past Chair Lessli Strong for her guidance and support and wish her well in her future endeavours. We also thank Linda Crebbin for her expertise and enthusiasm and wish her well in her new capacity as the Children's Commissioner for the ACT.

Many new members from diverse backgrounds have joined the Committee in the past six months. They bring with them experience and enthusiasm which has given the Committee a renewed vitality.

Throughout the year the committee has invited various speakers to attend meetings and discuss issues of interest identified by the Committee. For example, to address the issue of young people incurring debts for such matters as mobile phones David Tennant of CARE (Credit and Debt Counselling Service) attended the July meeting.

David's presentation assisted the Committee in focusing on the problems young people face when entering open contracts with mobile telephone providers. We hope to make representations in partnership with other

interested parties to mobile phone providers to produce a package that would suit young people, and would limited their potential indebtedness.

We also had special working-dinner meeting in June with Magistrate Dingwall, the Children's Court Magistrate, in which views and expectations were shared. The Committee thanks Magistrate Dingwall for his time and appreciates the informative and interesting discussions that came about. We hope to extend our working-dinner program to other members of the Magistracy, the Judiciary and Administration.

Dr Bonner of ACT Mental Health also kindly gave his time to address the Committee in relation to the vexed issue of people in custody suffering from mental health issues. We hope to discuss with appropriate authorities the many issues raised in our discussions with Dr Bonner.

We are fortunate to have members of the Committee who have many years' experience and seniority in their various agencies. Committee members in their capacity as senior members of their respective agencies have utilised the forum of the Committee to discuss and resolve ongoing inter-agency issues.

New items on the agenda for the coming year involve concerns raised about children in care being charged with offences in circumstances where any other child would, in all probability, not have been charged.

We also addressed a number of other issues over including: -

- the legal basis for the restraint of children by carers;
- the lack of legislative distinction between adults and children in Family Violence matters where the child is accused of an offence;
- the effect of the provisions of S84 of the Children and Young People Act vis a vi the provisions of Part 2 of the Crimes (Forensic Procedures) Act;
- issues of the delay in police summoning young people to Court for alleged offences when they are about to turn 18 years of age; and
- the drafting and effect of the Children's' and Young Persons Bill.

As Chair, I thank all members past and present for their ongoing support and look forward to expressions of interest from both lawyers and non-lawyer who would like to join the Committee.

Jerry Leyland (Chair)

PRACTICE MANAGEMENT ♠

Rod Barnett (Chair)
 Bill Baker
 Graeme Blank
 Phillip Davey
 Tony Kidney (until October 2006)
 Byll Swan (until October 2006)
 Gary Tamsitt
 Paul Vane-Tempest

Denise Van Dijk

Once again we come to the end of another year of operation of our Committee which overall has been extremely successful.

The take-up in relation to the Practice Management Course by Practitioners seeking to qualify themselves to hold an Unrestricted Practising Certificate has not been as great in previous years, although I must say that since we have been keeping records for a number of years, the enrolments in the full Practice Management Course seem to be somewhat cyclical.

The ancillary Courses which are directed at legal support staff and newly admitted Solicitors have been extremely popular.

It seems clear that amongst the younger members of our society there is a general awareness that understanding of the new Legal Profession Act is a must so far as all Practitioners are concerned and does not only fall within the purview of senior members and management of each particular firm.

I have noted that there has been a general acceptance by sole Practitioners that they must be fully conversant with the provisions of the Legal Profession Act.

This attitude will need to be further reinforced when those sections of the Legal Profession Act relating to costs, come into force apparently on 1st October of this year.

As a consequence of that newly promulgated legislation, there will be a need on the part of Practitioners to understand their obligations in relation to cost disclosure and it is the intention of our Committee to work with the CLE Committee in relation to providing courses to deal with the Cost Disclosure regulations in due course.

As is the custom, I would like to provide statistics as to the number of attendees in relation to all of our activities. Whilst there does not appear to be an overall increase, there are certain areas which have increased from last year. They are set out below.

Practice Management Course	15
Risk Management Seminars for Newly Admitted Solicitors	21
Risk Management Seminars for Support Staff	48
Trust Accounting Seminars	28
Seminars for Newly Admitted Solicitors	156

I am further pleased to report that the income generated for the Law Society in relation to all Courses and seminars conducted by the Practice Management Committee throughout the year, have resulted in a gross income of \$32,222.

I would also like to take this opportunity of thanking all the members of my Committee who have not only provided constructive advice but have continued to participate in some of the modules of our Courses. A

special thankyou, of course, goes to Linda Mackay who has soldiered on and has done her usual magnificent job in ensuring that the Committee and all the Courses run extremely smoothly and efficiently.

I would also like to take this opportunity of thanking all the members of my Committee who have not only provided me with constructive advice but have continued to participate in some of the modules of our Course.

It is with regret the Committee lost the services of Byll Swan in October of last year, who I suspect has now moved on to the greener pastures of partial retirement. Byll brought to bear his extensive experience in the practice of law to bear in various aspects of decisions made by the Committee. Since then he has been sorely missed.

He also made a valuable contribution to the presentation of certain modules of the Course.

Rod J. Barnett (Chair)

PROPERTY LAW ♦

Michael James (Chair)
 John Chamberlain
 Emma Crean
 Alfonso del Rio
 Robin Gibson
 Ruth Harris
 Geoff Hay
 Jayson Hinder
 Ian Julien
 John Irvine
 Susan McCarthy
 Roberta McRae
 Jill McSpedden
 Richard Nesbitt
 Mark Phillips
 John Power (until June 2006)
 Margie Rowe
 Byll Swan
 Tony Thew
 Peter Waight
 Chris Wheeler

The Property Law Committee has met monthly in the last year, discussing an always busy agenda. It has been another year of significant legislative activity, with consultation on the Government's Planning Reform being a particularly important part of the Committees work. Chris Wheeler and Alfonso del Rio have been the hard working members primarily responsible for this work and I thank them for their enormous contribution.

This year also marked the retirement of John Power, a member of the Committee for many years, and one of the hardest working. John is the proverbial "quiet achiever" and set an inspirational model of longevity and contribution to us all.

