



THE LAW SOCIETY
OF THE AUSTRALIAN CAPITAL TERRITORY

ANNUAL REPORT

2005-06

actlawsociety

**THE LAW SOCIETY
OF THE AUSTRALIAN CAPITAL TERRITORY
ANNUAL REPORT 2005-06**

CONTENTS

	Page No.
Annual General Meeting – Notice of Meeting	4
Minutes of previous Annual General Meeting	5
Office Bearers, Councillors	8
Law Society Staff	8
President’s Report	9
Committee Membership & Reports	
Children’s Services and Mental Health	12
Church	12
Civil Litigation	13
Collaborative Law	13
Commercial & Business Law	14
Complaints	14
Continuing Legal Education	15
Criminal Law	15
Elder Law	16
Family Law	17
Functions Law Week	17
Legal Education	18
Legal Profession Act & Ethics	18
Law Office Managers Forum	19
Practice Management	19
Property Law	20
Revenue Law	20
Young Lawyers	21
Treasurer’s Report	24
Financial Statements as at 30 June 2006	26

NOTICE CONVENING THE ANNUAL GENERAL MEETING

The **Annual General Meeting** of the Society will be held on
Thursday, 21 September 2006 commencing at 12.30pm
In the **Functions Room** at the **Canberra Club**,
45 West Row, Canberra City

Business

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

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



L Vardanega
Secretary

22 August 2005



**MINUTES OF THE ANNUAL GENERAL MEETING OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
HELD IN THE FUNCTIONS ROOM, CANBERRA CLUB, 45 WEST ROW, CANBERRA
ON THURSDAY, 15 SEPTEMBER 2005 AT 12.30PM**

Present: Lisa Adams, Paul Armarego, Trevor Barker, Ebenezer Banful, Lisa Barlin, Rod Barnett, Clare Besemeres, Rachel Bird, Mark Blumer, Nooraini Blumer, Elspeth Bodley, John Bundock, Greg Burnett, Amy Burr, Michelle Castle, Tim Chadwick, John Chamberlain, Christopher Chenoweth, Bill Coombes, Mark Dickinson, Chris Donohue, Edward Eyers, Denis Farrar, Michael Flynn, Tony Foley, Sheila Foliaki-Singh, Andrew Freer, Richard Garnett, Ian Gillespie-Jones, Jim Gralton, Paul Gubecka, Fiona Harris, Brian Hatch, Walter Hawkin, Michael Higgins, Ken Hubert, Chris Iverson, Andrew Jory, Leonie Kennedy, Olivia Kordaris, Howard Liu, Don Malcolmson, Roland Matters, Lyn McGuinness, Janet McDonald, Margery Nicoll, Athol Opas, Jason Parkinson, Nick Parmeter, Michael Phelps, Joanne Purcell, Eunice Ryan, Leah Sewell, Chris Stephens, Gary Tamsitt, Alisa Taylor, Brian Tetlow, Mark Tigwell, Malcolm Van Gelder, Greg Walker, Ross Watch and Pat Worthy

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

The meeting opened at 12.38 pm

The President, Mr Redpath, welcomed members to the AGM.

1. APOLOGIES:

Robert Coen, Linda Crebbin, Juliette Ford, Graeme Finlayson, Thena Kyprianou, Paul Vane-Tempest, Tal Williams, Louise Vardanega and Loretta Zamprogno

2. MINUTES

The minutes of the Annual General Meeting held on 16 September 2004 were confirmed (**Hatch/Watch**).

3. PRESIDENT'S REPORT

Mr Redpath recapped on a busy year for the Society, highlights of which included:

- A greater emphasis on representing and assisting members, including Members' Adviser, Senior Counsellor services and the Practice Management Course to make practice easier and better;
- Higher profile for the Society - providing public comment about legislation independently and impartially;
- Maintained a solid and cooperative relationship with the Government;
- Campaign to recruit government lawyers. Profession is much more fluid with practitioners crossing from private to government and vice-versa. This was reflected in the events of Law Week.
- The Secretariat moved to new premises providing greater opportunities for meetings, CLE and other activities for our members.
- New logo and masthead.
- Model contract for young lawyers, finding a fair way of regulating the rights of different members. There are increasing issues in the way we work, life balances and finding ways to work more flexibly.

Mr Redpath said that this was only possible because of the hard work of others. He thanked

the past president, Mr Farrar, members of Council, Committee members and the staff of the Law Society. He also acknowledged the work of the Executive Director in providing a strategic approach and industry voice. Over the next 12 months the Society will continue to build as a service industry.

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

4. FINANCIAL STATEMENTS

Members noted that the 2004-05 Financial Statements had been distributed to all members with the Annual Report. Mr Coombes reported that the Statutory Deposit Account and the Fidelity Fund were continuing to do well. He said there was a deficit of \$46,290 due to increased expenditure of 12% over the year on the office relocation and legal fees in respect of the Model Law. He was very optimistic that the budget for next year will return to surplus and thanked the Accountant, Stewart MacArthur and the Bookkeeper Ms Kathleen Lui, for their work throughout the year.

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

5. ELECTION OF COUNCIL

The President called on the Executive Director to report on the 2005-06 election results.

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:

President:	Mr Greg Walker
Vice Presidents:	Mr Rod Barnett Mr Athol Opas
Secretary:	Ms Louise Vardanega
Treasurer:	Mr Bill Coombes
Councillors:	Ms Lisa Barlin Ms Kay Barralet Ms Rachel Bird Ms Linda Crebbin Ms Juliette Ford Mr Brian Hatch Mr Don Malcolmson Ms Joanne Purcell Ms Eunice Ryan Mr Paul Vane-Tempest

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

Mr Redpath congratulated the successful candidates and welcomed the new Councillors, Mss Lisa Barlin and Eunice Ryan and Mr Don Malcolmson. He noted that Ms Vardanega had given 18 years of unbroken service to the Council. He thanked the outgoing Councillors, Messrs Michael Flynn and Peter Woulfe for their contribution to the Society and the profession. He also thanked Mr Denis Farrar for his contribution to Council, the Society and the profession during his 8 years on Council. On behalf of the membership he moved a vote of thanks to the Returning Officers, Mr Trevor Barker and Mr Tal Williams for their work for this year's election. This was carried by acclamation.

President Greg Walker moved a vote of thanks to Mr Redpath who presided over the affairs of the Society during a period of unprecedented activity. One of the main issues which stands out is the Society's work in responding to the draft legislation of the Model Law. Mr Redpath coordinated the Society's response which is now almost complete. He also conducted some sensitive and detailed negotiations with the Government and the Bar Association which are still in progress. In the area of tort law reform he continued to work at an ACT level and spearhead the Law Council of Australia's initiatives at a national level; in the area of disciplinary affairs he dealt with conduct issues with compassion. This was carried by acclamation.

6. APPOINTMENT OF AN AUDITOR

The meeting **resolved** (Coombes/Tetlow) that Duesburys be appointed auditor for 2005-06.

7. OTHER BUSINESS

7.1 Collapse of HIH/FAI – Assistance to ACT Law Firms.

The President said that at its meeting on 15 August 2005 Council had approved in principle an approach to the ACT Government to amend the *Legal Practitioners Act* to permit a one-off payment of approximately \$145,000 from the Fidelity Fund to compensate three ACT law firms who have suffered as a result of the collapse of HIH. Council were of the view that it was appropriate that this matter be put to members at the Annual General Meeting.

Mr Chenoweth said he fully supported the Society’s proposal. Mr Phelps asked whether there had been an informal approach to the Government. The President replied that there had been an initial approach in 2002 but it was considered politically inappropriate at that stage to take the matter any further. Feedback from a recent approach had been positive.

It was **resolved** (Walker/Chenoweth) that:

- a) the Society make a submission to the ACT Attorney-General that Division 12.2 of the *Legal Practitioners Act* be changed to render eligible for compensation, claims by affected practitioners for shortfalls in insurance coverage in the years 1997-98 and 1998-99 as a result of the collapse of HIH/FAI but not including excess payments or legal costs.
- b) Such a change should have a restricted application which ceases with the limitation period, so that the Act would then automatically revert to its current wording.

7.2 Expansion of the Executive Committee

Members noted that the Constitution currently states that the Executive Committee means those members holding the respective offices of President, both Vice-Presidents, Secretary, Treasurer and the Immediate Past President. Expansion of the Executive Committee would require an amendment to Clause 2(c) of the Society’s Constitution.

Mr Redpath spoke to the motion saying that the expansion of the Executive Committee would allow for a greater mix of “new blood” and experience. It would provide a greater opportunity for other members of Council to participate in the Executive Committee process and add value to the Council by expanding its knowledge and experience base.

This matter had been considered by Council at its meeting on 15 August 2005. Council gave in principle support to the proposal and were of the view that it was appropriate that this matter be put to members at the Annual General Meeting.

It was **resolved** (Redpath/Hatch) that Clause 2(c) of the Constitution of the Society of the Australian Capital Territory be amended as follows:

“The Executive Committee” means those members of the Society for the time being holding the respective offices of President, both the Vice-Presidents, Secretary, Treasurer, Immediate Past President and a member of Council appointed by Council.”

There being no other business, the President declared the meeting closed at 1.00 pm.

Confirmed: Date:

OFFICE BEARERS — 2005-06

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

COUNCIL MEMBERS

Ms Kay Barralet
Ms Rachel Bird
Ms Linda Crebbin
Mr Don Malcolmson
Ms Juliette Ford (until 8 August 2006)
Mr Brian Hatch
Mr Athol Opas
Ms Lisa Barlin
Mr Paul Vane-Tempest
Ms Eunice Ryan

SOCIETY SECRETARIAT

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

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

PRESIDENT'S REPORT 2005-06

It has been an extremely demanding year. In addition to representing the interests of the profession and acquitting our statutory duties, we have had the additional burden of bedding down the model legislation designed to provide a standard regulatory system for the legal profession throughout Australia.

Model Law Project

Members with long memories will recall that the project was begun by the legal profession itself 12 years ago with the publication in 1994 of the Law Council of Australia's "Blueprint for the Structure of the Legal Profession", subtitled A National Market for Legal Services. When the Standing Committee of Attorneys-General took control of the project some 5 years ago the emphasis appeared to change from enabling lawyers to practice their calling and service their clients throughout Australia with minimal cost and red tape, to imposing tighter regulatory control on the profession. The result is that there is very little in the Model Law, and the *Legal Profession Act 2006* upon which it is based, which improves the lot of the working solicitor. The "travelling practising certificate" has been a reality for some years, since the ACT and NSW passed corresponding laws in 1997 making it unnecessary for our practitioners to take out practising certificates in each other's jurisdictions. Professional indemnity insurance has been transportable for many years. Admission, licensing, complaints, discipline and trust account procedures are still subject to state by state variation, while cost disclosure and review will be more onerous in the future. In many ways it is unfortunate that the Commonwealth surrendered management of the project, including the writing of many of the model provisions, to the Government of NSW whose dislike for lawyers appears to be as an endemic as it is irrational.

However all is not bleak. The one benefit I can see is that firms now have the option to incorporate and share receipts, in multidisciplinary practice, with non-lawyers where this is found to be commercially expedient. Furthermore in the ACT we have been fortunate to have a government and a department which in general has been cooperative and understanding. Negotiations have been amicable and in the main productive.

