



Legal Profession
Admission Board
of New South Wales

Legal Profession Admission Board

Annual Report
2014-15

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Letter to the Attorney General

The Hon Gabrielle Upton MP
Attorney General
GPO Box 5341
SYDNEY NSW 2001

Dear Attorney General

We are pleased to present you with the Annual Report of the Legal Profession Admission Board for the year ended 30 June 2015, in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*.

The Annual Report includes the audited financial report prepared in accordance with the *Public Finance and Audit Act 1983*.

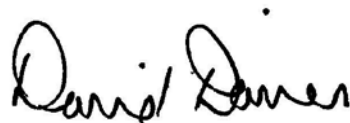
We wish to extend our sincere gratitude to the members of the Legal Profession Admission Board, its Committees and Sub-Committees for their esteemed advice and unwavering commitment to exercising the functions of the Board, and especially to those who do so on a voluntary basis while serving in other demanding roles.

We also wish to thank the staff of the Office of the Board for the professional support they provide to the Board and the services they provide to its clients.

Yours faithfully



The Hon Justice A R Emmett
Presiding Member
Legal Profession Admission Board



The Hon Justice D L Davies
Deputy Presiding Member
Legal Profession Admission Board

30 October 2015

Charter

The Legal Profession Admission Board (LPAB) is a self-funding statutory corporation established by the *Legal Profession Act 2004*.¹

The LPAB's functions are also governed by the Legal Profession Admission Board Rules 2005², the *Public Notaries Act 1997*, and the Public Notaries Appointment Rules.

Aims and Objectives

The LPAB is responsible for:

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

These functions are related to the NSW Government's strategic goal of improving community confidence in the justice system.

Structure

There are 10 members of the LPAB, including Supreme Court judges, deans of law schools, barristers and solicitors. A list of members during 2014-15 is at Appendix A.

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

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

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

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



Review of Operations

Admission of lawyers

To be admitted as a lawyer, a person must be eligible for admission, and must also be a fit and proper person to be admitted.

A person is eligible if he or she has attained the approved academic qualifications and practical legal training requirements (or corresponding qualifications and requirements). Fitness and propriety to be admitted involves an assessment of a range of suitability matters which are specified in legislation.

The LPAB provides a compliance certificate to the Supreme Court in respect of an applicant, if it considers the applicant is both eligible for admission and a fit and proper person to be admitted.

During the period under review, 2,229 people were admitted as lawyers in NSW. This represents an increase of 2 per cent compared with the number of admissions in the previous financial year.

Most people admitted in NSW held qualifications in law which were obtained wholly or partly in Australia.

Around five per cent of applicants had previously been admitted as a lawyer in another country. Statistics about admission as a lawyer are set out in Table 1.

Assessment of eligibility

People who obtained a law qualification overseas; hold an Australian law qualification which is more than five years old; or have not completed their law studies must apply for an assessment of what, if any, additional study is necessary in order to be eligible for admission.

Following the assessment, the LPAB may exempt an applicant from some or all of the subjects in the Diploma in Law course. The LPAB received 399 such applications during 2014-15.

The top ten countries from which applicants obtained their law qualifications overseas were:

- United Kingdom (106)
- Ireland (26)
- India (21)
- South Africa (17)
- United States of America (15)
- China (13)
- Philippines (8)
- Sri Lanka (8)
- Brazil (7)
- Hong Kong (7).

Similarly, people who completed practical legal training (PLT) overseas or did so in Australia more than five years ago must apply for an assessment of what, if any, additional PLT is necessary in order to be eligible for admission.

Following the assessment, the LPAB may exempt an applicant from some or all of the PLT competencies. The LPAB received 103 such applications in 2014-15, 92 per cent of which resulted in at least some exemption being granted.

Fitness and propriety to be admitted

Applicants for admission must disclose to the LPAB any matter which could influence the assessment of their fitness and propriety to be admitted. Around 21 per cent of applicants in 2014-15 made such a disclosure. Of those disclosures, about one in five was potentially significant to the applicant's suitability. The LPAB carefully reviews all disclosures and gives particular focus to those considered significant, often requiring the applicant to provide further information, and/or the Office of the LPAB to obtain independent verification of the facts.

During 2014-15, the LPAB refused to issue a compliance certificate in respect of 11 applicants for admission and 2 applicants for re-admission. All of the refused admission applicants had a criminal matter on their records, involving either a conviction or a finding of guilt without conviction.

Eight of the refused admission applicants were notified that they may consider re-applying after a specified period of time had elapsed. In each of those cases, the criminal

matters were relatively minor and had been dismissed by a court without conviction.

One applicant lodged an appeal in the Supreme Court against the LPAB's refusal to issue a compliance certificate. The LPAB resolved to submit to the Court's decision and accepted that the Law Society of NSW would attend the appeal hearing in the neutral capacity of *Amicus Curiae* in order to test the applicant's evidence. At the end of the financial year under review, the proceedings remained on foot.

Table 1: Statistics regarding admission as a lawyer

	2012-13	2013-14	2014-15
Applications for admission as a lawyer	2,139	2,210	2,272
Applicants disclosing a fitness and propriety matter	N/A ³	N/A ³	463
People admitted as a lawyer ⁴	2,115	2,185	2,229
Admittees who were previously admitted overseas	98	92	110
People admitted under mutual recognition ⁵	62	65	48
Assessments of academic qualifications	407	365	399
Assessments of practical legal training	107	97	103

Accreditation

The LPAB determines applications from law schools in NSW which propose to offer an accredited law degree. Accreditation recognises that the degree requires the completion of at least three years' full-time study of law and a satisfactory level of understanding and competence in specified areas of knowledge.⁶ After a degree has been accredited, law schools are required to make an application for re-accreditation each subsequent calendar year.

As a result of this process during 2014-15, the LPAB re-accredited all existing law degrees in NSW, namely those offered by:

- University of Sydney (LLB and JD)
- University of NSW (LLB and JD)
- Macquarie University (LLB and JD)
- University of Technology, Sydney (LLB, MLLP and JD)

- University of Wollongong (LLB)
- University of New England (LLB and JD)
- Southern Cross University (LLB)
- University of Newcastle (LLB and JD)
- University of Western Sydney (LLB)
- University of Notre Dame (LLB)
- Australian Catholic University (LLB).

In addition, the LPAB received an application for accreditation of a new law degree to be offered by a non-university provider, TOP Education Institute (LLB). The LPAB considered the advice of its Accreditation Sub-Committee and Legal Qualifications Committee, and also consulted with other admitting authorities through the Law Admissions Consultative Committee (LACC), before deciding to accredit the new degree with effect from 1 January 2015.

The LPAB also determines applications from institutions which offer courses of practical legal training (PLT). Approval of such courses by the Board recognises that successful completion of the course provides the required competencies for entry-level lawyers.⁷

During 2014-15, the LPAB confirmed the approval of all existing PLT courses in NSW, namely those offered by:

- The College of Law
- University of Newcastle
- University of Technology, Sydney
- University of Western Sydney Macarthur.