The Committee has also been involved in;

- representation to Affordable Housing advisory group
- asbestos management
- planning reform process
- Unit Titles management discussion papers
- statutory utility easements
- recent case law including partial deposit clauses
- liaison with REIACT
- meetings with ACT Revenue about stamp duty
- representations on ACT Registrar Generals Office (regretfully unsuccessful) and on line searching

I thank all the Committee Members for their hard work and dedication.

Michael James (Chair)

YOUNG LAWYERS ♦

Elizabeth Lee (Chair until August 2007)

Catherine Wallace (Vice Chair)

Edward Campbell (Treasurer)

Andrew Allan (Secretary)

Morna Bassi

Amber Beck

Chak Chow

Magda Iwasiz

Karen Lang

Fred Lester

Peter Nicholas

Kelisiana Thynne

Fiona Reading

Cleo Wilson

James Fletcher (Immediate Past Chair)

Year in Review

My time as Chair of the Young Lawyers Committee (YLC) kicked off with a bang on 19 October 2006 with my first task being to organise “Shop for Pink”, a charity event held at the Canberra Centre to raise money for breast cancer awareness. Due to the great effort of the YLC we were able to raise more than \$3,000 for the Pink Ribbon drive.

Only a mere week later, the YLC hosted the Golden Gavel Competition during the Law Society’s Annual Dinner on 26 October 2007. Brooke Horne from Minter Ellison took out the gong with a very entertaining take on Welfare Survivor – what challenges await the tribe on Dole Bludger Island? whilst the YLC’s very own Amber Beck took home the People’s Choice Award purely for being able to quote a line from every single Madonna song within her entire speech, Press Release – ACT Budget problems solved. Madonna’s coming to town! Bring out your young.

Brooke proudly represented the ACT at the national Golden Gavel hosted by the WA Young Lawyers Committee on 2 November 2006 and although didn’t win any prizes, won many hearts.

November 2006 was also my first time sneak peek at the Law Council of Australia’s Australian Young Lawyers

Committee (AYLC) and it was definitely an eye-opener. It was great to see how other young lawyers/young barristers associations around Australia worked, what issues they were concerned with, how they raised money and profile, etc.

Our newly formed Social Sub-Committee (Amber Beck, Magda Iwasiw, Fred Lester and Karen Lang) kept all young lawyers very well lubricated throughout the year by kicking off “first Friday of the month” drinks at various drinking holes around Canberra including the Uni Pub, Kremlin Bar, Muddle Bar and North Bar.

The YLC’s social functions reached unprecedented levels with regular attendances of 100+ people with some events selling out completely.

2007 kicked off the YLC’s seminar series with more than 50 people attending our very first seminar presented by our very own Patron, His Honour Justice Connolly. We also had good attendances at subsequent seminars presented by Dr Pene Mathew and Kristine Scheul (Meyer Vandenberg). As a result of Meyer Vandenberg’s generous donation, we were able to make a financial contribution to beyondblue to assist in their critical research into depression. Our next seminar is on 16 August with Chief Minister Jon Stanhope.

Obiter Dictum got a facelift – now published online and every two months, it’s fresher, hotter and better than ever before. Our ever hard-working Obiter Team of Farhana Islam, Fiona Reading and Kelisiana Thynne really have done a stupendous job in kicking our publication up another gear.

The YLC has developed important relationships with major sponsors including DFP Recruitment, GBL, SBR Insolvency & Reconstruction and CCH. The YLC is also currently liaising with HSBC on a mutually beneficial deal and hope to get this off the ground soon.

2007’s Law Week Quiz Night held on 17 May was talked of as “one of the best ever” with more than 270 of Canberra’s legal best coming in to compete to topple Porters Lawyers. It was a fantastic effort by the YLC and we wish to thank our major sponsor, SBR and also Steve Whybrow and Jane Ferry (our question writers), Brendan Ding and Jonathan Mandl (CCH) for their tech skills and enthusiasm. An extra warm thank you to Jonathan Beaumont from GBL for accepting the difficult task of having to control the rowdy crowd and doing the job beautifully.

The YLC raised almost \$4,300 which was presented to Dr Hugh Smith from ACT Prisoners Aid at the Law Society Members on 27 July.

On 6 July, the YLC hosted its inaugural mid-winter dinner at Antigo’s where more than 90 young lawyers, friends and invited guests came to enjoy a 5-course dinner, plus fine wine for a mere \$20 due to the generous sponsorship of GBL. Justice Connolly spoke on the importance of networking and keeping contact with other professionals which was extremely valuable advice.

The YLC has also developed a great relationship with the staff and students at Legal Workshop where young

lawyers have volunteered their time to speak to students on their experiences as a young lawyer and on how the YLC can help and support newly admitted solicitors.

The YLC also played a key role in this year's ALSA Conference by many of its members judging some of the competitions and also assisting in the writing of moot questions – particular thanks to the YLC's Vice Chair, Catherine Wallace, and my friend, Dilan Thampapillai (QUT) for their great efforts.

The Year to Come

The YLC is working on a Major Project – to publish an informal Young Lawyers' survival handbook – this is an important publication, containing all the questions young lawyers felt were too silly to ask! Under the self-named "Task Master" Fred Lester, the project is in good hands.

The YLC's Committee Guidelines are coming into the home stretch and we hope to be able to finalise it within the year.

Still to come this year is the PATCH BBQ in conjunction with the Brumbies to raise money for the Canberra Hospital's paediatric ward. The Social Sub-Committee is working extremely hard to give back more to the community.

October will see our local Golden Gavel competition which has been hotting up in the last couple of years. The winner will be given the opportunity to represent the ACT in the National Golden Gavel competition to be held in Hobart on 16 November. Good luck to all young lawyers competing!

I want to extend a huge thank you to Andrew Rickard at DFP Recruitment as without his support, we would not be able to have an ACT representative at the national

competition.

The enthusiasm and dedication of young lawyers has not gone unnoticed. This year, the Law Society has introduced the ACT Law Society Young Lawyer Award to acknowledge, recognise and congratulate a young lawyer who has made an outstanding contribution to the community, the professional and personal achievement. The inaugural Award will be presented at the Annual Dinner on 25 October.