Throughout, it has been the Society's ambition to introduce the new law with the minimum of disruption to its members. That has not, and will not, always be possible. But I think it is fair to say that the transition to the new licensing provisions at least, went unnoticed by the majority of our members.

SCAG continues to refine the model which in turn will

force jurisdictions to enact amending legislation. For that reason our plans to provide each member with a hard copy Guide to the Act and Regulations, which can be kept in the top drawer for reference, must be put on hold until we have settled legislation. Meanwhile, our Guide can be found in the Members Services window of our website and I encourage all to read it.

The Law Society's Education and Training program, designed to bring the profession up to speed with the major provisions of the new Act, is being rolled out progressively. We have already had two seminars on incorporation and multi-disciplinary practice and a session on the principal differences between complaints and discipline in the new law compared to the old.

The Executive, Council and Secretariat have put an enormous amount of time into this project on your behalf. I thank my fellow Councillors and particularly those on the Executive for the hours of reading and discussion a proper analysis of the Model Law and the new ACT legislation has forced upon us all. It is paradoxical that an issue which has occupied so much time of your Council, Executive and Secretariat has provided so little visible benefit. I wish to express particular gratitude to our negotiating team which in addition to myself included the Immediate Past President, Bill Redpath, Executive Director, Larry King and Project Officer, Jo Clay. Special recognition should be accorded Jo without whom we would never have got through the enormous volume of paper with accuracy and expedition. She is a great asset to the Society.

Harmonised Court Rules

The three volumes of the Harmonised Rules – which came into force in the Supreme Court on 1 July 2006 and are scheduled to come into force in the Magistrates Court on 1 January 2007 – make the *Legal Profession Act 2006* look miniscule by comparison. That this large and complex project was completed as expeditiously as it was is due in large measure to the Steering Committee under the Chairmanship of Justice Terry Connolly and the efforts of our own Civil Litigation Committee. The Society is also indebted to well known solicitor Col Blain whom we engaged to assist the Civil Litigation Committee in the task. To help members of the profession become familiar with the Harmonised Rules the Society arranged a special CLE seminar and will do so again in the light of experience of the Rules in practice.

Tort Law

The Society has been carefully monitoring the impact of

the *Civil Wrongs Act* in close consultation with the Department of Justice and Community Safety. We have also been consulting with the ACT Branch of the AMA in respect of changes both organisations would like to see to the single expert witness provisions. In addition we continue to work with the NRMA and others to ensure that the pre-trial guidelines work in an orderly and sensible way.

New Committees

During the year in review two additional committees were formed. The Legal Education Committee under the Chairmanship of Bill Redpath (Pamela Coward & Associates) and the Collaborative Law Committee under the Chairmanship of Phil Davey (Dobinson Davey Lawyers).

Courts Administration

On behalf of the Society I appeared before the Public Accounts Committee Inquiry into the administration of the ACT Courts. I noted that the profession and its clients have a close and profound interest in the greater efficiency of Court procedures. I also noted that the statistics which appeared in the Auditor-General's report do not necessarily give a true picture of the efficiency or otherwise of the Courts. Nevertheless there is room for improvement, particularly in Magistrates Courts procedures including listing procedures. The Society will continue to monitor these matters and suggest improvements where appropriate.

Anti-terrorism legislation

The Society publicly protested parts of the Commonwealth Government's Anti-terrorism Bill. We acknowledged the Commonwealth's duty to take all reasonable steps to protect its citizens. We also acknowledged the concessions that the Commonwealth had made in the course of the public debate the publication of the Bill engendered. Nevertheless I believe that the majority of our members would not want lawyers to remain silent when attempts are made to redefine sedition, to imprison uncharged or unconvicted individuals and to seriously limit a lawyer's communications with the lawyer's client. We supported, with some reservations, the ACT Government's version of the legislation. I presented the Society's submission on the ACT Anti-terrorism Bill to the Legal Affairs Committee of the ACT Legislative Assembly in February. Our submission concentrated on the profession's opposition to preventative detention without charge and the complexity – and at times incomprehensibility – of some of the drafting. We were pleased to see that some of our suggestions were acted upon.

Councillors Expand

Three of our Councillors did not renominate for election this year. Councillors Rachel Bird (Rachel Bird & Co), Juliette Ford (Farrar Gesini & Dunn) and Lisa Barlin (Chamberlains Law Firm) have given, or are about to give, birth during the year. On behalf of the Society I thank them for their valuable contribution to the work of the Society's guiding body and wish them

and their progeny all the best of good health and fortune. I should point out that Councillor Jo Purcell who is expecting her baby in January 2007 has decided to soldier on. We admire her perseverance.

Executive Committee Expands

As resolved at the 2005 Annual General Meeting the Society sought the consent of the Attorney-General pursuant to section 4 of the former *Legal Practitioners Act* to change our Constitution to expand by one the Executive Committee. I am pleased to report that the Attorney-General formally approved the change and the Council appointed Councillor Linda Crebbin an official member of the Executive. At the recent Council elections Councillor Crebbin was elected unopposed to the position of Treasurer.

Peter Woulfe

During the year in review the former Councillor and Chairman of the Young Lawyers' Committee, Peter Woulfe (Dibbs Abbott Stillman) was named the Law Council of Australia's Young Lawyer of the Year. I congratulate this wholly admirable young man whose work as a lawyer and in the wider community adds lustre to the profession.

Government Lawyers

During the year the Society redoubled its efforts to recruit government lawyers to membership. We have had some success: of our 1,000 practitioners almost 300 are from the government sector. In addition to our normal CLE program we developed a special program of professional development for government lawyers which also proved attractive to lawyers in the private sector.

Legal Aid Commission

The Chief Minister appointed Councillor Kay Barralet to the ACT Legal Aid Commission, representing the Law Society. Ms Barralet's wealth of experience, particularly in the family law area will ensure that her contribution to the work of the Commission will be positive and constructive.

In an effort to stem the flight of senior and experienced practitioners from Legal Aid work – because of the cost penalties of doing it – the Commission has increased its scale for charge out work and has developed some innovative methods of remunerating private practitioners. It is to be hoped that these actions bring senior practitioners back into the more complex family and criminal matters, at least in a supervisory capacity.

Registrar-General's Office

The Government proposes to move the Registrar-General's Office to Fyshwick as part of the new Office of Regulatory Services introduced as a cost saving measure following the Functional Review. The Society opposes the proposal for the reasons set out in the most recent issue of Real News circulated to all members. Issues include the security of precious documents, the convenience of members of the public

in registering births, deaths and marriages and the many other functions performed by the RGO. We continue to seek to have the RGO retained in Civic.

Professional Standards Director

After 50 years in the workforce, 11 of which have been with this Society, Tony Kidney retired in September 2006. The Society will miss his wise counsel and friendly advice on professional and ethical issues. He has been the guest of honour at a number of farewell parties where he has amazed those present by his determined efforts to speak in tongues and to defy gravity. It will be difficult to fill his rather large shoes but I fancy we may have done so: at the time of writing the Society has made an offer to a well respected practitioner who we are confident will take up duty in early October.

Media

The Society's views were again sought by the media on a wide range of issues including

- Performance Audit Report of ACT Law Courts
- Post-sentencing supervision of sexual predators
- Supporting open dissemination of all anti-terrorism legislation
- Commonwealth anti-terrorism legislation
- Response to the ACT Government's draft legislation on anti-terrorism law
- The State of ACT Courts
- The Clea Rose case and release of the police report
- Civil Union legislation
- Costs in criminal cases
- Law Week
- Lock-down at Westfield Belconnen
- ACT Budget and effect on the Courts
- Commonwealth overriding ACT Government's legislation
- NSW Legal Fees Review Panel Report

Submissions

Some of the submissions made during the year included:

- To the Attorney-General and the Department of Justice and Community Safety on the Model Law Project.
- To ACT Treasury on Land Rich Duties
- To the Legislative Assembly's Legal Affairs Committee on the Court Procedures (Protection of Public Participation) Bill 2005
- To the Law Council on the relocation provisions of the Family Law Act and on Capitation Fees

- To the Department of Justice and Community Safety on Land Titles Office Relocation
- To the Legislative Assembly's Legal Affairs Committee on Terrorism (Extraordinary Temporary Powers) Bill 2005
- To the Department of Justice and Community Safety on Enduring Power of Attorney

Other Matters

Other significant events which served to influence the year in review included:

- Information barriers - the Society has decided to adopt - with local variations - guidelines developed by the Law Institute of Victoria to help firms erect high integrity information barriers which would thus enable them to act against former clients.
- To assist solicitors in Community Legal Centres take advantage of our professional development program we lowered the CLE attendance fee to the law students rate.
- LAB parking - to help our volunteers who stoically man the Legal Advice Bureau we decided to pay for the cost of parking for those LAB solicitors who have to drive into Civic from the far-flung satellites
- Model Employment Contract - the Council approved for use by firms if they so wish a Model Employment Contract drafted at the initiative of the Society's Young Lawyer's Committee.
- LOMF Salary Survey - The Law Office Managers Forum conducted its traditional salary survey in May 2006. Results were processed and made available to participating firms.
- Relationships Australia - the Council has agreed to renew its contract with Relationships Australia to provide a counselling program for members.

Appreciation

In addition to their work on the new regulatory law, the Council, Executive and Secretariat kept the ship on course while handling many other issues. To them I express my own and the Society's thanks and appreciation.



Greg Walker
President

COMMITTEES MEMBERSHIP & REPORTS 2005-06

CHILDREN'S SERVICES & MENTAL HEALTH ♦

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

The Committee has been engaged in addressing ongoing changes to the areas of Mental Health and Children's Court practice.

The development of mutually acceptable protocols between Family Services and legal practitioners has been an ongoing project this year. The Committee is particularly interested in developing protocols in relation to the conduct of proceedings, communication between case workers and the child's solicitor and communication by case workers with the child about proceedings.

The Committee has raised concerns about children who are in care being placed with young offenders and also about the effect of criminal sanctions being used to discipline children in care. Ongoing representations are being made to appropriate facilities.

The lack of appropriate detention facilities for children and appropriate facilities for adults and children with mental health conditions has not been resolved and unfortunately the Committee holds little hope for resolution in the immediate future.

The Committee has discussed the uncertainty surrounding procedures in the Magistrates Court in relation to appearances by unrepresented young people and people with mental health conditions. Clarification has been sought from the Court and the Committee has suggested that a specific Practice Direction may assist.

Lessli Strong (Chair)

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. Andrews Presbyterian Church, Kingston.

Again this year, as we always try to do, the Committee decided to be innovative.

The format, the participation of the many people involved in the service and the speaker, Mr Alyn Doig of Henry Parkes Chambers, whose address was "Setting Standards for Advice" who we wish to particularly thank.

We were happy as to the number of members who attended the service, which appears to be improving year after year. Again I must thank Mr Ken Hubert for his efforts in promotion and advertising. I also wish to thank Ms Barbara Campbell for her participation 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 Joy Bartholomew for putting together the service, which I believe as usual, was excellent. Mr Erskine's expertise with music and organising that side of things is

invaluable.

I also wish to thank the Commonwealth Attorney-General Mr Philip Ruddock MP for attending.