No applications for approval of any new PLT courses in NSW were received during the year under review.

Diploma in Law course

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

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

Table 2: Statistics regarding the Diploma in Law course

	2012-13	2013-14	2014-15
Applications for registration as a student-at-law	570	504	520
Students enrolled in Term 1	1,306	1,226	1,167
Students enrolled in Term 2	1,272	1,175	1,143
Number of enrolments in all subjects	4,945	4,644	4,496
Examinations sat	4,199	4,001	3,846
Students graduated	147	149	158
Applications for accelerated progression	131	152	137
% of above applications approved	96.9%	93.4%	92.7%
Applications to take subjects out of order	61	77	75
% of above applications approved	95.1%	87.0%	89.3%
Applications for relaxation of exclusion rules	277	279	241
% of above applications approved	95.66%	90.32%	94.6%

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

Enrolments in the course's subjects have been declining over a number of years, although the rate of decline appears to have slowed in the year under review. The LPAB is monitoring this trend in light of enrolments in other law schools and Australian Government reforms to the funding of tertiary education.

Orientation Days

Orientation for new students was held on 7 November 2014 and again on 8 May 2015 at the University of Sydney. The LPAB's Presiding Member, the Hon Justice Emmett, gave the welcome addresses to new students. Mr Frank Astill, Director of the LEC, and LPAB staff delivered presentations about the tuition arrangements and the course rules.

Graduation Ceremony

Dr John Vallance, Headmaster of Sydney Grammar School, gave the occasional address at the 2014 Graduation Ceremony on Friday 18 July 2014. The ceremony was held at the University of Sydney's Great Hall.

The LPAB's Examinations Committee considered a review of the policy on the re-marking of examinations scripts. The Committee decided to keep the current policy, whereby if a student receives a mark between 40 and 49 per cent, his or her examination script is re-marked by a revising examiner with no further fee.

Public Notaries

Public notaries are appointed by the Supreme Court, pursuant to the *Public Notaries Act 1997* and the Public Notaries Appointment Rules. Applicants must have completed the

Notarial Practice Course offered by The College of Law, and be lawyers of at least five years standing. The LPAB administers the appointment process and maintains the Roll of Public Notaries, including an annual update of the particulars on record for all notaries. Common functions of notaries include authenticating official and personal documents for use overseas, witnessing the signatures of individuals on documents and authenticating identity.

During 2014-15, the LPAB administered the appointment of 69 new public notaries, bringing the total number registered in NSW to 1,019.

Table 3: Statistics regarding Public Notaries

	2012-13	2013-14	2014-15
New public notaries appointed	49	60	69
Total number of public notaries on Roll	890	927	1,019

Highlights in 2014-15

Uniform Law

The LPAB focused on preparations for the commencement of the *Legal Profession Uniform Law (NSW)* on 1 July 2015, which has created a uniform system for regulating the legal profession across NSW and Victoria.

The responsibilities of the LPAB are primarily affected by the introduction of the Legal Profession Uniform Admission Rules 2015 (Uniform Admission Rules), which alter key aspects of the regulatory framework for the admission of lawyers and the accreditation of law courses and PLT providers. To ensure compliance with the Uniform Admission Rules, the LPAB:

- re-designed all of its admission-related application forms
- published a comprehensive 'Guide for Applicants for Admission', and

- developed new internal procedures for the processing of the additional documentation which is required from applicants after 1 July 2015.

Prior to finalisation of the Rules by the Legal Services Council, a Sub-Committee of the LPAB provided feedback on several drafts and the LPAB lodged a submission about the proposed Rules with the Council's Admissions Committee.

In line with the harmonised approach introduced by the Uniform Admission Rules across NSW and Victoria, the LPAB resolved to recognise, for the purpose of admission, assessments of academic and/or PLT qualifications made by the Victorian Legal Admissions Board. However the LPAB will not recognise such assessments for the purpose of award of the Diploma in Law.

The LPAB determined pursuant to Uniform Admission Rule 9(1) that, until further notice, supervised legal training may not be undertaken for the purpose of satisfying the PLT prerequisite in NSW.

New Board Rules

The LPAB's existing Legal Profession Board Admission Rules 2005 (LPAR) were repealed on 1 July 2015, because the admission provisions therein were replaced by the Uniform Admission Rules.

However, the LPAR also provided for the effective operation of the Board and its Diploma in Law course. Accordingly it was necessary to develop a new rules instrument to complement but not overlap the new Uniform Admission Rules.

As a result of amendments to the *Legal Profession Uniform Law Application Act 2014*, the LPAB was provided with the necessary powers to make rules in relation to administrative matters relating to the functions of the Board, and the registration and examination of students-at-law.

The LPAB exercised its rule-making power and approved the NSW Admission Board Rules 2015 to take effect from 1 July 2015.

Government and corporate lawyers

Prior to the commencement of the Uniform Law, government and corporate lawyers in NSW were exempt from the requirement to be admitted or to hold a practising certificate in order to engage in legal practice.

There is no equivalent exemption under the Uniform Law. The intention behind this change is to bring all persons engaged in legal practice into the new regulatory scheme and ensure such persons are maintaining mandatory regulatory obligations such as undertaking continuing professional development.

The LPAB provided advice to the NSW Government to inform a number of exemptions and transitional arrangements which will help to manage the impact on affected persons. These are set out in Part 4 of the *Legal Profession Uniform Law Application Regulation 2015*.

A government or corporate lawyer who is practising pursuant to the transitional exemption will need to notify the LPAB, within one year of engaging in practice pursuant to the exemption. An online form for this purpose will be available on the LPAB's website in October 2015.

Notice of admission applicants

Section 19 of the Uniform Law requires the LPAB, before issuing a compliance certificate in respect of an applicant for admission, to give notice of the application on an appropriate website, and to afford a reasonable opportunity for people to object to the issue of the certificate.

Accordingly the LPAB made arrangements to publish a list of admission applicants on its website two days after the deadline for applications in each admission round from 1 July 2015.

The LPAB also approved a procedure for handling any objections received, which allows 14 calendar days for lodgement of an objection.

Variations to Admission Rules

Following consultation with other admitting authorities through the LACC, the LPAB made an in-principle decision to exercise its power under Rule 27 of the Uniform Admission Rules to vary two requirements for admission applications, from 1 July 2015.

The LPAB varied the requirement for an applicant to supply foreign police reports, and limited it only to those jurisdictions in which the applicant resided for more than two years after the age of 18. The change addressed the concern that, where an applicant has resided in many overseas jurisdictions and especially as a juvenile, meeting the requirement could be onerous.

The LPAB also made a variation so that an applicant need only supply a student conduct report where he or she has been the subject of disciplinary action by a tertiary academic institution or practical legal training provider.

The variation responded to concerns about the administrative burden on institutions and applicants if student conduct reports were required in every case.

To encourage applicants to disclose any student misconduct themselves, arrangements were developed for the Office of the LPAB to obtain reports directly from institutions or providers in relation to a random selection of applicants during every admission round.