The YLC is an extremely hard working Committee who take a lot of time, energy and effort to do their part for the profession. I want to say a huge thank you to Catherine Wallace (Vice Chair), Edward Campbell (Treasurer), Andrew Allan, Fred Lester, Amber Beck, Magda Iwasiw, Farhana Islam, Fiona Reading, Kelisiana Thynne, Cleo Wilson, Karen Lang, Morna Bassi, Chak Chow and Peter Nicholas for their efforts this year. I also wish to thank James Fletcher (Immediate Past Chair), Luke Brown (former Treasurer) and Kristy Pope for their contribution to the YLC this year.

As of 15 August, I will be resigning as Chair of the YLC to take on my new role as Chair of the AYLC. It has been an extremely enjoyable and challenging time and I wish the new Chair of the YLC all the best. I hope to serve the YLC even better during my time as Chair of the AYLC.

The YLC is excited, energetic and dynamic – we encourage all young lawyers to get involved and look forward to building a bigger, better and brighter YLC!

Elizabeth Lee (Chair)

LAW SOCIETY COMMITTEE SUPPORT STAFF

- ♠ Linda Mackay
Complaints Committee Secretary
- ♣ Yvette De Paoli
Member Services Officer
- ♦ Jan Dutton
Committee Administrator

actlawsociety

Treasurer's Report on the 2006/07 Financial Statements

I am pleased to present the Annual Report on the Society's accounts for 2006/07.

1. General Account

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

2. Statutory Deposits Trust Account

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

3. Statutory Interest Account

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

4. Solicitors' Fidelity Fund

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

General Account

As at 30 June 2007 the accumulated funds of the Society stood at \$789,027. This is an increase of \$50,396 on the previous year.

The Society's income increased by 4.3%. This was largely due to increased revenue from practising certificate fees as a result of an increased number of practitioner members.

The Society's expenditure increased by 3%, largely in line with inflation.

Council continues to scrutinise all areas of expenditure and has approved a budget for 2007/08 which is expected to produce a surplus similar to the 2006/07 surplus.

Statutory Deposits Trust Account

Total deposits at 30 June 2007 amounted to well over \$9.3 million, an increase of 27% on the previous year.

It will be noted from the statement of cash flows that this increase was due to additional deposits totalling \$3,066,164 less repayments of deposits amounting to \$1,063,184.

Statutory Interest Account

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

The income of the Account of \$2,323,254 was an increase of over 34% on the previous year.

Council has decided that an amount of \$1.5 million will be made available during 2007/08 for grants to the Legal Aid Commission and other community legal aid organisations.

Solicitors' Fidelity Fund

The accumulated funds of the Fidelity Fund increased by \$2,796 to a total of \$4,178,123.

While the Society has not been required to pay compensation as a result of a defalcation since 1999, during 2006/07 the Fund was required to pay compensation totalling over \$151,000 to a number of practitioners who sustained losses resulting from the failure of their professional indemnity insurance policies to provide adequate coverage, due to the collapse of the HIH/FAI insurance group. The Fund will not be required to make any further payments of this nature.

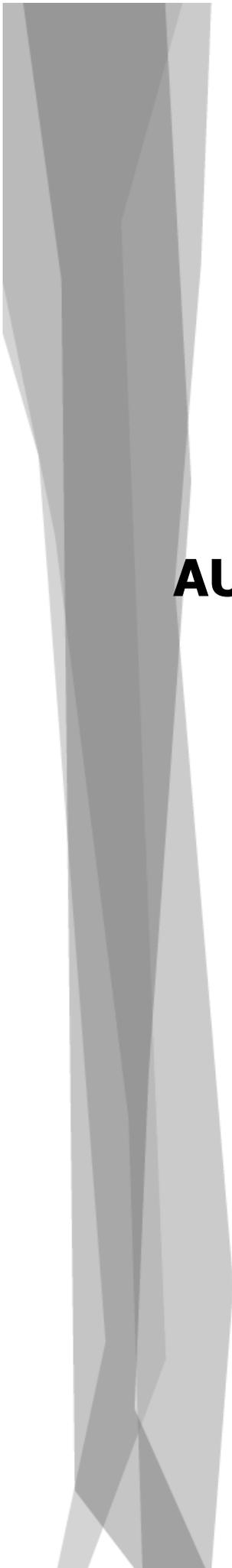
Expenditure on investigations, examinations and managers' costs was substantially higher than in the previous year.



L Crebbin

Treasurer

23/08/07



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

**FINANCIAL
STATEMENTS
30 JUNE 2007**

actlawsociety

BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	4	850,875	838,871
Investments	5	505,549	476,900
Trade and other receivables	6	296,408	196,039
Inventory	7	3,587	3,889
Total current assets		<u>1,656,419</u>	<u>1,515,699</u>
Non-current assets			
Office furniture and equipment	8	178,582	207,087
Rental bond		27,933	27,933
Total non-current assets		<u>206,515</u>	<u>235,020</u>
Total assets		<u>1,862,934</u>	<u>1,750,719</u>
Current liabilities			
Trade and other payables	9	881,300	847,017
Provisions	10	187,570	159,357
Total current liabilities		<u>1,068,870</u>	<u>1,006,374</u>
Non-current liabilities			
Provisions	10	5,037	5,714
Total non-current liabilities		<u>5,037</u>	<u>5,714</u>
Total liabilities		<u>1,073,907</u>	<u>1,012,088</u>
Net assets		<u>789,027</u>	<u>738,631</u>
Equity			
Accumulated funds		789,027	738,631
Total equity		<u>789,027</u>	<u>738,631</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
Accumulated Funds		
Balance at the beginning of the financial year	738,631	705,539
Profit for the year	<u>50,396</u>	<u>33,092</u>
Balance at the end of the financial year	<u>789,027</u>	<u>738,631</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting policies

(a) **Income Tax**

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

(b) **Inventory**

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

	Notes	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from members and others		1,346,798	1,396,799
Payments to suppliers and employees		(1,363,796)	(1,201,418)
Interest received		(16,998)	195,381
		62,502	51,975
Net cash inflow/(outflow) from operating activities	15	45,504	247,356
Cash flows from investing activities			
Proceeds from sale of office furniture and equipment		-	2,200
Payments for investments		(28,649)	(25,649)
Payments for office furniture and equipment		(4,851)	(2,808)
Net cash (outflow) from investing activities		(33,500)	(26,257)
Net increase (decrease) in cash held		12,004	221,099
Cash at the beginning of the financial year		838,871	617,772
Cash at the end of the financial year	4	850,875	838,871

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

(c) **Office Furniture and Equipment**

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

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

The carrying amount of office furniture and equipment is reviewed at each balance sheet date to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

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

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

(d) **Depreciation**

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

Office furniture and equipment 3-15 years.