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

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

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

Lorraine Bevan (Chair)

CIVIL LITIGATION ♦

Richard Faulks (Chair)

Chris Behrens

Graeme Blank

Simon Kelso

Mary Brennan

Jill Circosta

Rebecca Curran

John Henry

Steven Hausfeld

Walter Hawkins

John Little

Melanie McKean

Sarah Simpson

Russell Patrick

Karl Pattenden

Richard Refshaug

Phil Thompson

Ian Temby

Once again, this Committee has enjoyed strong membership and good attendances at its monthly meetings.

The major focus during the last twelve months has been the development of the Court Procedures Rules 2006. Col Blain joined the Committee as a special representative dealing with the Rules. The Committee was also fortunate to have the Registrars of the Courts and the Director of Public Prosecutions, together with Steven Hausfeld, who was the ACT Bar's representative on the Rules Committee, to provide information, and to be a source of feedback.

A sub committee was formed to examine the question of the inclusion of the Workers' Compensation Rules in the Court Procedures Rules and that matter is an ongoing project.

There have also been ongoing issues relating to the Civil Law (Wrongs) Act 2002. The Committee has regularly considered ongoing dialogue with the NRMA about a new CTP claim form pursuant to that legislation. Further, with a series of rulings by the Master of the Supreme Court, it has become clear that the single expert witness provisions in Chapter 6 of the Civil Law (Wrongs) Act 2002 need further attention, and there have been representations made to the Department of Justice and Community Safety, and the Attorney-General in that regard. It is hoped that a meeting can be arranged in the near future between relevant stakeholders to find a more workable model.

I have continued as a member of the Government's Workers' Compensation Advisory Committee. This has enabled me to report to the Civil Litigation Committee about developments under the Workers' Compensation Act. The most significant development in the past twelve months has been an actuarial study commissioned by the Insurance Council of Australia. That report has recently been tabled, but it is currently subject to an embargo. Of further significance is the announcement by the ACT Government of a review of the workers' compensation system, mainly because of the high premiums paid by ACT employers compared to those in other states. This review is now under way, with terms of settlement being settled, and the Committee has had some input in that regard. I will be monitoring the progress of the review and it is likely that there will be a submission on behalf of the profession, probably in conjunction with the Australian Lawyers Alliance.

The last twelve months has seen some amendments made to the Workers' Compensation Act, a number of which were initiated by suggestions from the profession through the Civil Litigation Committee.

In addition to these major items, the Committee has also dealt with a number of other policy matters during the course of the year. The Society is fortunate, indeed, to have such a wide representation on its Civil Litigation Committee, and I am very grateful for the support of members during the past twelve months.

Richard Faulks (Chair)

COLLABORATIVE LAW ♦

Phil Davey (Chair)

Lois Clifford

Julie Dobinson

Margaret Reid

Stephen Bourke

Helen Small

Kathryn Heuer

Juliette Ford

Greg Brackenreg
Rebecca Curran

Following a recommendation from the Council of the Law Society, the Collaborative Law Committee was formed and held its first meeting on 15 June 2006.

The Committee is in the process of formulating its strategic plan for the coming 12 months.

Phillip Davey (Chair)

COMMERCIAL & BUSINESS LAW ♦

Brian Tetlow (Chair)
Rod Badgery
Alan Bedford
John Douglas
Kathryn Evan
Peter Garrison
David Hanstien
John Irvine
Richard Lewis
Jill McSpedden
Chris Macphillamy
Mel Mallam
Peter Quinton

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

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

- Consideration of the implications from a practical view point of the incorporation of legal practices. The Committee arranged a second seminar for members of the Society on accounting and tax implications of incorporated legal practices which was held on 3 May 2006.
- The Committee has put considerable time and effort into reviewing the practice papers in Commercial Law currently being used by the ANU Legal Workshop. This is being led by Richard Lewis. He has also had significant input from all members of the Committee.
- The Committee was pleased to see that the ACT Government has taken notice of the Committee's suggestion that the ACT should recognise interstate Enduring Powers of Attorney and it has passed legislation to permit that. It is also noted there have been more extensive recent amendments to the laws relating to Powers of Attorney. These laws will need to be reviewed in detail by the Law Society.

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

In particular, I would like to recognise the efforts of Wendy Dawes, Delia Rickard, Alison Pratt and Russell Wilson who have retired from the Committee. Their 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*)
Mel Davis (until late 2005)
Michael Deasey
Jim Dunn
Michael Eley
Karen Fogarty
Jeanine Lloyd
Col Maclachlan
Joanne Purcell
Ross Reid
Tal Williams

The Council of the Society has delegated to the Complaints Committee, the task of the initial investigation of complaints received by the Society. The function of the Committee is to review all of the material submitted by the complainant and the solicitor and to determine whether or not the complaint discloses possible professional misconduct or unsatisfactory professional conduct. The Committee also has the function of reviewing complaints against employees as a consequence of the definition of "unsatisfactory employment conduct" in the *Legal Practitioners Act 1970*. Where the Complaints Committee is of the view that the conduct of the solicitor warrants further consideration, the complaint is referred by the Committee to the Executive of the Society.

To ensure complaints are handled expeditiously, it is important for practitioners to remember their obligations under the Professional Conduct Rules in responding to requests from the Committee for information. Members should be aware that under the *Legal Profession Act 2006*, the former Professional Conduct Rules are now the Rules to the Act and accordingly, are now subordinate legislation. Furthermore, section 585 of the Act provides that the rules are binding on practitioners, and that a failure to comply can be unsatisfactory professional conduct or professional misconduct. Unfortunately, on a number of occasions it has been necessary to formally remind practitioners of Rule 41 of the Society's rules which requires not only that the solicitor provide a full and frank response, but that the response be provided within the time requested by the Committee. This seems to be a continuing problem and does not assist in resolving complaints in a timely fashion.

It is appropriate to remind members of the Society's

initiative of appointing a panel of members' advisers who will be available at no cost to the practitioner who is the subject of a complaint to assist in responding to a complaint made against the solicitor. Unfortunately, it appears that many members have not availed themselves of this service. Many complaints, it could be argued, have not been well handled by the solicitor concerned. This has inevitably prolonged the inquiry into the complaint. Members are advised at the time of the complaint of this service and are urged to make use of the service.

One of the heartening aspects for last year is that the trend identified last year has continued with the number of formal complaints received being less than that received for the same period the previous year. From 1 July 2005 to 30 June 2006, 100 complaints were received. This is slightly less than the number of complaints received last year.

Of the complaints received, 10 have been referred to Council. Four of these complaints have resulted in the solicitor being counselled. The remainder are still under consideration. In addition to the processing of the complaints received during the year, two complaints were heard by the Professional Conduct Board and one by the Supreme Court during the reporting period. Those matters arose from complaints received in the previous year. In addition, two matters are currently before the Professional Conduct Board, also from complaints which were received in the previous year.

In addition to the handling of the formal complaints that were received, 200 enquiries were received from practitioners and 270 from members of the public. These figures are lower than received from the previous years of 260 and 280 respectively.

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	05/06	04/05	03/04	02/03	01/02
Costs	24	32	28	23	13
Failure to communicate	10	19	7	16	31
Failure to follow instructions	5	5	6	4	4
Possible negligence	16	10	5	1	8
Discourtesy	13	20	6	9	4
Conflict of interest	5	11	3	8	4
Delay	6	15	13	3	-
General Conduct	30	18	18	8	-
Acting without instructions	3	6	1	9	-
Failure to pay 3rd parties	1	3	6	13	-

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

Graeme Finlayson (Chair)

CONTINUING LEGAL EDUCATION ♣

Mark Blumer (Chair)
 Graeme Blank
 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 financial year ending 30 June 2006, an average of 41 people attended each of 27 seminars or workshops. This compares with 24 seminars last year attracting an average of 39 people each.

As usual, a wide range of topics were covered, many to do with changes to the law in the ACT. In addition, a number of seminars were held for our government lawyer members, answering a perceived need.

CLE activities generated a gross profit of approximately \$27,290. This figure does not take into account the wages of our CLE co-ordinator, Yvette De Paoli, who does a very good job at this, amongst her other tasks.

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

Mark Blumer (Chair)

CRIMINAL LAW ♦

Martin Hockridge (Chair)
 Peter Bevan
 Rachel Bird
 Helen Child
 Jill Circosta
 Paul Edmonds
 Mark Fleming
 Sheila Foliaki Singh
 Cath Garvan
 Shane Gill
 Jerry Leyland
 John Lundy
 Claude Monzo
 Matt O'Brien

Darryl Perkins
 Richard Refshauge
 James Sabharwal
 Tim Sharman
 Jon White
 Phil Thompson
 Doris Bozin
 Sarah Marshall
 John Jasinski
 Miriam Garni

The criminal law landscape is ever changing.

The past year has seen the introduction at Federal level and around Australia of anti-terrorism legislation. The Law Council and constituent bodies across the country – including the ACT Law Society - expressed concern and serious reservations about the need for and the efficacy of such legislation, and the implications for human rights.

The committee drafted comments at the time of the introduction of the ACT Terrorism (Extraordinary Temporary Powers) Act. Although our position was to oppose the legislation, we were pleased that the ACT Government has excluded children from preventive detention and has generally taken a more human rights orientated approach.

The Criminal Law Committee has commented on significant new legislation coming before the Legislative Assembly notably the Crimes (Child Sex Offenders) Act, Crimes Against Pregnant Women Act, changes to the Domestic Violence & Protection Orders Act, Corrections Management Bill and new chapters of the Criminal Code (ACT). We are addressing other proposals for reform at the local level such as the review of Strict Liability Offences.

At the federal level, the Committee has also debated and responded to the review of the Uniform Evidence Acts, the Chair participated in a meeting with members of the review panel where it became apparent that the main concerns held by ACT practitioners (eg. the use of first hand hearsay) are shared in other jurisdictions. Another Commonwealth item has been the review of sentencing of federal offenders. Federal sentencing law clearly needs to be made less complicated and the review raises the vexed question of whether there should be a mechanism to ensure federal offenders are treated equally across all jurisdictions for similar offences, or whether local sentencing practise should play a more prominent role.

Issues raised by the committee include practitioner disappointment regarding the decision to close the ACT Corrective Services Court Office, the need for better arrangements to allow for the transfer of sentenced prisoners to the ACT to have outstanding charges dealt with and the need to develop proposals to fully utilise the opportunity to conduct matters in Court using video link technology.

The committee commented on a departmental proposal

as to the award of costs in summary criminal cases. We have participated in a national research program looking at criminal trial case management.

A major development in the criminal law area in Canberra has been the commencement of the new sentencing “package”. The Committee continues to monitor the impact of the new legislation. It is still early days and while the changes are supported overall we have expressed reservations about the apparent lack of appeal process from the Sentence Administration Board and the fairness of automatic cancellation of parole or periodic detention in certain circumstances.

There are many “nuts and bolts” issues arising from the changes that practitioners in the criminal jurisdiction will have to come to grips with over the next short while.

This committee, like others, notes the commencement of the new Court Procedures Rules.