The LPAB considered that neither of these variations materially detract from prerequisites or requirements in the Uniform Law and Uniform Admission Rules for the issue of a compliance certificate in respect of an admission applicant.

Increase in admission fee

The LPAB noted that the fee for lodging an admission application will rise from \$500 to \$900 on 1 July 2015. The admission fee will no longer be set by the LPAB, but will be prescribed in clause 63 of the Legal Profession Uniform Law Application Regulation 2015.

The additional fee revenue will be transferred to the Department of Justice, to fund NSW's contribution to the recurrent costs of the Legal Services Council and the Commissioner for Legal Services Regulation in overseeing the implementation of the Uniform Law scheme.

As a self-funding statutory corporation, the Board will continue to retain \$500 from each admission fee paid, to fund the processing of admission applications and related client services.

New operating model

In 2014 the LPAB resolved to implement a new operating model to enhance the delivery of services to its clients, including the provision of new computer systems and online client services. A new position of Executive Officer/Change and Client Relationship Manager was established to develop and implement the strategy, and the position was filled in October 2014.

In February 2015 the LPAB endorsed a series of future directions for the admission of lawyers, including:

- online applications
- abolition of application deadlines
- electronic exchange of data with police for the purpose of criminal record checks, and
- online self-service to enable successful applicants to book themselves into an admission ceremony of their choice.

Detailed requirements for computerisation of the admission application process were developed through workshops with LPAB staff, and will form the basis for a tender process to be undertaken in 2015-16. Requirements were also developed for the replacement of the LPAB's student administration system in 2016-17.

To support consistent decision-making, the LPAB approved a directive on the assessment and categorisation of disclosures made by applicants for admission or student registration, and a guideline on admission applicants who are currently subject to a good behaviour bond.

50 years of LEC teaching

The Law Extension Committee (LEC) reached the significant milestone of 50 years of teaching LPAB students. The occasion was celebrated with a dinner at Parliament House in November 2014, attended by past and present presiding members of the LPAB, chairs and directors of the LEC, committee members, examiners, lecturers and students.

The LEC was formed by resolution of the University of Sydney Senate on 7 September 1964. A strong bond between the judiciary and the University led to the partnership between the LEC and the LPAB which continues to thrive today, and enables the LPAB to remain the oldest provider of a law qualification in Australia.

Stale learning

The Board approved a commencement date of 1 January 2015 for amendments to the LPAR in relation to stale learning. The amendments reflect principles adopted by other Australian admitting authorities through the Law Admissions Consultative Committee.

The new rules specify that an applicant's qualification is considered stale, if he or she completed academic and/or PLT requirements more than five years before applying for admission. A stale qualification must be assessed prior to applying for admission, for the purpose of determining what, if any, further study is necessary to refresh and update the applicant's knowledge and skills.

Over the period from 1 January to 30 June 2015, the LPAB received 65 applications for assessment of stale academic qualifications, and no applications for assessment of stale PLT.

The principles inherent in the stale learning rule are also reflected in the Uniform Admission Rules which apply from 1 July 2015.

Early commencement of PLT

The LPAB approved amendments to the LPAR, with effect from 1 January 2015, to implement revised competencies for entry-level lawyers, as adopted by the LACC.

These include the requirement that an applicant not commence PLT until after completing his or her academic qualification in law, unless the PLT course is integrated with that qualification, or the prior permission of the LPAB has been obtained. Prior permission may only be granted where the applicant:

- has no more than two academic subjects to complete, neither of which is one of the academic areas of knowledge set out in Schedule 1 of the LPAR, and
- is currently enrolled in the relevant academic subject(s) while undertaking PLT.

During the six months after 1 January 2015, the LPAB received 52 applications for permission to commence PLT early, and granted all except one of them. The application which was refused did not comply with the requirements of the early PLT rule.

The revised competencies for entry-level lawyers, including the provisions for early commencement of PLT, are also reflected in the Uniform Admission Rules which apply from 1 July 2015.

The Year Ahead

Digitisation program

The LPAB plans to deliver the first phase of its digitisation program, an online application for admission, in late 2015-16. The initiative will help meet the expectations of modern clients for online transactions, provide personalised step-by-step guidance to applicants, and enable successful applicants to choose the date and time of their admission ceremony. It will also enable the LPAB to abolish application deadlines and increase its capacity to undertake supplementary and risk-based checks.

Following computerisation of the admission process, it is planned to enter into a contract for replacement of the LPAB's student administration system in 2016-17. The new system will enable Diploma students to enrol online and will facilitate efficient exchange of student records with the LEC.

Review of Diploma course rules

A review of the rules which govern the Board's Diploma in Law course will be undertaken during the next financial year. The aim is to modernise the rules, to ensure they provide an effective framework for the entry and progression of students, which is easy to understand and efficient to administer. Upon completion of the project, the LPAB will be asked to exercise its rule making powers and amend the NSW Admission Board Rules 2015.

Review of accreditation framework

The Uniform Admission Rules provide that the LPAB 'must monitor and may periodically review' any aspect of the performance of an accredited law course or a PLT provider in providing the specified academic qualifications or PLT prerequisite. From 2015-16, this approach will replace the LPAB's previous annual re-accreditation process. Accordingly the LPAB determined that law degrees and PLT courses will be accredited for two years during the 2015 accreditation process. This will allow for the development of a new accreditation framework during 2016, to operate from 2017.

Uniform Law in operation

The LPAB will continue to play a key role in the development of admission-related policy and guidelines under the Uniform Law, through its representation on working groups established by the Legal Services Council's Admissions Committee as well as its ongoing membership of the Law Admissions Consultative Committee.

Electronic records

The Office of the LPAB will acquire an electronic document and records management system in early 2015-16, to enable the efficient creation, tracking and preservation of the LPAB's key records.

Online payments

Prior to replacement of the student administration computer system in 2016-17, the LPAB intends to implement an interim solution to enable online payment options for students. The interim approach will enhance convenience for students and should virtually eliminate rejected payments which result from processing delays.

Notes

- ¹ The *Legal Profession Act 2004* was repealed on 1 July 2015. From that date, the LPAB was established by the *Legal Profession Uniform Law Application Act 2014*. However during the period which is the subject of this report, the LPAB was established by the former Act.
- ² The Legal Profession Admission Rules 2005 were repealed on 1 July 2015. From that date, the LPAB operated in accordance with the Legal Profession Uniform Admission Rules 2015 and the NSW Admission Board Rules 2015. However during the period which is the subject of this report, the LPAB operated in accordance with the former Rules.
- ³ This figure was not reported in previous years.
- ⁴ Any difference between applications received and people admitted is attributable to: applications being withdrawn by the applicant, deferred (adjourned) by the LPAB, or refused by the LPAB.
- ⁵ This figure relates to New Zealand legal practitioners who were admitted as lawyers by the Supreme Court of NSW under the *Trans Tasman Mutual Recognition (NSW) Act 1996*. The LPAB does not determine such applications but records the admissions on the NSW Roll of Lawyers. The figure is therefore in addition to the number of people admitted as a lawyer following an application to the LPAB.
- ⁶ In 2014-15, these areas of knowledge were set out in the Legal Profession Admission Rules 2005. These subjects are often referred to as the 'Priestley 11'.
- ⁷ In 2014-15, these entry-level competencies were set out in the Legal Profession Admission Rules 2005.