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

(e) **Financial Instruments**

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

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

Impairment

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

(f) **Investments**

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

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

- (g) **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.
- (h) **Trade and Other Receivables**
All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis.
- (i) **Trade and Other Payables**
These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year and which were unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.
- (j) **Revenue**
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.
- Revenue from practicing certificates is recognised on the receipt of funds for the current year's certificates.
- Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
- All revenue is stated net of the amount of goods and services tax (GST).
- (k) **Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of the GST.
- Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

- (l) **Employee Benefits**
Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. The benefits due to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.
- (m) **Provisions**
Provisions are recognised when the Society has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.
- (n) **Comparative Figures**
Comparative figures have been adjusted, where necessary, to conform to changes in presentation for the current financial year.
- Critical Accounting Estimates and Judgements**
The Councillors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Society.
- The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2 REVENUE	2007 \$	2006 \$
Revenue from operating activities		
Practising certificate fees	654,879	596,835
Members' subscriptions	12,087	11,252
Capitation fees	82,355	73,850
Reimbursement of expenses		
- Statutory Interest Account – administration*	57,612	61,308
- Statutory Interest Account – Legal Advice Bureau*	27,624	26,726
- Statutory Interest Account – professional standards*	104,775	64,980
- Solicitors' Fidelity Fund of the Australian Capital Territory – administration*	30,890	29,631
Profit on standard forms	49,118	58,422
Income from functions	29,676	31,505
Ethos advertising and subscriptions	16,730	18,525
Subscription from seminars	56,922	83,596
Project Officer contributions	37,457	35,319
Certificates of good standing	11,500	11,200
Settlements Office contributions	59,005	56,200
Practice management courses	20,910	49,170
	<u>1,251,540</u>	<u>1,208,519</u>
Revenue from outside the operating activities		
Sponsorship	27,745	21,591
Interest	65,027	53,573
Miscellaneous income	12,281	17,514
	<u>105,053</u>	<u>92,678</u>
	<u>1,356,593</u>	<u>1,301,197</u>

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

NOTE 3 PROFIT / (LOSS)

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

Rental payments on operating lease	(92,416)	(80,500)
Depreciation	(33,356)	(40,044)
Superannuation contributions	<u>(56,990)</u>	<u>(52,329)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 4 CASH AND CASH EQUIVALENTS

	2007 \$	2006 \$
Cash on hand	300	520
Cash at bank	<u>850,575</u>	<u>838,351</u>
	<u>850,875</u>	<u>838,871</u>

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

Balances as above	<u>850,875</u>	<u>838,871</u>
Balances per cash flow statement	<u>850,875</u>	<u>838,871</u>

NOTE 5 INVESTMENTS

<i>Held-to-Maturity Investments</i>		
St George Bank term deposits	<u>505,549</u>	<u>476,900</u>
	<u>505,549</u>	<u>476,900</u>

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

NOTE 6 TRADE AND OTHER RECEIVABLES

Trade debtors	129,041	78,505
Prepayments	33,437	16,502
Accrued interest receivable	15,820	13,295
Other accrued income	113,930	86,053
GST refund receivable	4,180	1,484
Deposits paid	-	200
	<u>296,408</u>	<u>196,039</u>

NOTE 7 INVENTORY

Contracts for sale	3,492	3,752
Tenancy agreements	<u>95</u>	<u>137</u>
	<u>3,587</u>	<u>3,889</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 8 OFFICE FURNITURE AND EQUIPMENT

	2007	2006
	\$	\$
Office furniture and equipment		
At cost	386,052	381,201
Less: accumulated depreciation	<u>(207,470)</u>	<u>(174,114)</u>
Total office furniture and equipment	<u>178,582</u>	<u>207,087</u>

Reconciliation

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

	2007	2006
	\$	\$
Office furniture and equipment		
Carrying amount at 30 June 2006	207,087	207,087
Additions	4,851	-
Disposals	-	-
Depreciation expense	<u>(33,356)</u>	<u>(33,356)</u>
Carrying amount at 30 June 2007	<u>178,582</u>	<u>178,582</u>

NOTE 9 TRADE AND OTHER PAYABLES

	2007	2006
	\$	\$
Other liabilities		
Subscriptions in advance	794,298	702,754
Accruals	20,182	66,367
Payable – Solicitors’ Fidelity Fund of the Australian Capital Territory	1,110	1,560
CTP/WC Campaign Fund	1,572	6,117
Lease incentive	<u>25,760</u>	<u>35,420</u>
Total other liabilities	<u>842,922</u>	<u>812,218</u>
Trade creditors	<u>38,378</u>	<u>34,799</u>
	<u>881,300</u>	<u>847,017</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 10 PROVISIONS

	2007	2006
	\$	\$
Current		
Provision for annual leave	118,764	93,936
Provision for long service leave	<u>68,806</u>	<u>65,421</u>
Non-Current		
Provision for long service leave	<u>5,037</u>	<u>5,714</u>

The amount of current long service leave expected to be settled within 12 months of the end of the financial year is nil (2006: \$14,845).

NOTE 11 FINANCIAL INSTRUMENTS**(a) Terms, Conditions and Accounting Policies**

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

(b) Financial Risk Management

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Society does not trade or speculate in derivatives.

The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

Financial risk

The main risks the entity is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk.

(i) Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained.