I continue to be grateful that people from the private profession, legal aid, prosecution, court administration, and academics are members of the committee and we also have input from Corrective Services and the Department of Justice and Community Safety. I take the opportunity to thank all of those people for their participation in the work of the Criminal Law Committee during the year.

Martin Hockridge (Chair)

ELDER LAW ♦

David Walsh (Chair)
 Brian Brown
 Barbara Maguire
 Julie O'Donnell
 John Pola
 James Millea
 Judy Morris
 Richard Lewis
 Malcolm Parker
 James Galton

The committee continued to meet on a monthly basis this period. Most of its time was taken up considering the reform of the ACT law relating to enduring powers of attorney, including so-called “living wills”. A submission was made to the Department of Justice and Community Safety (JACS) in October 2005 concurring with the government’s recommendation that the general scheme and philosophy of the Queensland Powers of Attorney ACT 1998 be followed but with some fine tuning. Liaison regarding the legislation continues and the committee expects to contribute to the task force considering the next stage of implementation, in particular the forms associated with this legislation.

The committee also discussed many other matters relating to “elder law”. As a whole, the committee is concerned as to the level of “elder abuse”, financial and social in our community. Members of the committee

continue to explore ways and means by which elderly people can be made more aware of their rights. The committee contributed to the COTA (Council on the Ageing) Seniors Expo at St John's Church in April 2006 with members manning a booth providing free legal advice to the public. Around 300 people attended this event.

Membership of the committee has increased with active recruitment this year. The committee warmly welcomed, Malcolm Parker of COTA, strengthening ties with that organisation. Sincere gratitude is expressed to the members of the committee for their continuing contribution and wise counsel.

Sue-Ellen Keir (Committee Administrator)

FAMILY LAW ♦

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

A large amount of legislation has been passed by the Federal Government impacting on family law practitioners.

The Shared Parenting Bill has been passed by the Federal Government and a substantial volume of funding has been allocated to Family Relationship Centres throughout Australia as part of the implementation of the new legislation.

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

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

Kay Barralet has continued with her highly informative newsletter entitled "The Family Way".

In addition to work at a Federal level in terms of

legislation and case law, there have also been a large number of changes in the local ACT Domestic Violence and Protection Act which operates via the ACT Magistrates Court. There are new Rules which have been introduced by the ACT Supreme Court and the Magistrates Court which impact on practitioners in respect to the ACT Domestic Relationships Act and the Domestic Violence and Protection Act.

The Committee has also been liaising with Deputy Chief Justice John Faulks in regular case management meetings and also with Federal Magistrate Brewster and Federal Magistrate Burt Mowbray. Deputy Chief Justice Faulks has devoted a large amount of his own personal time to arrange different Family Law Forums to assist practitioners and prepare them for the changes that lie ahead such as the combined registry project. In addition to monitoring the abovementioned matters the committee is also playing an active role in the development of the Children's Cases Program which involves a move away from the traditional adversarial approach of the past and developing a new model for the hearing of children's cases which involves far less formality.

There have been recent developments in the area of collaborative lawyering. Representatives of this committee have been invited to participate in training programs.

The committee has hosted a number of meetings with representatives of the Supreme Court and the ACT Magistrates Court to facilitate the progressive introduction of practice rules impacting on family law issues.

Greg Burnett (Chair)

FUNCTIONS LAW WEEK ♣

Jason Parkinson (Chair)
 Chanaka Bandarage
 Rachel Bird
 Rosemary Budavari
 Ben Caddaye
 Shane Drumgold
 Elenore Eriksson
 Sheila Foliaki-Singh
 Sue-Ellen Keir
 Larry King
 John Kirubaithilakan (until August 2006)
 Katrina MacKenzie
 Athol Opas
 Dana Price
 Bill Redpath
 Rebecca Rousell (until February 2006)
 Dean Sahu Khan
 Sarah Simpson (until September 2005)
 Sharlene Whyte

2006 was our second year as the Functions and Law Week Committee - no longer just catering to the

Dionysian hungers of the members, we also had to get out the message of Fairness, Equity and the Rule of Law to the Canberra Community via Law Week.

The Free Legal Advice Bureau was highly visible during Law Week in the Territory's four main shopping complexes. This gave the Society an opportunity to showcase its public-spiritness by providing pro bono advice to the community. Thank you to all members who gave up time from their busy practices to pitch in.

The highlight of the week was the Blackburn Lecture, with our very own Chief Justice Higgins speaking to a packed house on "Women in Law: Past Achievements and Future Directions".

Congratulations to the winners of the Law Week soccer competition, Colquhoun Murphy (although with Sasha Wainwright's recent move to South Australia, the odds are against them for winning next year!).

Thanks to the committee and volunteers for making Law Week 2006 an unmitigated success.

Our regular Law Society lunches have, yet again, been a complete sell-out – clearly the committee's unceasing search for fine dining venues, together with the Immediate Past President's wine selections have been endorsed by the members. Rest assured we will continue this arduous task.

The Committee thanks our sponsors Gavin Lee of Willis Australia, a long time supporter of the lunches, and welcomes Richard Navakas of Hillross Financial Services our latest sponsor. Our lunches would not be nearly as good value without their generous support. Thank you.

The Annual Dinner was again held at the Lobby Restaurant, where we were entertained again by the finalists of the "Golden Gavel." Thanks to all the contestants for a thoroughly entertaining evening, and congratulations to Emma Herde of Phillips Fox for her win.

Thanks must go to Yvette De Paoli for all her excellent work during the year, and to all members of the Functions and Law Week Committee. 2007 will be a challenging year for us, and we look forward to the assistance and support from all members of the Society.

Jason Parkinson (Chair)

LEGAL EDUCATION ♦

Bill Redpath (Chair)
Rod Barnett
Michael Flynn
Peter Woulfe
Mark Blumer
Louise Vardanega
Greg Walker
Janean Richards
Larry King

Shaun Gath
Jo Clay
Matt O'Brien

The Committee was established by the Council and held its first meeting in August 2005.

The impetus for the Committee was for the ACT profession to have a more coordinated approach to practical legal training issues.

The Committee soon expanded its role to include the development of a policy paper to help guide the Law Society in the area of legal education and the training of legal practitioners.

Such a policy might identify guiding principles in respect of the various levels of legal education as well as a practical strategy for activities that might involve the local profession.

It is fair to say that the Committees efforts to date are a work in progress.

It remains to be seen whether this Committee can fulfil a useful function and whether there is sufficient work it is capable of undertaking.

Bill Redpath (Chair)

LEGAL PROFESSION ACT & ETHICS ♦

Michael Phelps (Chair)
Paul Armarego
Rod Badgery
Trevor Barker
David Crossin
Julie Dobinson
Graeme Finlayson
Linda Glover (until April 2006)
Tom Howe (since February 2006)
Tony Kidney
Gerald Santucci
Gloria Wong

The Committee met on six occasions throughout the year.

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

The Committee encourages members who are faced with such issues to seek the Society's assistance at an early point. The Society, through the Committee, may also be able to help resolve differences between practitioners on matters such as perceived or actual conflicts, retention of funds, irrevocable authorities and file transfers.

Other issues which the Committee considered throughout the year included:

1. **Norfolk Island Practitioners:** In response to a request from the Crown Counsel of the Norfolk Island Administration, the Committee provided comments on proposed Audit and Practice Regulations to be introduced by the Administration pursuant to Norfolk Island's Legal Profession Act.
2. **ANU Legal Workshop – review of GDLP Courses:** A subcommittee reviewed and provided comments to the Workshop on the ethics component of the course materials.

With the introduction of the Legal Profession Act on 1 July 2006, I anticipate that the work load of the Committee will increase this year as practitioners come to terms with the sheer bulk of the legislation and an increased regulation of the manner in which we practise.

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

Michael Phelps (Chair)

LAW OFFICE MANAGERS FORUM ♦

Tanya Berlis (Chair)
 Julie Barton (Deputy)
 Carrie Anderson
 Gayle Carey
 Jane Diedricks
 Jodie Fogarty
 Sue Hayes
 Marilyn MacLeod
 Fran Nichols
 Miquel O'Toole
 Kylie Peterson
 Lyn Robbins
 Jo Salmond
 Hilary Saunders
 Gayle Sillis
 Bronwyn Sweeney
 Lyzette Tantala
 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 1.00pm and 2.00pm. The Forum generally has a guest speaker addressing various topics of interest. In 2005/2006 the following speakers have addressed LOMF.

- Miranda Bruyn, Occupational Therapist of Lisa Castle & Associates
- Gavin Messenger of FindLaw (Website Marketing)

- Ian Robbins (Recruiting)
- David Morphett (Industrial Relations)
- Adrian Bray (Trust Rules & Regulations)
- Ingrid Workman of Bentleys (Service Companies)
- Deborah Roberts of Gillian Beaumont Recruitment

We have also conducted the following seminars:

- Probate Seminar – by Julie O'Donnell & Annie Glover
- Commercial Leasing Seminar – by Mr Brian Tetlow
- Confident Customer Service – Carolyn Stewart

All of the above seminars were well attended. Many thanks to all involved.

The Forum's lunchtime meetings have grown with our recent recruitment drive. LOMF provides a venue for networking and a wonderful source for ideas and strategies.

LOMF welcomes all new members who are interested in sharing ideas and issues relating to legal management.

Tanya Berlis (Chair)

PRACTICE MANAGEMENT ♠

Rod Barnett (Chair)
 Bill Baker
 Graeme Blank
 Amy Burr (Young Lawyers' representative)
 Phillip Davey
 Denise van Dijk (LOMF representative)
 Tony Kidney
 Byll Swan
 Gary Tamsitt
 Paul Vane-Tempest

As we come to the end of another year of operation of our Committee, it is with some degree of nostalgia that I must report that Tony Kidney, who is retiring as the Professional Standards Director, must, of necessity, also leave our Committee as he will no longer be a part of the Executive of the Law Society.

Tony has represented the Executive on the Practice Management Committee since its inception. His contribution to that Committee has been invaluable as has been his unflinching support and enthusiasm which he has brought to bear, thereby making this Committee one of the most important in the Law Society in my view.

It can be said that Tony was the instigator of the original Practice Management Committee in the sense that it operated purely for the purpose of providing a course designed to assist those practitioners that were seeking an unrestricted practicing certificate and as a consequence, were going into partnership.

It is one thing, however, to formulate an appropriate course of instruction and yet another, to bring it to a

practical reality. Tony has, since its inception, been constantly charged with the responsibility of ensuring that the course is run efficiently and that the best talent is garnered for the purpose of conducting the modules contained within the course.

Throughout the continuation of the Practice Management course, Tony did not and has not, at any time, missed a beat in this regard. Tony has, throughout his representation of the executive, looked for ways to improve the modules constituting the Practice Management course and has always looked for better ways of presentation.

Tony has also been a moving force behind the need for the Law Society to support its newly admitted Solicitors. To that extent, he established a completely separate program for close and personal talks to newly admitted Solicitors and also a series of legal education seminars directed at newly admitted Solicitors which, at its original inception, did not attract much interest but is now flourishing.

Not satisfied with the extent of these activities, Tony has also involved himself in assisting in the provision of special seminars for Practice Managers. These, once again, have been widely accepted and in the circumstances have been generally well attended.