Acronym Glossary

JD	Juris Doctor degree
LACC	Law Admissions Consultative Committee
LEC	Law Extension Committee (of the University of Sydney)
LLB	Bachelor of Laws degree
LPAB	Legal Profession Admission Board
LPAR	Legal Profession Admission Rules 2005
MLLP	Master of Law and Legal Practice
PLT	Practical Legal Training

Contact Details

Legal Profession Admission Board of NSW

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Hours: 9:00am to 5:00pm
Monday to Friday
(excluding public holidays)

Appendix A: Legal Profession Admission Board

Member	Qualification and method of appointment	Term	Attendance
The Hon T F Bathurst AC	Chief Justice of the Supreme Court of NSW, pursuant to section 680 of the <i>Legal Profession Act 2004</i> ¹	1 July 2014 to 30 June 2015	N/A
The Hon Justice A R Emmett (Presiding Member)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	10
The Hon Justice D L Davies (Deputy Presiding Member)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	8
The Hon Justice G Lindsay	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	8
Professor Michael Adams	Dean of Law School, nominated by Council of Australian Law Deans	1 July 2014 to 30 June 2015	9
Ms Margaret Allars SC	Barrister, nominated by the Bar Council	1 July 2014 to 30 June 2015	9
Mr Charles Cawley	Solicitor, nominated by the Law Society Council	1 July 2014 to 30 June 2015	9
Mr John Dobson	Solicitor, nominated by the Law Society Council	1 July 2014 to 30 June 2015	9
Professor Lesley Hitchens	Dean of Law School, nominated by Council of Australian Law Deans	1 July 2014 to 30 June 2015	8
Mr Garry McGrath SC	Barrister, nominated by the Bar Council	1 July 2014 to 30 June 2015	8
Mr Marcel Savary	Department of Justice officer, nominated by the Attorney General	1 July 2014 to 30 June 2015	5

The LPAB held seven scheduled meetings during 2014-15, and also held an additional two special meetings and one electronic meeting.

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

Appendix B: Legal Qualifications Committee

Member	Qualification and method of appointment	Term	Attendance
The Hon Justice C Adamson (Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	6
The Hon Justice R T Beech-Jones (Deputy Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	4
The Hon Justice S Robb	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	5
Mr John Fernon SC	Barrister, nominated by the Bar Council	1 July 2014 to 30 June 2015	3
Ms Susan Leis	Barrister, nominated by the Bar Council	1 July 2014 to 30 June 2015	5
Ms Elizabeth Picker	Barrister, nominated by the Bar Council	1 July 2014 to 30 June 2015	4
Mr Thomas Spohr	Solicitor, nominated by the Law Society Council	1 July 2014 to 30 June 2015	7
Ms Pam Suttor	Solicitor, nominated by the Law Society Council	1 July 2014 to 30 June 2015	7
Mr Mark Warton	Solicitor, nominated by the Law Society Council	1 July 2014 to 30 June 2015	3
Ms Carolyn Penfold	Law lecturer, nominated by Council of Australian Law Deans	1 July 2014 to 30 June 2015	5
Professor Peter Radan	Law lecturer, nominated by Council of Australian Law Deans	1 July 2014 to 30 June 2015	4
Ms Jenny Eggleton	Law lecturer, nominated by Council of Australian Law Deans	1 July 2014 to 3 February 2015	3
Ms Maxine Evers	Law lecturer, nominated by Council of Australian Law Deans	4 February to 30 June 2015	2
Dr Gordon Elkington	Barrister, appointed by co-option	1 July 2014 to 30 June 2015	7
Mr Greg Ross	Solicitor, appointed by co-option	1 July 2014 to 30 June 2015	6
Mr Peter Underwood	Lawyer, appointed by co-option	1 July 2014 to 30 June 2015	6

The Legal Qualifications Committee held seven scheduled meetings during 2014-15.

Appendix C: Examinations Committee

Member	Qualification and method of appointment	Term	Attendance
The Hon Justice C C Simpson (Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	5
The Hon Justice P M Hall (Deputy Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2014 to 30 June 2015	6
Mr Ross Anderson	Examiner, appointed by the Chairperson of the Committee	1 July 2014 to 30 June 2015	5
Mr Frank Astill	Director of the Law Extension Committee	1 July 2014 to 30 June 2015	6
Ms Susan Carter	Examiner, appointed by the Chairperson of the Committee	1 July 2014 to 30 June 2015	4
Mr Michael Christie SC	Barrister, nominated by the Bar Council	1 July 2014 to 30 June 2015	5
Mr John Dobson	Solicitor, nominated by the Law Society Council	1 July 2014 to 30 June 2015	6

The Examinations Committee held seven scheduled meetings during 2014-15.

Appendix D: Sub-Committees

Academic Exemptions Sub-Committee

The Academic Exemptions Sub-Committee, determines applications in relation to overseas and local academic qualifications. During 2014-15, members of the Sub-Committee were:

- The Hon Justice S Robb
- Dr Gordon Elkington
- Mr Peter Underwood.

Accreditation Sub-Committee

The Accreditation Sub-Committee makes recommendations relating to the recognition and accreditation of law and PLT courses. During 2014-15, members of the Sub-Committee were:

- Ms Jenny Eggleton (to 3 February 2015)
- Ms Maxine Evers (from 4 February 2015)
- Ms Carolyn Penfold
- Ms Elizabeth Picker.

Curriculum Sub-Committee

The Curriculum Sub-Committee oversees the planning and review of the curriculum and syllabi for the LPAB's examinations. During 2014-15, members of the Sub-Committee were:

- Mr Ross Anderson
- Mr Frank Astill
- Ms Susan Carter.

Performance Review Sub-Committee

The Performance Review Sub-Committee, determines applications under Rule 67 in relation to exclusion from the LPAB's Diploma in law course. During 2014-15, members of the Sub-Committee were:

- The Hon Justice P M Hall
- Mr Frank Astill
- Mr John Dobson.

Practical Training Exemptions Sub-Committee

The Practical Training Exemptions Sub-Committee determines applications in relation to overseas and local practical training experience and qualifications. During 2014-15, members of the Sub-Committee were:

- Ms Jenny Eggleton (to 3 February 2015)
- Ms Maxine Evers (from 4 February 2015)
- Ms Elizabeth Picker
- Mr Greg Ross.

Quality Sub-Committee

The Quality Sub-Committee oversees the quality of the LPAB's examinations and the marking of examination papers. During 2014-15, members of the Sub-Committee were:

- Mr Ross Anderson
- Mr Frank Astill
- Mr Michael Christie SC.

Appendix E: Additional Reporting Matters

Annual report costs

The LPAB did not incur any external costs in producing the Annual Report for 2014-15.