(ii) Credit risk

The maximum exposure to credit risk at balance date in respect of recognised financial assets, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Interest rate risk

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

	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
2007				
Financial assets				
Cash and cash equivalents	850,575	-	300	850,875
Trade and other receivables	-	-	242,971	242,971
Investments	-	505,549	-	505,549
Total	850,575	505,549	243,271	1,599,395
Weighted average interest rate	5.75%	6.48%		
Financial liabilities				
Trade and other payables	-	-	61,242*	61,242
Total	-	-	61,242	61,242
Net financial assets/(liabilities)				<u>1,538,153</u>
2006				
Financial assets				
Cash and cash equivalents	838,351	-	520	838,871
Trade and other receivables	-	-	164,557	164,557
Investments	-	476,900	-	476,900
Total	838,351	476,900	165,077	1,480,328
Weighted average interest rate	5.25%	5.66%		
Financial liabilities				
Trade and other payables	-	-	108,843*	108,843
Total	-	-	108,843	108,843
Net financial assets/(liabilities)				<u>1,371,485</u>
	2007	2006		
	\$	\$		
* Trade creditors and accruals	58,560	101,166		
Payable - Solicitors' Fidelity Fund	1,110	1,560		
CTP/WC Campaign Fund	1,572	6,117		
	<u>61,242</u>	<u>108,843</u>		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Values

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

	2007	2006
	\$	\$
NOTE 12 REMUNERATION OF AUDITORS		
Audit of the Society's financial report	5,270	5,350
Audit of Statutory Deposits Trust Account	925	850
Audit of Statutory Interest Account	1,550	1,450
Assistance in implementation of AIFRS	1,500	-
	<u>9,725</u>	<u>7,650</u>

No other benefits were received by the auditors

NOTE 13 CAPITAL AND LEASING COMMITMENTS

Lease commitments

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

Within one year	101,922	99,764
Later than one year but not later than 5 years	174,185	289,469
	<u>276,107</u>	<u>389,233</u>

The total amount of rental expense recognised in the reporting period was \$92,416 (2006: \$89,909).

NOTE 14 LEGISLATION

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

**NOTE 15 RECONCILIATION OF THE PROFIT
FOR THE YEAR TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

	2007 \$	2006 \$
Profit for the year	50,396	33,092
Depreciation	33,356	40,044
Change in operating assets and liabilities:		
(Increase)/decrease in rental bond	302	(1,368)
(Increase)/decrease in inventories	(100,369)	(976)
(Increase)/decrease in trade and other receivables		31,201
Increase/(decrease) in subscriptions received in advance	91,544	54,532
Increase/(decrease) in trade and other payables	(42,606)	31,535
Increase/(decrease) in Solicitors' Fidelity Fund of the ACT payable	(450)	(2,280)
Increase/(decrease) in provision for long service leave	2,708	24,040
Increase/(decrease) in provision for annual leave	24,828	24,979
Increase/(decrease) in CTP/WC Campaign Fund	(4,545)	6,117
Increase/(decrease) in lease incentive	(9,660)	6,440
Net cash inflow from operating activities	<u>45,504</u>	<u>247,356</u>

NOTE 16 RELATED PARTIES

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

Mr G P Walker	President
Mr W M Redpath	Immediate Past President
Mr R J Barnett	Vice President
Mr A Opas	Vice President
Ms L Crebbin	Treasurer from 21 September 2006
Ms L E Vardanega PSM	Secretary
Ms L Barlin	To 20 September 2006
Ms K Barralet	To 20 September 2006
Ms R Bird	Treasurer to 20 September 2006
Mr W Coombes	From 21 September 2006
Ms S Falvi	To 20 September 2006
Mr J Ford	
Mr B Hatch	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16 RELATED PARTIES (CONT'D)

Mr M Hockridge	From 21 September 2006
Mr D Malcolmson	
Mr M O'Brien	From 21 September 2006
Ms J Purcell	
Ms J Reece	From 21 September 2006
Ms E Ryan	To 20 September 2006
Mr P Vane-Tempest	

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

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

During the year the Society paid \$2,664 (2006: \$2,442) in premiums for Councillors and Officers liability insurance.

NOTE 17 KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	2007 \$	2006 \$
Salary	184,868	178,326
Superannuation	9,831	9,366
Bonus	-	-
Other benefits	-	-
	<u>194,699</u>	<u>187,692</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 18 EVENTS AFTER THE BALANCE SHEET DATE

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

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

NOTE 19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2007**

The Councillors declare that the financial statements and notes set out on pages 1 to 18:

- (a) comply with Australian Accounting Standards (including the Australian Accounting interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Society's financial position as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

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

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


Councillor
20 August 2007


Councillor
20 August 2007

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

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory (the Society) which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Report

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

Auditor's Responsibility

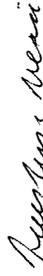
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit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

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

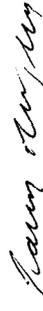
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory as at 30 June 2007 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).



Duesburys Nexia
Canberra, 26 August 2007



G J Murphy
Partner

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

BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	2	5,168,804	3,315,915
Investments	3	4,178,742	4,028,651
Total current assets		<u>9,347,546</u>	<u>7,344,566</u>
Total assets		<u>9,347,546</u>	<u>7,344,566</u>
Current liabilities			
Trade and other payables	4	9,347,546	7,344,566
Total current liabilities		<u>9,347,546</u>	<u>7,344,566</u>
Total liabilities		<u>9,347,546</u>	<u>7,344,566</u>
Net assets		-	-
Equity			
Accumulated Funds		-	-
Total equity		-	-

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Balance at the beginning of the year		-	-
Changes during the year		-	-
Balance at the end of the year		-	-

(Notes to the financial statements are annexed)

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Cash flows from investing activities			
Payments for investments		(150,091)	(134,937)
Net cash (outflow) from investing activities		(150,091)	(134,937)
Cash flows from financing activities			
Proceeds from deposits		3,066,164	1,443,172
Repayments of deposits		(1,063,184)	(2,752,427)
Net cash inflow (outflow) from financing activities		2,002,980	(1,309,255)
Net increase (decrease) in cash held		1,852,889	(1,444,192)
Cash at the beginning of the financial year		3,315,915	4,760,107
Cash at the end of the financial year	2	<u>5,168,804</u>	<u>3,315,915</u>

(Notes to the financial statements are annexed)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) Income Tax

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

(b) Cash and Cash Equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

(c) Investments

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

(d) Monies Deposited by Solicitors

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

(e) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial Liabilities

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

Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

(f) **Comparatives**

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

Critical Accounting Estimates and Judgments

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

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

NOTE 2 CASH AND CASH EQUIVALENTS

Cash at bank	5,168,804	3,315,915
	5,168,804	3,315,915
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows.		
Balances as above	5,168,804	3,315,915
Balances per cash flow statement	5,168,804	3,315,915

NOTE 3 INVESTMENTS

<i>Held-to-Maturity Investments</i>		
Commonwealth Bank	1,500,000	1,500,000
National Australia Bank	964,093	910,678
St George Bank	<u>1,714,649</u>	<u>1,617,973</u>
	<u>4,178,742</u>	<u>4,028,651</u>

These deposits have maturities of 6 to 9 months from the date of their deposit.