Throughout this time, Tony has been ably assisted by Linda Mackay whose contribution has also been of immense importance. As Chairman of the Committee, I am thankful that Linda will be still with us in the forthcoming year as her experience will be invaluable to any member of the Executive who takes up the cudgels on behalf of Tony and assists with the running of the Practice Management course in the future.

With regard to the activities of the Committee, we are generally running two courses a year which seem to be well attended. The first is generally in the months of March and April with a second course in the months of October and November. The format of the course has been changed to the extent that there is a combination of attendance for one whole day, with some of the modules being capable of being attended at night. This is to place less pressure on those wishing to attend the course as the course does take up a considerable amount of leisure time on the part of the attendee.

As has become the custom, I can report that the numbers of attendees in relation to all of our activities increased during the currency of the year and are set out below:

Practice Management Course	33
Risk Management Seminars for Newly Admitted Solicitors	100
Risk Management Seminars for Support Staff	60
Trust Accounting Seminars	45
Seminars for Newly Admitted Solicitors	98

The promulgation of all courses and seminars conducted by the Practice Management Committee throughout the year, have resulted in a gross income of \$60,542.20.

I would also like to take this opportunity of thanking all members of my Committee, who have not only provided constructive advice but in many cases have shown themselves willing to participate in some of the modules of our courses. I am forever grateful for such a heavy involvement of members of our Committee as this involvement certainly contributes to making all of our courses both vibrant and interesting.

Rod J. Barnett (Chair)

PROPERTY LAW ♦

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

2005/2006 has continued to be a busy year for the hardworking members of the Property Law Committee. There have been a number of sub-committees dealing with changes to the Land (Environment & Planning) Act, and reviewing the Civil Law (Sale of Residential Property) Act.

There have also been a number of meetings with the ACT Revenue Office, the ACT Planning and Land Authority, and continued close liaison with the Registrar General's Office.

Practice directions have been prepared in relation to settlement processes, and a rewrite of the Society's standard Contract for Sale is planned in the next month.

The Committee has continued to be involved in moves towards a national electronic conveyancing system, online searching and on line stamping.

I once again appreciate the great assistance that has been given to me by the very hard working members of this Committee and in particular to members of the sub-committees who have given extensively of both

their time and their experience.

Michael James (Chair)

REVENUE LAW ♦

Stephen Jagggers (Chair)

Rod Badgery

Susan McCarthy

Chris Macphillamy

George Marques

David Toole

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

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

Earlier this year the Law Society made a further submission on a proposal for revision of land rich duty raising a number of legal and policy arguments. This proposal has not progressed since lodgment of our submission.

The Committee provides an avenue for members to have issues relating to ACT revenue laws and their administration by the ACT Revenue Office canvassed before the Commissioner for ACT Revenue and senior officers of the ACT Revenue Office. Members are encouraged to contact a member of the Committee should they have issues concerning the ACT Revenue Office.

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

Stephen Jagggers (Chair)

YOUNG LAWYERS ♦

James Fletcher (Chair)

Amy Burr (Vice Chair)

Peter Lee (Treasurer)

Paul Salinas (Obiter Dictum Editor)

Luke Brown

Edward Campbell

Elizabeth Lee

Peter Nicholas

Jayne Reece

Catherine Wallace

Cleo Wilson

Thanks to the efforts of our hard working committee members, the Young Lawyers Committee (YLC) is

moving ahead in leaps and bounds. It has been a very busy 12 months of doing what the YLC do, namely furthering the interests of young lawyers (practitioners in their first five years of practice in the ACT) by enhancing professional skills, and providing a social network in which to develop contacts. Our website is linked to <http://www.actlawsociety.asn.au>.

Year in review

The Annual Golden Gavel Public Speaking competition was hosted on 28 October 2005 during the Law Society Annual dinner at the Lobby Restaurant. The night was a roaring success. Our winner, Emma Herde (Phillips Fox) won with her topic 'Fuel for Thought – petrol, sugar and the coalition of the willing'. The runner-up was Dannelle Howley (Minter Ellison) and the People's Choice award went to Andrew Allen (Phillips Fox). Many thanks must go to his Honour Justice Connolly, the judge of the event, and also to Mr Matthew Smee of Hudsons. Thanks to Hudsons, excellent prizes were provided most notably in allowing Emma to compete in the National Final of the Golden Gavel in Brisbane. While she did not come away with the winner's prize that night – on all accounts she performed admirably. Emma has also represented the YLC at a forum on the death penalty hosted by Civil Liberties Australia. Thanks are also due to Muddle Bar who hosted a well attended after party.

The Annual Law Week Quiz was held in May at the Canberra Club and again thanks to the hard working YLC and members of the Law Society, it was a terrific night. The questions were thought provoking, yet fun – many thanks is due to our question writers, Mr Steve Whybrow, Blackburn Chambers, Ms Jane Ferry, ATO and Mr Brendan Ding, Colquhoun Murphy. Thanks is also due to our charismatic MC, Mr Bill Redpath, Mr Jonathan Mandl of LexisNexis, who kindly acted as chief scorer yet again and provided diligent scrutiny of the scoresheet. Our volunteers were kept busy on the night – most notably in assisting with the silent auction of an original cartoon by Geoff Pryor (Canberra Times), and the raffle of an original picture of the Himalayas. We are grateful to Geoff Pryor of the Canberra Times, and Ross Reid of Meyer Vandenberg Lawyers for donating these prizes. Thanks to the efforts of all, a total of \$3,667 was raised for this year's charity Innana Inc. Innana Inc helps women and families in crisis in the ACT. A cheque was presented to Innana Inc at the Member's lunch at Dijon in July.

Justice Connolly has kindly agreed to be the patron of the YLC. The YLC hopes to have his Honour involved in upcoming talks pitched at young lawyers.

Our newly formed social sub-committee, headed by Elizabeth Lee (Meyer Vandenberg) and ably assisted by Cleo Wilson (Attorney-General's Department) and Tanya Herbertson (Snedden Hall and Gallop) have produced some very enjoyable and successful events. In particular, the young lawyers' wine tasting series, which are run quarterly to coincide with each season, have been well attended. Successful tasting have been run at the Canberra Club, Long Rail Gully (Gary Parker's

vineyard), Madew and Pialligo Estate. The sub-committee has also been closely involved in liaising with law firms who have put on some truly fantastic drinks functions – for example, at Meyer Vandenberg, Snedden Hall and Gallop and Minter Ellison. Cleo is also the Committee liaison with the Young Professionals' Alliance and has been working hard to increase networking opportunities for young lawyers across the professions. Many thanks are due to all involved and we look forward to continuing this success in the 12 months ahead.

Amy Burr as Vice Chair and James Fletcher as Chair are observers on Law Society Council. While this means there is no formal involvement in the Council by the YLC, it is a good way to maintain a presence on Council and for the views of Young lawyers to be known. The YLC also gratefully acknowledges the support and interest it receives from Councillors.

The Committee continues to publish *Obiter Dictum*. The current *Obiter* Team comprises Paul Salinas of Nicholl and Co and Catherine Wallace, AFP Legal Executive, with Mr Edward Campbell, Nicholl and Co as the sponsorship coordinator. Production has stalled due to lack of sponsorship funds which has meant a prolonged delay in getting the next issue out. Nonetheless, the *Obiter* team is working hard to have the next edition published soon.

The YLC is continuing efforts to welcome new members to the profession. In June the inaugural post admission morning tea was held at the Law Society. Newly admitted practitioners were welcomed with an informal gathering at the Law Society. This has proved to be popular and is set to become a regular feature. Thanks is due to Athol Opas, Vice President of the Law Society, for attending and welcoming new practitioners. Welcome letters with information about the activities of Young Lawyers are sent to all newly admitted practitioners. The YLC has continued to make

information on mentors in a number of areas of law available to young lawyers, the list has been recently updated. Many thanks are due to our mentors for their time and wise counsel.

The Committee worked with the Practice Management Committee to generate a series of lectures designed to assist young lawyers integrate into the profession. These seminars were presented after hours and the costs were minimal. Attendance at these seminars has been strong and I encourage all young lawyers to attend. The YLC also has representation on a number of other Law Society committees which has worked to our mutual benefit.

Thanks to the efforts of our past Chair, Peter Woulfe of Dibbs Abbott Stillman, the Committee is close to completing a model employment contract for young lawyers. This document will be important for young lawyers as it aims to enshrine basic principles of employer responsibility together with a view to preventing workplace bullying. We thank Mr Paul Vane-Tempest of Blake Dawson Waldron for reviewing the contract and to Jayne Reece of Meyer Vandenberg for taking the running on this important initiative.

In the year ahead, it is hoped that guidelines for committee membership will be finalised. I would like to take the opportunity to thank my fantastic Vice Chair Amy Burr, and our Treasurer Peter Lee for their unwavering support and enthusiasm, and to the entire committee for their hard work and dedication. We also thank our committee administrator Sue-Ellen Keir and the other hardworking staff at the Law Society for their valuable support.

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

James Fletcher (Chair)

LAW SOCIETY COMMITTEE SUPPORT STAFF

- ♠ **Linda Mackay**
Complaints Committee Secretary
- ♣ **Yvette De Paoli**
Member Services Officer
- ♦ **Sue-Ellen Keir**
Committee Administrator

Treasurer's Report on the 2005/06 Financial Statements

I am pleased to present the Annual Report on the Society's accounts for 2005/06.

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

3. Statutory Interest Account

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

4. Solicitors' Fidelity Fund

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

General Account

As at 30 June 2006 the accumulated funds of the Society stood at \$738,631. This is an increase of \$33,092 on the previous year.

The Society's income increased by almost 11%. This was largely due to two factors, the first being increased revenue from practising certificate fees as a result of an increased number of practitioner members and, secondly, better than expected enrolments in the two Practice Management Courses conducted during 2005/06.

The Society's expenditure increased by less than 4%, largely in line with inflation.

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

Statutory Deposits Trust Account

Total deposits at 30 June 2006 amounted to well over \$7.3 million, a decrease of 15 % on the previous year.

It will be noted from the statement of cash flows that this decrease was due to additional deposits totalling \$1,443,172 less repayments of deposits amounting to \$2,752,427.

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 \$1,726,680 was an increase of 4.3% on the previous year.

Council has decided that an amount of \$1.25 million will be made available during 2006/2007 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 4.3% to a total of \$4,175,327.

It is pleasing to note that the Society has not been required to pay compensation from the Fund as a result of a defalcation since 1999.

The cost of random inspections in 2005/06 reverted to a more typical annual amount, having been unusually low in 2004/05 due to changes in the timing of the inspection programme.

It is also pleasing to note that expenditure on investigations, examinations and manager' costs was minimal in 2005/06.