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

Consultants

No consultants were engaged by or on behalf of the LPAB during 2014-15.

Consumer response

The LPAB received 21 complaints during 2014-15, the majority of which related to examination papers in the Diploma in Law course and raised concerns that certain content had not been covered in lectures or the subject guide. After careful review, both the LEC and the LPAB were satisfied that the relevant content had been covered.

Controlled entities

The LPAB does not have any controlled entities of the kind referred to in section 39(1A) of the *Public Finance and Audit Act 1983*.

Disability inclusion

The LPAB continued to participate in the Transition to Work program conducted by the Cerebral Palsy Alliance which provides work experience for young people with a disability.

Economic factors

No economic factors affected the achievement of operational objectives during 2014-15.

Funds granted to non-government community organisations

The LPAB did not grant any funds to non-government community organisations during 2014-15.

Human resources

	2011-12		2012-13		2013-14		2014-15	
	M	F	M	F	M	F	M	F
Senior Executive Band 1	0	0	0	0	0	0	1	0
Clerk 11/12	0	1	0	1	0	1	0	0
Legal Officer I-III	0	1.6	0	1.6	0	1.6	0	1.6
Clerk 7/8	0	1	0	1	0	1	0	1
Clerk 5/6	1	1	1	1	1	1	1	1
Clerk 3/4	1	2.8	2	1.8	1	2.8	2	1.8
Clerk 1/2	1	1	1	1	1	1	1	1
Total males and females	3	8.4	4	7.4	3	8.4	5	6.4
Total employees	11.4		11.4		11.4		11.4	

The Office of the LPAB is staffed by 11.4 full time equivalent employees of the Department of Justice. The LPAB also engages casual examiners, casual revising examiners and casual examination invigilators.

The Office of the LPAB is managed by the Executive Officer/Change and Client Relationship Manager. Mr Christopher Banks was appointed to the position on 7 October 2014.

Land disposal

The LPAB did not dispose of any land or properties during 2014-15.

Legal change

The functions of the LPAB were affected by the following amendments to legislation in 2014-15:

Legislation	Section	Purpose	Date
Legal Profession Admission Rules 2005	Rule 98(5)(c)	Amend internal reference to skills and practice areas.	3 July 2014
Legal Profession Admission Rules 2005	Third Schedule	Amend the fee schedule with effect from 1 October 2014.	21 August 2014
Legal Profession Admission Rules 2005	Part 11, First Schedule, Sixth Schedule	Introduce stale learning rule as adopted by LACC. Amend admission-related forms. Update the competency standards for entry-level lawyers as adopted by LACC.	19 December 2014
Legal Profession Admission Rules 2005	Second Schedule	Amend the schedule of accredited law degrees to add Top Education Institute LLB.	1 May 2015

Legal Profession Uniform Law Application Act 2014	Section 20A	Enable the LPAB to delegate any of its functions under the Act (other than this power of delegation and the power to make rules under this Division) or the <i>Legal Profession Uniform Law (NSW)</i> to any of its committees or to an officer of the Board.	26 June 2015
Legal Profession Uniform Law Application Act 2014	Section 21A	Enable the LPAB to make rules for or with respect to: (a) any administrative matters relating to the functions of the Board, and (b) registration and deregistration as, and the discipline of, students-at-law and the qualifications for registration, and (c) the examination and assessment in academic subjects of candidates for registration and students-at-law, and (d) fees and costs payable for registration and students-at-law (other than fees for admission to the Australian legal profession) and the refund or remission of fees.	26 June 2015
Legal Profession Uniform Law Application Regulation 2015	Part 4, Clause 63	Provide transitional arrangements for government and corporate lawyers in relation to requirements for admission. Prescribe fees for admission and the allocation of those fees between the LPAB and the Department of Justice.	26 June 2015
NSW Admission Board Rules 2015	All	Provide for the effective operation of the Board and the Diploma in Law course.	26 June 2015
Public Notaries Appointment Rules	Second Schedule	Amend the fee schedule with effect from 1 October 2014.	21 August 2014

The *Legal Profession Act 2004* was repealed on 1 July 2015. From that date, the LPAB was established by the Legal Profession Uniform Law Application Act 2014. However during the period which is the subject of this report, the LPAB was established by the former Act.

The Legal Profession Admission Rules 2005 were repealed on 1 July 2015. From that date, the LPAB operated in accordance with the Legal Profession Uniform Admission Rules 2015 and the NSW Admission Board Rules 2015. However during the period which is the subject of this report, the LPAB operated in accordance with the former Rules.

Multicultural policies and services

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

Payment of accounts

	Paid within due date	Paid 1 – 30 days overdue	Paid 31 – 60 days overdue	Paid 61 – 90 days overdue	Paid after 91 days or more
Number	222	57	19	14	4
Percentage	70.3%	17.5%	6.0%	4.4%	1.3%

During 2014-15, the Office of the LPAB paid just over 70 per cent of invoices on time, which is significantly lower than the payment performance of the Department of Justice (which paid 93 per cent of invoices on time during the 2013-14 financial year). The Office of the LPAB will improve its on-time payment performance through process reform in 2015-16.

The Office of the LPAB was required to pay mandatory interest of \$33.86 in relation to one invoice from a declared small business supplier which was paid 13 days past the due date. The invoice had been misplaced.

Promotion

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

Research and development

The LPAB did not undertake any research and development activities during 2014-15.

Risk management and insurance

The LPAB undertook a risk analysis, in the context of developing LPAB project plans and reviewing current operations. The resulting risk assessments were provided to the Audit and Risk Committee of the NSW Department of Justice. All identified risks were assessed as having a moderate overall risk rating, and most can be reduced to a low rating, with appropriate strategies and controls. Information about the management of financial risk is contained in the notes to the financial statements.

The LPAB's insurance cover is arranged by the NSW Department of Justice and provided by the Treasury Managed Fund (TMF), a government-wide self-insurance scheme. The insurance program covers workers' compensation, public liability, motor vehicle accident, property, and miscellaneous liability. During 2014-15, the LPAB did not make any claims under this insurance cover.

Workforce diversity

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

Work health and safety

The LPAB did not have any work-related injuries, illnesses or prosecutions under the *Work Health and Safety Act 2011* during 2014-15.

Appendix F: Internal Audit and Risk Management

Internal Audit and Risk Management Statement for the 2014-2015 Financial Year for the Legal Profession Admission Board

I, Christopher Banks, Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that the Legal Profession Admission Board has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables the senior management of the Legal Profession Admission Board to understand, manage and satisfactorily control risk exposures.

I, Christopher Banks, Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that the Audit and Risk Committee for the Legal Profession Admission Board is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Independent Chair, Brian Suttor, May 2013 – September 2015
- Independent Member 1, Paul Crombie, May 2013 - September 2015
- Independent Member 2, Ian Neale, May 2013 - September 2015
- Independent Member 3, Joan Wilcox, May 2013 - September 2015
- Independent Member 4, Arthur Butler, May 2013 - September 2015.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement between the following departments/statutory bodies:

- Department of Justice (Principal Department)
- Legal Profession Admission Board.