NOTE 4 TRADE AND OTHER PAYABLES

Monies deposited by solicitors	<u>9,347,546</u>	<u>7,344,566</u>
	<u>9,347,546</u>	<u>7,344,566</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 5 LEGISLATION

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

NOTE 6 REMUNERATION OF AUDITORS

Audit fees of \$925 (2006:\$ 850) were ultimately paid by the Statutory Interest Account on behalf of the Statutory Deposits Trust Account.

NOTE 7 FINANCIAL INSTRUMENTS

(a) **Terms, Conditions and Accounting Policies**
The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) **Financial Risk Management**

The financial instruments consist mainly of deposits with banks, short term investments and accounts payable. The Trust Account does not trade or speculate in derivatives.

Financial risk

The main risks the entity is exposed to through its financial instruments are liquidity risk and interest rate risk.

(i) **Liquidity risk**

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained.

(ii) **Interest rate risk**

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 7 FINANCIAL INSTRUMENTS (CONT'D)

2007	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5,168,804	-	-	5,168,804
Investments	-	4,178,742	-	4,178,742
				9,347,546
Weighted average interest rate	5.75%	6.49%		
Financial liabilities				
Deposits by Solicitors	-	-	9,347,546	9,347,546
			9,347,546	9,347,546
Net financial assets (liabilities)				-

2006	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,315,915	-	-	3,315,915
Investments	-	4,028,651	-	4,028,651
				7,344,566
Weighted average interest rate	5.25%	5.56%		
Financial liabilities				
Deposits by Solicitors	-	-	7,344,566	7,344,566
			7,344,566	7,344,566
Net financial assets (liabilities)				-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 7 FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Values

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

NOTE 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 9 EVENTS AFTER BALANCE SHEET DATE

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

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

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2007**

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

- (a) comply with Australian Accounting Standards (including the Australian Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Trust Account's financial position as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

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

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


Councillor


Councillor



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

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Report

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

Auditor's Responsibility

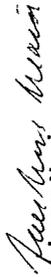
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit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

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

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

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account as at 30 June 2007 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).


Duesbury's Nexia
Canberra, 20 August 2007


G J Murphy
Partner

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Revenue	2	2,323,254	1,726,680
Expenses			
Law Society of the Australian Capital Territory - reimbursement of administration expenses		(57,612)	(61,308)
Professional Conduct Board sitting fees		(9,990)	(21,672)
Disciplinary legal costs		(152,962)	(292,190)
Legal Advice Bureau operating costs	9	(28,119)	(27,155)
Professional Standards Office costs		<u>(105,662)</u>	<u>(65,981)</u>
Surplus before disbursements		1,968,909	1,258,374
Proposed disbursements S 253	10	<u>(1,500,000)</u>	<u>(1,250,000)</u>
Surplus for the year		<u>468,909</u>	<u>8,374</u>

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THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

FINANCIAL REPORT – 30 JUNE 2007

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	3	1,472,565	998,593
Investments	4	1,255,886	1,183,869
Trade and other receivables	5	<u>372,697</u>	<u>285,588</u>
Total current assets		<u>3,101,148</u>	<u>2,468,050</u>
Non-current assets			
Legal advice bureau furniture and fittings	6	-	-
Total non-current assets		<u>-</u>	<u>-</u>
Total assets		<u>3,101,148</u>	<u>2,468,050</u>
Current liabilities			
Trade and other payables	7	83,694	169,505
Provisions	8	<u>1,500,000</u>	<u>1,250,000</u>
Total current liabilities		<u>1,583,694</u>	<u>1,419,505</u>
Total liabilities		<u>1,583,694</u>	<u>1,419,505</u>
Net assets		<u>1,517,454</u>	<u>1,048,545</u>
Equity			
Accumulated funds		<u>1,517,454</u>	<u>1,048,545</u>
Total equity		<u>1,517,454</u>	<u>1,048,545</u>
Accumulated funds			
Balance at the beginning of the financial year		1,048,545	1,040,171
Surplus for the year		<u>468,909</u>	<u>8,374</u>
Balance at the end of the financial year		<u>1,517,454</u>	<u>1,048,545</u>

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Cash flows from operating activities			
Recovered disciplinary legal costs		18,906	-
Miscellaneous receipts & GST refunds		158,410	16,778
Disbursements and other operating payments		(596,319)	(453,640)
Interest		(419,003)	(436,862)
Net cash inflow from operating activities	13	2,214,992	1,691,446
		1,795,989	1,254,584
Cash flows from investing activities			
Payments for investments		(72,017)	(62,413)
Net cash (outflow) from investing activities		(72,017)	(62,413)
Cash flows from financing activities			
Section 253 disbursements	11	(1,250,000)	(1,300,000)
Net cash (outflow) from financing activities		(1,250,000)	(1,300,000)
Net increase (decrease) in cash held		473,972	(107,829)
Cash at the beginning of the financial year		998,593	1,106,422
Cash at the end of the financial year	3	1,472,565	998,593

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) **Income Tax**

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

(b) **Cash and Cash Equivalents**

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

(c) **Investments**

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

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

(d) **Revenue Recognition**

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

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

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

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

(f) **Financial Instruments**

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

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

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

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

Impairment

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

(g) **Comparatives**

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

Critical Accounting Estimates and Judgements

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

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

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2 REVENUE	2007 \$	2006 \$
Revenue from operating activities		
Interest on investments by the Statutory Interest Account	150,475	125,689
Interest on investments by the Statutory Deposits Account	441,412	404,295
Interest on Solicitors' Trust Accounts	1,196,514	1,196,514
	2,304,348	1,726,498
Revenue from outside the operating activities		
Miscellaneous income	18,906	182
	<u>2,323,254</u>	<u>1,726,680</u>