W.G. Coombes

Treasurer



THE LAW SOCIETY
OF THE AUSTRALIAN CAPITAL TERRITORY

FINANCIAL
STATEMENTS

30 June 2006

actlawsociety

FINANCIAL REPORT – 30 JUNE 2006

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

CONTENTS

	Page	Notes	2006 \$	2005 \$
INCOME STATEMENT	1	3	1,301,197	1,175,063
BALANCE SHEET	2			
STATEMENT OF CHANGES IN EQUITY	3			
CASH FLOW STATEMENT	4			
NOTES TO THE FINANCIAL STATEMENTS	5			
COUNCILLORS' DECLARATION	19			
AUDIT OPINION	20			
			Profit / (Loss) for the year	
			<u>33,092</u>	<u>(46,290)</u>
			Revenue	
			Employee benefits expense	(624,786)
			Rent and related expense	(109,306)
			Functions and seminars	(91,202)
			President's allowance	(68,293)
			Capitation fees	(67,181)
		9	(40,044)	(36,990)
			Depreciation expense	(27,165)
			Postage and couriers	(22,206)
			Printing and stationery	(21,908)
			Insurances	(17,069)
			Legal expenses	(16,803)
			Travel and accommodation	(9,977)
			Committee and executive working lunches	(18,258)
			Other expenses	<u>(101,928)</u>

BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$p
Current assets			
Cash and cash equivalents	5	838,871	617,772
Investments	6	476,900	451,251
Trade and other receivables	7	196,039	227,240
Inventory	8	3,889	2,913
Total current assets		<u>1,515,699</u>	<u>1,299,176</u>
Non-current assets			
Office furniture and equipment	9	207,087	246,523
Rental bond		27,933	26,565
Total non-current assets		<u>235,020</u>	<u>273,088</u>
Total assets		<u>1,750,719</u>	<u>1,572,264</u>
Current liabilities			
Trade and other payables	10	847,017	750,673
Provisions	11	159,357	111,556
Total current liabilities		<u>1,006,374</u>	<u>862,229</u>
Non-current liabilities			
Provisions	11	5,714	4,496
Total non-current liabilities		<u>5,714</u>	<u>4,496</u>
Total liabilities		<u>1,012,088</u>	<u>866,725</u>
Net assets		<u>738,631</u>	<u>705,539</u>
Equity			
Accumulated funds		738,631	705,539
Total equity		<u>738,631</u>	<u>705,539</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Accumulated Funds		
Balance at the beginning of the financial year	705,539	751,829
Profit / (loss) for the year	<u>33,092</u>	<u>(46,290)</u>
Balance at the end of the financial year	<u>738,631</u>	<u>705,539</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 \$	2005 \$
Cash flows from operating activities			
Receipts from members and others		1,396,799	1,149,261
Payments to suppliers and employees		<u>(1,201,418)</u>	<u>(1,244,685)</u>
Interest received		195,381	(95,424)
		<u>51,975</u>	<u>53,900</u>
Net cash inflow/ (outflow) from operating activities	17	<u>247,356</u>	<u>(41,524)</u>
Cash flows from investing activities			
Proceeds from property, plant and equipment		2,200	-
Payments for investments		<u>(25,649)</u>	<u>(17,581)</u>
Payments for property, plant and equipment		<u>(2,808)</u>	<u>(179,990)</u>
Net cash (outflow) from investing activities		<u>(26,257)</u>	<u>(197,571)</u>
Net increase (decrease) in cash held		221,099	(239,095)
Cash at the beginning of the financial year		<u>617,772</u>	<u>856,867</u>
Cash at the end of the financial year	5	<u>838,871</u>	<u>617,772</u>

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Practitioners Act 1970 (as amended).

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.

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

First time Adoption of Australian Equivalents to International Financial Reporting Standards

The financial statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of the Society to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

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.

(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.

NOTE 1 STATEMENT 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.

(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.

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

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

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.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and options pricing models.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1 STATEMENT 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 Tax 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.

(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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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

(l) **Employee Benefits (Cont'd)**
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 Society does 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.

NOTE 2 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The councillors have assessed that there is no impact on equity or profit as reported under previous Australian Generally Accepted Accounting Principles as a result of adopting AIFRS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 3 REVENUE	2006 \$	2005 \$
Revenue from operating activities		
Practising certificate fees	596,835	539,384
Members' subscriptions	11,252	12,662
Capitation fees	73,850	66,815
Reimbursement of expenses		
- Statutory Interest Account - administration*	61,308	60,314
- Statutory Interest Account - Legal Advice Bureau*	26,726	23,960
- Statutory Interest Account - professional standards*	64,980	64,494
- Solicitors' Fidelity Fund of the Australian Capital Territory - administration*	29,631	33,628
Profit on standard forms	58,422	63,609
Income from functions	31,505	40,790
Ethos advertising and subscriptions	18,525	16,799
Subscription from seminars	83,596	59,109
Project Officer contributions	35,319	31,659
Certificates of good standing	11,200	12,100
Settlements Office contributions	56,200	55,538
Practice management courses	49,170	16,100
	<u>1,208,519</u>	<u>1,096,961</u>
Revenue from outside the operating activities		
Sponsorship	21,591	13,125
Interest	53,573	52,532
Miscellaneous income	17,514	12,445
	<u>92,678</u>	<u>78,102</u>
	<u>1,301,197</u>	<u>1,175,063</u>

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

NOTE 4 PROFIT / (LOSS)

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

	2006 \$	2005 \$
Rental payments on operating lease	(80,500)	(72,801)
Depreciation	(40,044)	(36,990)
Superannuation contributions	(52,329)	(48,748)
Loss on disposal	-	(159)
	<u>-</u>	<u>(159)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 5 CASH AND CASH EQUIVALENTS

	2006 \$	2005 \$
Cash on hand	520	300
Cash at bank	838,351	617,472
	<u>838,871</u>	<u>617,772</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>838,871</u>	<u>617,772</u>
Balances per cash flow statement	<u>838,871</u>	<u>617,772</u>

NOTE 6 INVESTMENTS

St George Bank term deposits	<u>476,900</u>	<u>451,251</u>
	<u>476,900</u>	<u>451,251</u>

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

NOTE 7 TRADE AND OTHER RECEIVABLES

Trade debtors	78,505	73,736
Prepayments	16,502	27,206
Accrued interest receivable	13,295	11,697
Other accrued income	86,052	82,906
GST refund receivable	1,484	22,018
Deposits paid	200	9,677
	<u>196,039</u>	<u>227,240</u>

NOTE 8 INVENTORY

Contracts for sale	3,752	2,285
Tenancy agreements	137	628
	<u>3,889</u>	<u>2,913</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 9 OFFICE FURNITURE AND EQUIPMENT (CONT'D)

	2006 \$	2005 \$
Office furniture and equipment		
At cost	381,201	380,593
Less: accumulated depreciation	<u>(174,114)</u>	<u>(134,070)</u>
Total office furniture and equipment	<u>207,087</u>	<u>246,523</u>

Reconciliation

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

	Office furniture and equipment \$
Carrying amount at 30 June 2005	246,523
Additions	2,808
Disposals	(2,200)
Depreciation expense	<u>(40,044)</u>
Carrying amount at 30 June 2006	<u>207,087</u>

NOTE 10 TRADE AND OTHER PAYABLES

Other liabilities		
Subscriptions in advance	702,754	648,222
Accruals	66,367	49,330
Payable – Solicitors' Fidelity Fund of the Australian Capital Territory	1,560	3,840
CTP/WC Campaign Fund	6,117	-
Lease incentive	<u>35,420</u>	<u>28,980</u>
Total other liabilities	812,218	730,372
Trade creditors	<u>34,799</u>	<u>20,301</u>
	<u>847,017</u>	<u>750,673</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 11 PROVISIONS

<i>Current</i>		
Provision for annual leave	93,936	68,957
Provision for long service leave	<u>65,421</u>	<u>42,599</u>
<i>Non-Current</i>		
Provision for long service leave	159,357	111,556
	<u>5,714</u>	<u>4,496</u>

The amount of current long service leave expected to be settled within 12 months of the end of the financial year is \$14,845 (2005: \$nil).

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 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 2006

NOTE 12 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
	\$	\$	\$	\$
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>
2005				
Financial assets				
Cash and cash equivalents	617,472	-	300	617,772
Trade and other receivables	-	-	156,642	156,642
Investments	-	451,251	-	451,251
Total	617,472	451,251	156,942	1,225,665
Weighted average interest rate	5.00%	5.64%		
Financial liabilities				
Trade and other payables	-	-	73,471*	73,471
Total	-	-	73,471	73,471
Net financial assets/(liabilities)				<u>1,152,194</u>
	2006	2005		
	\$	\$		
* Trade creditors and accruals Payable - Solicitors' Fidelity Fund	101,166	69,631		
CTP/W/C Campaign Fund	1,560	3,840		
	<u>6,117</u>	<u>-</u>		
	<u>108,843</u>	<u>73,471</u>		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 12 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.

	2006	2005
	\$	\$
NOTE 13 REMUNERATION OF AUDITORS		
Audit of the Society's financial report	7,650	7,300
No other benefits were received by the auditors	7,650	7,300

NOTE 14 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	99,764
Later than one year but not later than 5 years	289,469
	<u>389,233</u>
	<u>455,416</u>

The total amount of rental expense recognised in the reporting period was \$89,909 (2005: \$101,781).

NOTE 15 LEGISLATION

The Society is constituted under the Legal Practitioners Act 1970 (as amended). Pursuant to that Act the Society is responsible for operating and maintaining the following fund and accounts:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**NOTE 16 THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY -
COMPULSORY THIRD PARTY AND WORKERS' COMPENSATION
CAMPAIGN FUND**

The Society established the above Fund and was responsible for its administration. The Fund was wound up during the financial year with funds being transferred to the Society.

	2006	2005
	\$	\$

**NOTE 17 RECONCILIATION OF THE PROFIT/(LOSS)
FOR THE YEAR TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

Profit/(loss) for the year	33,092	(46,290)
Depreciation	40,044	36,990
Loss on disposal of fixed assets	-	159
Change in operating assets and liabilities: (Increase)/decrease in rental bond	(1,368)	(26,565)
(Increase)/decrease in inventories	(976)	121
(Increase)/decrease in trade and other receivables	31,201	(124,074)
Increase/(decrease) in subscriptions received in advance	54,532	73,222
Increase/(decrease) in trade and other payables	31,535	(3,217)
Increase/(decrease) in Solicitors' Fidelity Fund of the ACT payable	(2,280)	-
Increase/(decrease) in provision for long service leave	24,040	10,480
Increase/(decrease) in provision for annual leave	24,979	15,242
(Decrease) in professional indemnity insurance premiums	-	(6,572)
Increase/(decrease) in CTP/WC Campaign Fund	6,117	-
Increase/(decrease) in lease incentive	6,440	28,980
Net cash inflow/(outflow) from operating activities	<u>247,356</u>	<u>(41,524)</u>

NOTE 18 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 from 15 September 2005 Vice President to 14 September 2005
Mr W M Redpath	President to 14 September 2005 Immediate Past President from 15 September 2005
Mr R J Barnett	Vice President
Mr A Opas	Vice President from 15 September 2005

Page 16

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**NOTE 18 RELATED PARTIES (CONT'D)**

Mr W G Coombes	Treasurer
Ms L E Vardanega PSM	Secretary
Mr D W Farrar	Immediate Past President to 14 September 2005 From 15 September 2005
Ms L Barfin	
Ms K Barralet	
Ms R Bird	
Ms L Crebbin	
Mr M Flynn	To 14 September 2005
Ms J Ford	
Mr B Haich	
Mr D Malcolmsen	from 15 September 2005
Ms J Purecell	
Ms E Ryan	from 15 September 2005
Mr P Vane-Tempest	

During the year the Society paid professional fees to Councillors or their Councilor-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 Councilor-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 \$2,442 (2005: \$2,766) in premiums for Councillors and Officers liability insurance.