Christopher Banks

Executive Officer, Legal Profession Admission Board

Appendix G: Digital Information Security

Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for the Legal Profession Admission Board

I, Christopher Banks, Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that the Legal Profession Admission Board had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Christopher Banks, Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of the Legal Profession Admission Board are adequate for the foreseeable future.

I, Christopher Banks, Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that all Public Sector Agencies, or part thereof, under the control of the Legal Profession Admission Board with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the Digital Information Security Policy for the NSW Public Sector.

I, Christopher Banks, Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, certified compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements had been maintained by all or part of the Legal Profession Admission Board and all or part of any Public Sector Agencies under its control.



Christopher Banks

Executive Officer, Legal Profession Admission Board

Appendix H: Financial Statements

LEGAL PROFESSION ADMISSION BOARD

Financial Statements

for the year ended 30 June 2015

LEGAL PROFESSION ADMISSION BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

STATEMENT BY MEMBERS OF THE BOARD

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Legal Profession Admission Board as at 30 June 2015 and transactions for the period then ended.

2. The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act, 1983*, the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards, and the Treasurer's Directions.

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

Dated: 16 October 2015


Board Member


Board Member



INDEPENDENT AUDITOR'S REPORT

Legal Profession Admission Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Legal Profession Admission Board (the Board), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Board
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



David Daniels
Director, Financial Audit Services

19 October 2015
SYDNEY

LEGAL PROFESSION ADMISSION BOARD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
Expenses excluding losses			
Operating expenses			
Personnel services expenses	2(a)	(1,439,102)	(1,086,494)
Other operating expenses	2(b)	(576,521)	(710,395)
Depreciation and amortisation	2(c)	(143,561)	(169,791)
Finance costs	2(d)	0	(11,383)
Total expenses excluding losses		<u>(2,159,184)</u>	<u>(1,978,063)</u>
Revenue			
Sale of goods and services	3(a)	2,460,525	2,338,410
Investment revenue	3(b)	97,985	93,174
Rental income	3(c)	29,361	26,705
Total revenue		<u>2,587,871</u>	<u>2,458,289</u>
Other gains/(losses)		<u>0</u>	<u>0</u>
Net result		<u>428,687</u>	<u>480,226</u>
Other comprehensive income			
<i>Items that will not be reclassified to Net Result</i>			
Increase in property, plant and equipment revaluation surplus		<u>103,183</u>	<u>173,620</u>
Total other comprehensive income		<u>103,183</u>	<u>173,620</u>
TOTAL COMPREHENSIVE INCOME		<u>531,870</u>	<u>653,846</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	Actual	
		2015	2014
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	2,213,002	1,531,836
Receivables	5	645,194	529,791
Financial assets at fair value	6	599,995	583,999
Total current assets		<u>3,458,191</u>	<u>2,645,626</u>
Non-current assets			
Receivables	7	69,691	19,366
Property, plant and equipment			
Land and building	8	2,499,222	2,475,242
Plant and equipment	8	3,751	23,424
Total Property, plant and equipment	8&10	<u>2,502,973</u>	<u>2,498,666</u>
Intangible assets	9	0	44,685
Total non-current assets		<u>2,572,664</u>	<u>2,562,717</u>
Total assets		<u>6,030,855</u>	<u>5,208,343</u>
LIABILITIES			
Current liabilities			
Payables	11	679,957	658,293
Provisions	12	650,621	440,647
Total current liabilities		<u>1,330,578</u>	<u>1,098,940</u>
Non-current liabilities			
Provisions	13	805,863	746,859
Total non-current liabilities		<u>805,863</u>	<u>746,859</u>
Total liabilities		<u>2,136,441</u>	<u>1,845,799</u>
Net assets		<u>3,894,414</u>	<u>3,362,544</u>
EQUITY			
Reserves		329,701	226,518
Accumulated funds		3,564,713	3,136,026
Total equity		<u>3,894,414</u>	<u>3,362,544</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Accumulated Funds	Asset Revaluation Reserve	Total
		\$	\$	\$
Balance as at 1 July 2014		<u>3,136,026</u>	<u>226,518</u>	<u>3,362,544</u>
Net result for the year		428,687	0	428,687
Other comprehensive income				
Net increase in property, plant and equipment		0	103,183	103,183
Total other comprehensive income		<u>0</u>	<u>103,183</u>	<u>103,183</u>
Total comprehensive income for the year		428,687	103,183	531,870
Balance as at 30 June 2015		<u>3,564,713</u>	<u>329,701</u>	<u>3,894,414</u>
Balance as at 1 July 2013		<u>2,761,683</u>	<u>52,898</u>	<u>2,814,581</u>
Correction of prior period adjustments		0	0	0
Changes in accounting policy		(105,883)	0	(105,883)
Restated total equity at 1 July 2013		<u>2,655,800</u>	<u>52,898</u>	<u>2,708,698</u>
Net result for the year		480,226	0	480,226
Other comprehensive income				
Net increase in property, plant and equipment		0	173,620	173,620
Total other comprehensive income		<u>0</u>	<u>173,620</u>	<u>173,620</u>
Total comprehensive income for the year		480,226	173,620	653,846
Balance as at 30 June 2014		<u>3,136,026</u>	<u>226,518</u>	<u>3,362,544</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015	2014
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(1,343,847)	(1,135,515)
Other		(564,116)	(1,825,861)
Interest paid		0	(11,383)
Advanced fees/tuition fees		0	(39,899)
Total payments		(1,907,963)	(3,012,658)
Receipts			
Registration		123,780	114,810
Admission		1,141,650	1,047,300
Academic exemption		102,750	97,135
Interest received		97,984	93,174
Examination		854,259	838,873
Advanced fees/tuition fees		4,765	0
Other		279,937	268,879
Total receipts		2,605,125	2,460,171
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	697,162	(552,487)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of land and buildings, plant and equipment		0	0
Purchase of investments		(15,996)	(16,738)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(15,996)	(16,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and advances		0	(400,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		0	(400,000)
NET INCREASE/(DECREASE) IN CASH		681,166	(969,225)
Opening cash and cash equivalents		1,531,836	2,501,061
CLOSING CASH AND CASH EQUIVALENTS	4	2,213,002	1,531,836

The accompanying notes form part of these financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Legal Profession Admission Board (the Board) is constituted under Part 7.1 of the *Legal Profession Act 2004*. It is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

These financial statements for the year ended 30 June 2015 have been authorised for issue by the Board on the recommendation of the Audit and Risk Committee on 16 Oct 2015.

(b) Basis of Preparation

The Board's financial statements are a general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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

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

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

(c) Statement of Compliance

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

(d) Other Financial Assets

Other financial assets are measured at fair value and TCorp Hour-Glass Facilities are designated at fair value through profit or loss.

(e) Property, Plant & Equipment

(i) Acquisition of Assets

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

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

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

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

(ii) Capitalisation Threshold

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

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer note 10 for further information regarding fair value.

The Board revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. A comprehensive revaluation was completed on 31 March 2015 and was based on an independent assessment.