NOTE 3 CASH AND CASH EQUIVALENTS

Cash at bank	1,472,565	998,593
	<u>1,472,565</u>	<u>998,593</u>

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

Balances as above	1,472,565	998,593
Balances per cash flow statement	<u>1,472,565</u>	<u>998,593</u>

NOTE 4 INVESTMENTS

<i>Held-to-Maturity Investments</i>		
ANZ Banking Group	764,235	719,939
St George Bank Australia	491,651	463,930
	<u>1,255,886</u>	<u>1,183,869</u>

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

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 5 TRADE AND OTHER RECEIVABLES	2007 \$	2006 \$
Accrued interest		
-Investments	116,820	108,798
-Solicitors' Trust Accounts	221,815	140,481
	<u>338,635</u>	<u>249,279</u>
Debtors and prepayments	9,926	887
GST paid to suppliers	24,136	35,422
	<u>372,697</u>	<u>285,588</u>

NOTE 6 LEGAL ADVICE BUREAU FURNITURE AND FITTINGS

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

NOTE 7 TRADE AND OTHER PAYABLES

Sundry creditors and accruals	83,694	169,505
	<u>83,694</u>	<u>169,505</u>

NOTE 8 PROVISIONS – CURRENT

Proposed disbursements from current year income	1,500,000	1,250,000
	<u>1,500,000</u>	<u>1,250,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
NOTE 9 LEGAL ADVICE BUREAU OPERATING COSTS		
Cleaning	443	443
Depreciation	1,364	1,354
Electricity	222	225
Insurance	300	487
Publications and subscriptions	495	429
Rental of premises	6,099	5,934
Salaries and superannuation	19,196	18,283
	<u>28,119</u>	<u>27,155</u>

NOTE 10 PROPOSED DISBURSEMENTS

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

Proposed disbursements	<u>1,500,000</u>	<u>1,250,000</u>
------------------------	------------------	------------------

NOTE 11 DISBURSEMENTS

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

Environmental Defender's Office	14,435	15,000
Legal Aid Commission (ACT)	1,080,405	1,123,640
Welfare Rights and Legal Centre	107,085	111,360
Women's Legal Centre	<u>48,075</u>	<u>50,000</u>
	<u>1,250,000</u>	<u>1,300,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 12 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

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

(b) Financial Risk Management

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Account does not trade or speculate in derivatives.

The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

Financial risk

The main risks the Account is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk.

(i) Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained.

(ii) Credit risk

The maximum exposure to credit risk at balance date in respect of recognised financial assets, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided.

(iii) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 12 FINANCIAL INSTRUMENTS (CONT'D)

NOTE 12 FINANCIAL INSTRUMENTS (CONT'D)

2007	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,472,565	-	-	1,472,565
Investments	-	1,255,886	-	1,255,886
Trade and other receivables	-	-	371,771	371,771
	<u>1,472,565</u>	<u>1,255,886</u>	<u>371,771</u>	<u>3,100,222</u>
Weighted average interest rate	5.75%	6.43%		
Financial liabilities				
Trade and other payables	-	-	83,694	83,694
Proposed disbursements	-	-	1,500,000	1,500,000
	-	-	<u>1,583,694</u>	<u>1,583,694</u>
Net financial assets (liabilities)				<u>1,516,528</u>

(c) Net Fair Values
Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short terms to maturity or market interest rates. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTE 13 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	\$	\$
Surplus for the year	468,909	8,374
Disbursements	1,500,000	1,250,000
Change in operating assets and liabilities (Increase)/decrease in accrued interest	(89,356)	(35,052)
Increase/(decrease) in trade and other payables	(85,811)	93,948
Increase/(decrease) in employee benefits	-	(29,043)
(Increase)/decrease in other receivables	2,247	(33,643)
	<u>1,795,989</u>	<u>1,254,584</u>

NOTE 14 CONTINGENT ASSETS

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

NOTE 15 CONTINGENT LIABILITIES

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

NOTE 16 LEGISLATION

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

2006	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	998,593	-	-	998,593
Investments	-	1,183,869	-	1,183,869
Trade and other receivables	-	-	284,701	284,701
	<u>998,593</u>	<u>1,183,869</u>	<u>284,701</u>	<u>2,467,163</u>
Weighted average interest rate	5.25%	5.78%		
Financial liabilities				
Trade and other payables	-	-	169,505	169,505
Proposed disbursements	-	-	1,250,000	1,250,000
	-	-	<u>1,419,505</u>	<u>1,419,505</u>
Net financial assets (liabilities)				<u>1,047,658</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17 REMUNERATION OF AUDITORS

Audit fees of \$1,550 (2006: \$1,450) were ultimately paid by the Statutory Interest Account.

NOTE 18 EVENTS AFTER BALANCE SHEET DATE

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

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

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2007

The Councillors declare that the financial statements and notes set out on pages 1 to 14:

- (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Account's financial position as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

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

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


Councillor
20 August 2007


Councillor
20 August 2007



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

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Interest Account as at 30 June 2007 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

G J Murphy
Duesburys Nexia

Canberra, 26 August 2007

G J Murphy
G J Murphy
Partner

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

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory Statutory Interest Account which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Report

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

Auditor's Responsibility

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

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

FINANCIAL REPORT – 30 JUNE 2007

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THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Revenue	2	286,766	262,988
Audit fees		(2,050)	(1,450)
Administration expenses		(30,890)	(29,631)
HHH group insurance policies payments		(151,591)	-
Investigations, examinations and managers' costs	6	(46,359)	(815)
Random inspections expenses		<u>(53,080)</u>	<u>(58,100)</u>
Surplus for the year		<u>2,796</u>	<u>172,992</u>

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY
 BALANCE SHEET
 AS AT 30 JUNE 2007