NOTE 19 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:

	2006	2005
	\$	\$
Salary	178,326	170,676
Superannuation	9,366	9,120
Bonus	-	-
Other benefits	-	-
	<u>187,692</u>	<u>179,796</u>

Page 17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councilors' Declaration.

NOTE 21 CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

NOTE 22 CHANGE IN ACCOUNTING POLICY

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.

COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2006

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

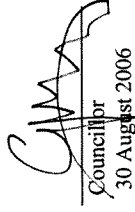
- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Society's financial position as at 30 June 2006 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councilors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Practitioners Act 1970 (as amended); and
- (b) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

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


Councilor
30 August 2006


Councilor
30 August 2006

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

Scope


We have audited the financial report of The Law Society of the Australian Capital Territory (The Society) for the year ended 30 June 2006 comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Financial Statements and Council's Declaration. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Society as at 30 June 2006 and the results of its operations and cash flows for the year then ended.


Duesburys Nexia

R C Scott
Partner

Canberra, 30 August 2006

CONTENTS

	Page	Notes	2006 \$	2005 \$
INCOME STATEMENT	1		-	-
BALANCE SHEET	2		-	-
STATEMENT OF CHANGES IN EQUITY	2		-	-
CASH FLOW STATEMENT	3		-	-
NOTES TO THE FINANCIAL STATEMENTS	4		-	-
COUNCILLORS' DECLARATION	11		-	-
AUDIT OPINION	12		-	-

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

BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
Current assets			
Cash and cash equivalents	3	3,315,915	4,760,107
Investments	4	4,028,651	3,893,714
Total current assets		7,344,566	8,653,821
Total assets		7,344,566	8,653,821
Current liabilities			
Trade and other payables	5	7,344,566	8,653,821
Total current liabilities		7,344,566	8,653,821
Total liabilities		7,344,566	8,653,821
Net assets		-	-
Equity			
Accumulated funds		-	-
Total equity		-	-

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
Accumulated funds			
Balance at the beginning of the year		-	-
Surplus/(deficit) for the year		-	-
Balance at the end of the year		-	-

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
Cash flows from investing activities			
Payments for investments		(134,937)	(102,885)
Net cash (outflow) from investing activities		(134,937)	(102,885)
Cash flows from financing activities			
Proceeds from deposits		1,443,172	2,786,925
Repayments of deposits		(2,752,427)	(2,490,785)
Net cash inflow (outflow) from financing activities		(1,309,255)	296,140
Net increase (decrease) in cash held		(1,444,192)	193,255
Cash at the beginning of the financial year		4,760,107	4,566,852
Cash at the end of the financial year	3	3,315,915	4,760,107

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

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Practitioners Act 1970 (as amended).

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.

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

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

The financial statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of the Trust Account to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

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.

(a) Income Tax

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

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

(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.

(d) Monies Deposited by Solicitors

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

(e) 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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

(e) Financial Instruments (Cont'd)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

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) 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 Trust Account.

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.

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The councillors have assessed that there is no impact on equity or profit as reported under previous Australian Generally Accepted Accounting Principles as a result of adopting AIFRS.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

2006 \$

2005 \$

NOTE 3 CASH AND CASH EQUIVALENTS

Cash at bank	<u>3,315,915</u>	<u>4,760,107</u>
	<u>3,315,915</u>	<u>4,760,107</u>

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

Balances as above	<u>3,315,915</u>	<u>4,760,107</u>
Balances per cash flow statement	<u>3,315,915</u>	<u>4,760,107</u>

NOTE 4 INVESTMENTS

Commonwealth Bank	1,500,000	1,500,000
National Australia Bank	910,678	862,343
St George Bank	<u>1,617,973</u>	<u>1,531,371</u>
	<u>4,028,651</u>	<u>3,893,714</u>

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

NOTE 5 TRADE AND OTHER PAYABLES

Monies deposited by solicitors	<u>7,344,566</u>	<u>8,653,821</u>
	<u>7,344,566</u>	<u>8,653,821</u>

NOTE 6 LEGISLATION

The Statutory Deposits Trust Account is maintained by the Law Society of the Australian Capital Territory, a related entity, in accordance with section 127 of the Legal Practitioners Act 1970 (as amended). Interest income earned on interest bearing deposits held by the Statutory Deposits Trust Account is credited as income of the Statutory Interest Account. The Trust Account has no employees.

NOTE 7 REMUNERATION OF AUDITORS

Audit fees of \$850 (2005:\$ 800) were ultimately paid by the Statutory Interest Account on behalf of the Statutory Deposits Trust Account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 8 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.

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 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:

NOTE 8 FINANCIAL INSTRUMENTS (CONT'D)

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
	<u>3,315,915</u>	<u>4,028,651</u>	<u>-</u>	<u>7,344,566</u>
Weighted average interest rate	5.25%	5.56%		
Financial liabilities				
Deposits by solicitors	-	-	7,344,566	7,344,566
	<u>-</u>	<u>-</u>	<u>7,344,566</u>	<u>7,344,566</u>
Net financial assets (liabilities)				<u>-</u>

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 10 EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration.

NOTE 11 CHANGE IN ACCOUNTING POLICY

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 Councillors declare that the financial statements and notes set out on pages 1 to 10:

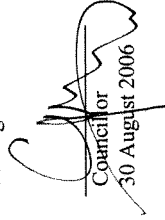
- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Account's financial position as at 30 June 2006 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Practitioners Act 1970 (as amended); and
- (b) there are reasonable grounds to believe that the Trust 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
30 August 2006


Councillor
30 August 2006

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

Scope

We have audited the financial report of The Law Society of the Australian Capital Territory – Statutory Deposits Trust Account (the 'Trust Account') for the year ended 30 June 2006 comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash flow Statement, Notes to the Financial Statements and Councilors' Declaration. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Trust Account as at 30 June 2006 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia

Canberra, 30 August 2006



**R C Scott
Partner**

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

FINANCIAL REPORT – 30 JUNE 2006

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

CONTENTS

	Page	Notes	2006 \$	2005 \$
INCOME STATEMENT	1	3	1,726,680	1,654,920
BALANCE SHEET	2	11	(61,308)	(60,314)
STATEMENT OF CHANGES IN EQUITY	3		-	(122)
CASH FLOW STATEMENT	4		(21,672)	(6,978)
NOTES TO THE FINANCIAL STATEMENTS	5		(292,190)	(195,765)
COUNCILLORS' DECLARATION	16		(27,155)	(24,983)
AUDIT OPINION	17		(65,981)	(68,303)
			Surplus before disbursements	1,298,455
			Proposed disbursements S128	(1,300,000)
			Disbursements S128	<u>23,645</u>
			Surplus for the year	<u>22,100</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
Current assets			
Cash and cash equivalents	4	998,593	1,106,422
Investments	5	1,183,869	1,121,456
Trade and other receivables	6	285,588	216,893
Total current assets		<u>2,468,050</u>	<u>2,444,771</u>
Non-current assets			
Legal advice bureau furniture and fittings	7	-	-
Total non-current assets		-	-
Total assets		<u>2,468,050</u>	<u>2,444,771</u>
Current liabilities			
Trade and other payables	8	169,505	75,557
Provisions	9	1,250,000	1,314,880
Total current liabilities		<u>1,419,505</u>	<u>1,390,437</u>
Non-current liabilities			
Provisions	10	-	14,163
Total non-current liabilities		-	<u>14,163</u>
Total liabilities		<u>1,419,505</u>	<u>1,404,600</u>
Net assets		<u>1,048,545</u>	<u>1,040,171</u>
Equity			
Accumulated funds		<u>1,048,545</u>	<u>1,040,171</u>
Total equity		<u>1,048,545</u>	<u>1,040,171</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Accumulated funds		
Balance at the beginning of the financial year	1,040,171	1,018,071
Surplus for the year	<u>8,374</u>	<u>22,100</u>
Balance at the end of the financial year	<u>1,048,545</u>	<u>1,040,171</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
Cash flows from operating activities			
Miscellaneous receipts		182	591
Disbursements and other operating payments		<u>(437,044)</u>	<u>(294,191)</u>
Interest		<u>(436,862)</u>	<u>(293,600)</u>
Net cash inflow from operating activities	15	<u>1,254,584</u>	<u>1,327,223</u>
Cash flows from investing activities			
Payments for investments		<u>(62,413)</u>	<u>(53,903)</u>
Net cash inflow (outflow) from investing activities		<u>(62,413)</u>	<u>(53,903)</u>
Cash flows from financing activities			
Section 128 disbursements	13	<u>(1,300,000)</u>	<u>(1,131,355)</u>
Net cash (outflow) from financing activities		<u>(1,300,000)</u>	<u>(1,131,355)</u>
Net increase (decrease) in cash held		<u>(107,829)</u>	<u>141,965</u>
Cash at the beginning of the financial year		<u>1,106,422</u>	<u>964,457</u>
Cash at the end of the financial year	4	<u>998,593</u>	<u>1,106,422</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Practitioners Act 1970 (as amended).

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.

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

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

The financial statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of the Account to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

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.

(a) Income Tax

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

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

- (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.
- (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) **Employee Benefits**
Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. The benefits expected 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.

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

- (g) **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.
- Fair value*
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.
- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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

(h) 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.

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
NOTE 3 REVENUE		
Revenue from operating activities		
Interest on investments by the Statutory Interest Account	125,689	123,117
Interest on investments by the Statutory Deposits Account	404,295	414,056
Interest on Solicitors' Trust Accounts	<u>1,196,514</u>	<u>1,117,156</u>
	1,726,498	1,654,329
Revenue from outside the operating activities		
Miscellaneous income	<u>182</u>	<u>591</u>
	<u>1,726,680</u>	<u>1,654,920</u>

NOTE 4 CASH AND CASH EQUIVALENTS

Cash at bank	<u>998,593</u>	<u>1,106,422</u>
	<u>998,593</u>	<u>1,106,422</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>998,593</u>	<u>1,106,422</u>
Balances per cash flow statement	<u>998,593</u>	<u>1,106,422</u>

NOTE 5 INVESTMENTS

ANZ Banking Group	719,939	682,320
St George Bank Australia	<u>463,930</u>	<u>439,136</u>
	<u>1,183,869</u>	<u>1,121,456</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 2006

	2006 \$	2005 \$
NOTE 6 TRADE AND OTHER RECEIVABLES		
Accrued interest		
-Investments	108,798	106,635
-Solicitors' Trust Accounts	<u>140,481</u>	<u>107,592</u>
	249,279	214,227
Prepayments	887	1,001
GST paid to suppliers	<u>35,422</u>	<u>1,665</u>
	<u>285,588</u>	<u>216,893</u>

NOTE 7 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>
	-	-

NOTE 8 TRADE AND OTHER PAYABLES

Sundry creditors and accruals	<u>169,505</u>	<u>75,557</u>
	<u>169,505</u>	<u>75,557</u>

NOTE 9 PROVISIONS – CURRENT

Proposed disbursements from current year income	1,250,000	1,300,000
Annual leave	-	<u>14,880</u>
	<u>1,250,000</u>	<u>1,314,880</u>