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

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

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

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

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

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

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

(iv) Impairment of Property, Plant and Equipment

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

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

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

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

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

Building	2%
Computer Equipment, Voice & data Communications	25%
Computer Equipment, Voice & data Communications acquired after 1 July 2012	20%
Desktop PC's	20%
Office Equipment	20%
Furniture & Fittings	10%
Intangible assets	
Software	25%
Software acquired after 1 July 2012	20%
Software - Major Projects	10%

(g) *Maintenance*

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

(h) *Intangible Assets*

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

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

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

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

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

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

(i) *Payables*

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

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

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

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

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

(k) *Personnel Services*

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

- (i) Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at undiscounted amounts of the benefits.
- (ii) Long term annual leave that is not expected to be taken within 12 months is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.
- (iii) Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.
- (iv) On-costs, such as payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment – recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.
- (v) Long Service Leave Liability comprises the Legal Admission Profession Board's liability to the Department of Justice for costs arising from personnel services rendered by the Department of Justice to balance date. Costs payable within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factor (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.
- (vi) Superannuation – The expense for certain superannuation schemes (Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions. Defined benefit superannuation obligations are as determined by Pillar Administration.

(l) *Other Provisions*

Other provisions exist when: the Board has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle an obligation; and a reliable estimate can be made of the amount of the obligation.

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

(m) *Borrowings*

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

The Board had borrowed funds from NSW Treasury Corporation for the purchase of the premises at Level 4, 37 Bligh Street, Sydney. The loan was repaid by 30 June 2014.

(n) *Income Recognition*

Sales Revenue

Sales Revenue comprises revenue earned from the provision of services to clients and other entities. Sales revenue to clients is generally recognised upon receipt of applications for admission as a lawyer, registration of students at law and other services. The University of Sydney sets a Tuition Fee for its tuition-related services. For reasons of economy and convenience, the Board collects the Tuition Fees (on behalf of University of Sydney) as well as the Examination Fees (this part is the Board's revenue). The Board remits the whole of the Tuition Fees to the University of Sydney at least twice a year. Therefore, the tuition fees that the Board collected will not be treated as its revenue, it will be held in the Board's Sundry Creditors account until the time of remitting to University of Sydney.

Rental Revenue

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

Investment Revenue

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

Other Revenue

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

(o) *Investments*

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option under AASB 139.9(b)(ii); ie. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Board's management personnel and Board.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

(p) *Impairment of Financial Assets*

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

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

(q) *Derecognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial assets:

* where substantially all the risks and rewards have been transferred or

* where the entity has neither transferred substantially all the risks and rewards, if the entity has not retained control

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the entity's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired.

(r) *Receivables*

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

(s) *Fair value hierarchy*

A number of the Board's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Board categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

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

The Board recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer Note 10 and Note 15 for further disclosures regarding fair value measurements of financial and non-financial assets.

(t) *Equity and reserves*

(i) *Revaluation surplus*

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the entity's policy on the revaluation of property, plant and equipment as discussed in note 1(e)(ii).

(ii) *Accumulated Funds*

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

(u) *Comparative information*

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

(v) *New Australian Accounting Standards issued but not effective*

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

The following relevant Accounting Standards have not been applied and are not yet effective as per NSW Treasury Circular NSW TC 15/03:

* AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments

* AASB 2014-4 regarding acceptable methods of depreciation and amortisation

* AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle

* AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives

* AASB 2015-3 regarding materiality

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

Other recently issued or amended standards are not expected to have a material impact on the entity. The Board expects the adoption of these standards in future periods to not materially impact the financial statements.

Legal Profession Admission Board

Notes to and forming part of the financial statements for the year ended 30 June 2015

2 EXPENSES EXCLUDING LOSSES

(a) PERSONNEL SERVICES EXPENSES

	2015	2014
	\$	\$
Salaries and salaries related (a)	1,000,638	874,972
Recreation leave and other	140,944	92,296
Voluntary Redundancy	128,256	0
Payroll tax and fringe benefits tax	77,937	59,861
Worker's compensation insurance	6,604	31,857
Superannuation - defined benefit plans	23,637	(44,029)
Superannuation - defined contribution plan	61,086	71,537
Total	<u>1,439,102</u>	<u>1,086,494</u>

(a) Salaries and salaries related expenses includes the Board's office staff salaries as well as salaries for examiners, examination supervisors and Academic Exemptions Sub-Committee members

(b) OTHER OPERATING EXPENSES

	2015	2014
	\$	\$
Graduation related expenses	7,000	13,285
Department of Justice - administration fees	77,099	75,218
Legal services	14,830	61,612
Miscellaneous fees	54,495	70,561
Auditor's remuneration		
- audit of financial statements	19,200	21,800
Computer equipment-software	101,205	99,140
Exam related - Rental for venue and computer	60,211	58,324
Rates	57,474	57,048
Printing	35,488	36,174
Postage and freight	21,153	21,067
Telephone	4,811	4,348
Computer related expenses-network charges	12,000	12,000
Stores and stationery cost	8,488	7,813
Maintenance contracts	941	186
Repairs and maintenance	1,008	1,902
Minor equipment	5,864	5,617
Miscellaneous	58,615	54,624
Insurance	3,473	4,798
Consultants	0	104,879
System design	33,166	0
Total	<u>576,521</u>	<u>710,395</u>

Legal Profession Admission Board
Notes to and forming part of the financial statements for the year ended 30 June 2015

(c) DEPRECIATION AND AMORTISATION EXPENSES

	2015	2014
	\$	\$
Depreciation		
Depreciation - Building	79,203	57,602
Depreciation - Plant and Equipment	82	90
Depreciation - Furnitures and Fittings	14,858	17,625
Depreciation - Computer Equipment	4,733	5,104
	<u>98,876</u>	<u>80,421</u>
Amortisation		
Amortisation - Intangible (software)	44,685	89,370
	<u>44,685</u>	<u>89,370</u>
Total Depreciation and Amortisation expenses	143,561	169,791

(d) FINANCE COSTS

	2015	2014
	\$	\$
Interest payment (a)	0	11,383
Total	0	11,383

(a) Interest payment related to the loan the Board had borrowed from NSW Treasury Corporation for the purchase of the premises at Level 4, 37 Bligh Street, Sydney. The loan was repaid by 30 June 2014.