	Notes	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	3	106,609	282,848
Trade and other receivables	4	46,642	48,731
		<u>153,251</u>	<u>331,579</u>
Total current assets			
Non-current assets			
Investments	5	4,072,691	3,892,282
		<u>4,072,691</u>	<u>3,892,282</u>
Total non-current assets			
		<u>4,225,942</u>	<u>4,223,861</u>
Total assets			
		<u>4,379,193</u>	<u>4,555,440</u>
Current liabilities			
Trade and other payables	6	47,819	48,534
		<u>47,819</u>	<u>48,534</u>
Total current liabilities			
		<u>47,819</u>	<u>48,534</u>
Total liabilities			
		<u>4,178,123</u>	<u>4,175,327</u>
Net assets			
		<u>4,178,123</u>	<u>4,175,327</u>
Equity			
Accumulated funds		4,178,123	4,175,327
		<u>4,178,123</u>	<u>4,175,327</u>
Total equity			
		<u>4,178,123</u>	<u>4,175,327</u>

(Notes to the financial statements are annexed)

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
Accumulated Funds		
Balance at the beginning of the financial year	4,175,327	4,002,335
Surplus for the year	<u>2,796</u>	<u>172,992</u>
Balance at the end of the financial year	<u>4,178,123</u>	<u>4,175,327</u>

(Notes to the financial statements are annexed)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) **Income Tax**

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

(b) **Cash and Cash Equivalents**

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from contributions		36,220	37,120
Recoveries & GST refunds		7,167	13,451
Payments		(295,914)	(99,587)
		(252,527)	(49,016)
Interest received		256,697	221,826
Net cash inflow from operating activities	10	4,170	172,810
Cash flows from investing activities			
Payments for investments		(180,409)	(40,291)
Net cash (outflow) from investing activities		(180,409)	(40,291)
Net increase/ (decrease) in cash held		(176,239)	132,519
Cash at the beginning of the financial year		282,848	150,329
Cash at the end of the financial year	3	106,609	282,848

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

(c) **Revenue Recognition**

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

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

(d)

Investments

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

(e)

Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

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

Impairment

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

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

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

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

(g) **Comparatives**

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

Critical Accounting Estimates and Judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 5 INVESTMENTS	2007 \$	2006 \$
<i>Held-to-Maturity Investments</i>		
ANZ Banking Group	2,112,418	2,044,033
St George Bank	581,287	548,249
National Australia Bank	<u>1,378,986</u>	<u>1,300,000</u>
	4,072,691	<u>3,892,282</u>

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

NOTE 6 TRADE AND OTHER PAYABLES	2007 \$	2006 \$
Trade creditors and accruals	14,699	16,494
Contributions received in advance	<u>33,120</u>	<u>32,040</u>
	<u>47,819</u>	<u>48,534</u>

NOTE 7 LEGISLATION

The Solicitors' Fidelity Fund of the Australian Capital Territory is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S520 of the Legal Profession Act 2006. The Fund has no employees.

NOTE 8 AUDITORS' REMUNERATION

Audit of the Fund's financial report including assistance with the implementation of AIFRS	2,050	1,450
Conduct of random inspections	23,670	28,150
Conduct of investigations	<u>26,656</u>	<u>-</u>
	<u>52,376</u>	<u>29,600</u>

NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2 REVENUE	2007 \$	2006 \$
Revenue from operating activities		
Interest on investments	252,076	225,033
Contributions	<u>34,690</u>	<u>33,400</u>
	286,766	<u>258,433</u>
Revenue from outside the operating activities		
Recovered management costs	<u>-</u>	<u>4,555</u>
	286,766	<u>262,988</u>

NOTE 3 CASH AND CASH EQUIVALENTS

Cash at bank	<u>106,609</u>	<u>282,848</u>
	<u>106,609</u>	<u>282,848</u>

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

Balances as above	<u>106,609</u>	<u>282,848</u>
Balances per cash flow statement	<u>106,609</u>	<u>282,848</u>

NOTE 4 TRADE AND OTHER RECEIVABLES

Trade debtors - The Law Society of the Australian Capital Territory	1,110	1,560
Accrued interest	40,054	44,675
Other receivables	<u>5,478</u>	<u>2,496</u>
	<u>46,642</u>	<u>48,731</u>

	2007	2006
	\$	\$
NOTE 10 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus for the year	2,796	172,992
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	2,089	1,923
Increase/(decrease) in trade creditors and accruals	(1,795)	(3,545)
Increase/(decrease) in contributions received in advance	1,080	1,440
Net cash inflow from operating activities	<u>4,170</u>	<u>172,810</u>

NOTE 11 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

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

(b) Financial Risk Management

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Fund does not trade or speculate in derivatives.

The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

(c) Financial risk

The main risks the entity is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk.

(i) Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained.

(ii) Credit risk

The maximum exposure to credit risk at balance date in respect of recognised financial assets, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided.

NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Interest rate risk

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

2007	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	106,609	-	-	106,609
Trade and other receivables	-	46,642	-	46,642
Investments	-	4,072,691	-	4,072,691
Weighted average interest rate	5.75%	6.37%	46,642	4,225,942
Financial liabilities				
Trade and other payables	-	-	14,699	14,699
Net financial assets (liabilities)	-	-	14,699	14,699
				<u>4,211,243</u>
2006				
Financial assets				
Cash and cash equivalents	282,848	-	-	282,848
Trade and other receivables	-	-	48,731	48,731
Investments	-	3,892,282	-	3,892,282
Weighted average interest rate	5.25%	5.58%	48,731	4,223,861
Financial liabilities				
Trade and other payables	-	-	16,494	16,494
Net financial assets (liabilities)	-	-	16,494	16,494
				<u>4,207,367</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

(d) Net Fair Values

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

NOTE 12 EVENTS AFTER BALANCE SHEET DATE

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

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

COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2007

The Councillors declare that the financial statements and notes set out on pages 1 to 12:

- (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Fund's financial position as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

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

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



Councillor
20 August 2007



Councillor
20 August 2007



Duesburys Nexia

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

We have audited the accompanying financial report of the Solicitors' Fidelity Fund of the Australian Capital Territory which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Council for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Solicitors' Fidelity Fund of the Australian Capital Territory as at 30 June 2007 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Duesburys Nexia

Duesburys Nexia
Canberra, 24 August 2007

G J Murphy

G J Murphy
Partner