NOTE 10 PROVISIONS – NON-CURRENT

Provisions for long service leave	-	<u>14,163</u>
	-	<u>14,163</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 11 LEGAL ADVICE BUREAU OPERATING COSTS		
Cleaning	443	498
Depreciation	1,354	884
Electricity	225	168
Insurance	487	541
Publications and subscriptions	429	700
Rental of premises	5,934	4,686
Salaries and superannuation	18,283	17,183
Security	-	<u>323</u>
	<u>27,155</u>	<u>24,983</u>

NOTE 12 PROPOSED DISBURSEMENTS

The Society will invite submissions for disbursements from the Statutory Interest Account under S128(4) of the Legal Practitioners Act 1970 (as amended):		
Proposed disbursements	<u>1,250,000</u>	<u>1,300,000</u>

NOTE 13 DISBURSEMENTS

Disbursements made from the Statutory Interest Account under S 128(4) of the Legal Practitioners Act 1970 (as amended) were:		
Environmental Defender's Office	15,000	-
Legal Aid Commission (ACT)	1,123,640	995,000
Welfare Rights and Legal Centre	111,360	108,650
Women's Legal Centre	<u>50,000</u>	<u>27,705</u>
	<u>1,300,000</u>	<u>1,131,355</u>
Less: Proposed disbursements as at 1 July	<u>(1,300,000)</u>	<u>(1,155,000)</u>
Prior year over accrual	-	<u>(23,645)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 14 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 2006

NOTE 14 FINANCIAL INSTRUMENTS (CONT'D)

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>
2005				
Financial assets				
Cash and cash equivalents	1,106,422	-	-	1,106,422
Investments	-	1,121,456	-	1,121,456
Trade and other receivables	-	-	215,892	215,892
	<u>1,106,422</u>	<u>1,121,456</u>	<u>215,892</u>	<u>2,443,770</u>
Weighted average interest rate	5.00%	5.47%		
Financial liabilities				
Trade and other payables	-	-	75,557	75,557
Proposed disbursements	-	-	1,300,000	1,300,000
	-	-	<u>1,375,557</u>	<u>1,375,557</u>
Net financial assets (liabilities)				<u>1,068,213</u>

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 14 FINANCIAL INSTRUMENTS (CONT'D)

(e) 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.

NOTE15 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW
FROM OPERATING ACTIVITIES

	2006	2005
Surplus for the year	\$ 8,374	\$ 22,100
Disbursements	1,250,000	1,276,355
Change in operating assets and liabilities	(35,052)	(33,506)
(Increase)/decrease in accrued interest		
increase/(decrease) in trade and other payables	93,948	58,366
Increase/(decrease) in employee benefits	(29,043)	2,808
(Increase)/decrease in other receivables	(33,643)	1,100
Net cash inflow from operating activities	<u>1,254,584</u>	<u>1,327,223</u>

NOTE 16 CONTINGENT ASSETS

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

NOTE 17 LEGISLATION

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

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 18 REMUNERATION OF AUDITORS

Audit fees of \$1,450 (2005: \$1,400) were ultimately paid by the Statutory Interest Account.

NOTE 19 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 20 EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councilors' Declaration.

NOTE 21 CHANGE IN ACCOUNTING POLICY

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 Account and no material impact on the income statement or balance sheet of the entity.

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

**COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2006**

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

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Account's financial position as at 30 June 2006 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Practitioners Act 1970 (as amended); and
- (b) there are reasonable grounds to believe that the Account will be able to pay its debts as and when they become due and payable.

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


Councillor
30 August 2006


Councillor
30 August 2006



Duesburys Nexia

Level 7, St George Centre
60 Marcus Clarke Street

GPO Box 500
Canberra ACT 2601

Tel (02) 6279 5400
Fax (02) 6279 5444

mail@duesburysnexia.com.au
www.duesburysnexia.com.au

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

Scope

We have audited the financial report of The Law Society of the Australian Capital Territory – Statutory Interest Account (the Account) for the year ended 30 June 2006 comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Financial Statements and Councillors' Declaration. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Account as at 30 June 2006 and the results of its operations and cash flows for the year then ended.



Duesburys Nexia

**R C Scott
Partner**

Canberra, 30 August 2006

FINANCIAL REPORT – 30 JUNE 2006

CONTENTS

INCOME STATEMENT	Page	1
BALANCE SHEET		2
STATEMENT OF CHANGES IN EQUITY		3
CASH FLOW STATEMENT		4
NOTES TO THE FINANCIAL STATEMENTS		5
COUNCILLORS' DECLARATION		13
AUDIT OPINION		14

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
Revenue	3	262,988	252,652
Audit fees		(1,450)	(1,400)
Administration expenses		(29,631)	(33,628)
Bank charges		-	(29)
Investigations, examinations and managers' costs		(815)	(74,868)
Random inspections expenses		(58,100)	(19,000)
Surplus for the year		<u>172,992</u>	<u>123,727</u>

BALANCE SHEET
AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
Current assets			
Cash and cash equivalents	4	282,848	150,329
Trade and other receivables	5	48,731	50,654
Total current assets		<u>331,579</u>	<u>200,983</u>
Non-current assets			
Investments	6	3,892,282	3,851,991
Total non-current assets		<u>3,892,282</u>	<u>3,851,991</u>
Total assets		<u>4,223,861</u>	<u>4,052,974</u>
Current liabilities			
Trade and other payables	7	48,534	50,639
Total current liabilities		<u>48,534</u>	<u>50,639</u>
Total liabilities		<u>48,534</u>	<u>50,639</u>
Net assets		<u>4,175,327</u>	<u>4,002,335</u>
Equity			
Accumulated funds		4,175,327	4,002,335
Total equity		<u>4,175,327</u>	<u>4,002,335</u>

(Notes to these financial statements are annexed)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Accumulated Funds		
Balance at the beginning of the financial year	4,002,335	3,878,608
Surplus for the year	<u>172,992</u>	<u>123,727</u>
Balance at the end of the financial year	<u>4,175,327</u>	<u>4,002,335</u>

(Notes to these financial statements are annexed)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 \$	2005 \$
Cash flows from operating activities			
Receipts from contributions		37,120	35,190
Recoveries		4,555	2,797
Payments		<u>(90,691)</u>	<u>(140,008)</u>
		(49,016)	(102,021)
Interest received		<u>221,826</u>	<u>214,504</u>
Net cash inflow from operating activities	11	<u>172,810</u>	<u>112,483</u>
Cash flows from investing activities			
Payments for investments		<u>(40,291)</u>	<u>(190,300)</u>
Net cash (outflow) from investing activities		<u>(40,291)</u>	<u>(190,300)</u>
Net increase/ (decrease) in cash held		132,519	(77,817)
Cash at the beginning of the financial year		<u>150,329</u>	<u>228,146</u>
Cash at the end of the financial year	4	<u>282,848</u>	<u>150,329</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Practitioners Act 1970 (as amended).

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.

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

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

The financial statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of the Fund to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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 2006

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

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

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

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 Tax 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.

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS

The councillors have assessed that there is no impact on equity or profit as reported under previous Australian Generally Accepted Accounting Principles as a result of adopting AIFRS.

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 3 REVENUE		
Revenue from operating activities		
Interest on investments	225,033	214,905
Contributions	<u>33,400</u>	<u>34,950</u>
	258,433	249,855
Revenue from outside the operating activities		
Recovered management costs	<u>4,555</u>	<u>2,797</u>
	262,988	252,652

NOTE 4 CASH AND CASH EQUIVALENTS

Cash at bank	<u>282,848</u>	<u>150,329</u>
	282,848	150,329
Balances as above	<u>282,848</u>	<u>150,329</u>
Balances per cash flow statement	<u>282,848</u>	<u>150,329</u>

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

NOTE 5 TRADE AND OTHER RECEIVABLES

Trade debtors – The Law Society of the Australian Capital Territory	1,560	3,840
Accrued interest	44,675	41,468
Other receivables	<u>2,496</u>	<u>5,346</u>
	48,731	50,654
NOTE 6 INVESTMENTS		
ANZ Banking Group	2,044,033	1,935,109
St George Bank	548,249	518,654
National Australia Bank	<u>1,300,000</u>	<u>1,398,228</u>
	3,892,282	3,851,991

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

THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 7 TRADE AND OTHER PAYABLES		
Trade creditors and accruals	16,494	20,039
Contributions received in advance	<u>32,040</u>	<u>30,600</u>
	48,534	50,639

NOTE 8 LEGISLATION

The Solicitors' Fidelity Fund of the Australian Capital Territory is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S132 of the Legal Practitioners Act 1970 (as amended). The Fund has no employees.

NOTE 9 AUDITORS' REMUNERATION

Audit of the Fund's financial report	1,450	1,400
Conduct of random inspections	<u>28,150</u>	<u>-</u>
	29,600	1,400

NOTE 10 CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 11 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES.

Surplus for the year	172,992	123,727
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	1,923	(597)
Increase/(decrease) in trade creditors and accruals	<u>(3,545)</u>	<u>(10,887)</u>
Increase/(decrease) in contributions received in advance	<u>1,440</u>	<u>240</u>
Net cash inflow from operating activities	<u>172,810</u>	<u>112,483</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13 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:

2006	Floating interest rate	Fixed interest maturing in <1 year	Non-interest bearing	Total
	\$	\$	\$	\$
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	282,848 5.25%	3,892,282 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
2005				
Financial assets				
Cash and cash equivalents	150,329	-	-	150,329
Trade and other receivables	-	-	50,654	50,654
Investments	-	3,851,991	-	3,851,991
Weighted average interest rate	150,329 5.00%	3,851,991 5.66%	50,654	4,052,974
Financial liabilities				
Trade and other payables	-	-	20,039	20,039
Net financial assets (liabilities)	-	-	20,039	20,039
				4,032,935

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 12 ACTUARIAL ASSESSMENT

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

	2006	2005
	\$	\$
Actuarial assessment as to an appropriate level of net assets as at 6 December 1996	3,100,000	3,100,000
Net market value of assets held by the Fund to meet payments as at 30 June	4,175,327	4,002,335
Excess of net assets over the actuarial assessment	1,075,327	902,335

NOTE 13 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.

(f) 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 2006

NOTE 13 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 14 EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration

NOTE 15 CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

NOTE 16 CHANGE IN ACCOUNTING POLICY

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.

COUNCILLORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2006

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

- (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the Fund's financial position as at 30 June 2006 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

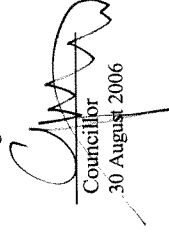
In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Practitioners Act 1970 (as amended); and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Councillor
30 August 2006



Councillor
30 August 2006



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

Scope


We have audited the financial report of The Solicitors' Fidelity Fund of the Australian Capital Territory (the Fund) for the year ended 30 June 2006 comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Financial Statements and the Councilors' Declaration. The Council is responsible for the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Council.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Legal Practitioners Act 1970 (as amended), the financial position of the Fund as at 30 June 2006 and the results of its operations and cash flows for the year then ended.


Duesburys Nexia

R C Scott
Partner

Canberra, 30 August 2006