Legal Profession Admission Board

Notes to and forming part of the financial statements for the year ended 30 June 2015

3 REVENUE

(a) SALE OF GOODS AND SERVICES

	2015	2014
	\$	\$
Registration	123,780	114,810
Examination	841,768	836,991
Admission	1,141,650	1,047,300
Academic exemption	102,750	97,135
Other service revenue	250,577	242,174
Total	<u>2,460,525</u>	<u>2,338,410</u>

(b) INVESTMENT REVENUE

	2015	2014
	\$	\$
Tcorp Hour-Glass investment facilities- designated as fair value through profit or loss	15,996	16,739
Interest from Westpac business account	81,989	76,436
Total	<u>97,985</u>	<u>93,174</u>

(c) Rental Income

	2015	2014
	\$	\$
Rent	29,361	26,705
Total	<u>29,361</u>	<u>26,705</u>

4 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand. Cash at the end of the reporting period as shown in the Statement of Cash Flows and in the Statement of Financial Position as follows:

	2015 \$	2014 \$
Cash at bank	2,212,502	1,531,336
Cash on hand	500	500
Closing Cash	<u>2,213,002</u>	<u>1,531,836</u>

Refer to Note 15, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

5 CURRENT ASSETS - RECEIVABLES

Current	2015 \$	2014 \$
Prepayments	11,512	9,979
Debtors	31,582	13,152
Personnel services (a)	471,960	366,992
GST receivables	130,140	139,669
Total	<u>645,194</u>	<u>529,791</u>

(a) The Board's Long Service Leave liability is included in Provisions - Personnel Services, and then offset by a corresponding asset which is included in Receivables.

6 CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE

	2015 \$	2014 \$
TCorp Hour Glass-Cash Facility Investment	599,995	583,999
Total	<u>599,995</u>	<u>583,999</u>

Refer to Note 15, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

7 NON-CURRENT ASSETS - RECEIVABLES

	2015 \$	2014 \$
Personnel services		
Personnel services - prepaid superannuation	28,651	19,366
Long service leave provision	41,040	0
Total	<u>69,691</u>	<u>19,366</u>

Refer to Note 15, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

8

NON-CURRENT ASSET - PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
At 1 July 2014 - fair value						
Gross carrying amount	57,358	27,575	177,489	262,422	2,475,242	2,737,664
Accumulated depreciation and impairment	(50,239)	(27,493)	(161,266)	(238,998)	0	(238,998)
Net carrying amount	7,119	82	16,223	23,424	2,475,242	2,498,666

At 30 June 2015 - fair value						
Gross carrying amount	57,358	27,575	177,489	262,422	2,532,545	2,794,967
Accumulated depreciation and impairment	(54,972)	(27,575)	(176,124)	(258,671)	(33,323)	(291,994)
Net carrying amount	2,386	0	1,365	3,751	2,499,222	2,502,973

Reconciliation

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

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
Year ended 30 June 2015						
Net carrying amount at start of the year	7,119	82	16,223	23,424	2,475,242	2,498,666
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Net revaluation increment less revaluation decrements	0	0	0	0	103,183	103,183
Depreciation expense	(4,733)	(82)	(14,858)	(19,673)	(79,203)	(98,876)
Writeback on accumulated depreciation on disposals	0	0	0	0	0	0
Net carrying amount at end of the year	2,386	0	1,365	3,751	2,499,222	2,502,973

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
At 1 July 2013 - fair value						
Gross carrying amount	57,358	38,328	177,489	273,175	2,367,114	2,640,289
Accumulated depreciation and impairment	(45,136)	(38,156)	(143,642)	(226,934)	(7,890)	(234,823)
Net carrying amount	12,222	172	33,847	46,242	2,359,224	2,405,466

At 30 June 2014 - fair value						
Gross carrying amount	57,358	27,575	177,489	262,422	2,475,242	2,737,664
Accumulated depreciation and impairment	(50,239)	(27,493)	(161,266)	(238,998)	0	(238,998)
Net carrying amount	7,119	82	16,223	23,424	2,475,242	2,498,666

Reconciliation

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

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
Year ended 30 June 2014						
Net carrying amount at start of the year	12,222	172	33,847	46,242	2,359,224	2,405,466
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Net revaluation increment less revaluation decrements	0	0	0	0	173,620	173,620
Depreciation expense	(5,104)	(90)	(17,625)	(22,818)	(57,602)	(90,420)
Writeback on accumulated depreciation on disposals	0	0	0	0	0	0
Net carrying amount at end of the year	7,119	82	16,223	23,424	2,475,242	2,498,666

Revaluation of Property

Each class of physical non-current assets is revalued at least every 5 years. The property was revalued as at 31 March 2015 for the Board by Mr Paul Goldsmith, Registered Valuer, Australian Property Institute, who is the Valuation Manager, Government Clients, Land & Property Information.

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

9 NON-CURRENT ASSETS - INTANGIBLE ASSETS - SOFTWARE

\$	
At 1 July 2014	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(315,877)</u>
Net carrying amount	<u>44,685</u>
At 30 June 2015	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(360,562)</u>
Net carrying amount	<u>0</u>
Year ended 30 June 2015	
Net carrying amount at start of year	44,685
Additions	0
Impairment losses	0
Amortisation	<u>(44,685)</u>
Other movements	<u>0</u>
Net carrying amount at end of the year	<u>0</u>
At 1 July 2013	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(226,507)</u>
Net carrying amount	<u>134,055</u>
At 30 June 2014	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(315,877)</u>
Net carrying amount	<u>44,685</u>
Year ended 30 June 2014	
Net carrying amount at start of year	134,055
Additions	0
Impairment losses	0
Amortisation	<u>(89,370)</u>
Other movements	<u>0</u>
Net carrying amount at end of year	<u>44,685</u>

10 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(a) FAIR VALUE HIERARCHY

2015	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Property, plant and equipment (refer Note 8)				
Land and building	0	2,499,222	0	2,499,222
Plant and equipment	0	3,751	0	3,751
	<u>0</u>	<u>2,502,973</u>	<u>0</u>	<u>2,502,973</u>
2014				
	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Property, plant and equipment (refer Note 8)				
Land and building	0	2,475,242	0	2,475,242
Plant and equipment	0	23,424	0	23,424
	<u>0</u>	<u>2,498,666</u>	<u>0</u>	<u>2,498,666</u>

(b) VALUATION TECHNIQUES, INPUTS AND PROCESSES

The Board's property as well as plant and equipment have been valued using market evidence with adjustment for condition, location, comparability, etc. Level 2 inputs have been used in determining the fair value of Property, plant and equipment since observable market data is readily available.

There were no transfers between level 1 and 2 during the period.

11 CURRENT LIABILITIES - PAYABLES

	2015	2014
	\$	\$
Tuition fees (refer Note 1(n))	11,655	786
Examination fees (refer Note 1(n))	422,940	410,449
Prizes (a)	11,156	12,230
Sundry accruals	33,219	130,425
Department of Justice (b)	190,716	88,226
GST payable	3,595	52
Rent received in advance	4,764	9,795
Academic exemption assessment fee	1,912	6331
Total	<u>679,957</u>	<u>658,293</u>

(a) The funds for prizes have been established by donations.

(b) Intercompany settlement to Department of Justice as at 30 June 2015.

12 CURRENT LIABILITIES-PERSONNEL SERVICES PROVISIONS

	2015	2014
	\$	\$
Recreation leave and related oncosts (a)	104,799	91,961
Long service leave and related oncosts (b)	545,822	348,686
Total	<u>650,621</u>	<u>440,647</u>

(a) The Board expect that of the total Recreation leave and related oncosts, \$83,839 will be settled within 12 months after the reporting date and the rest \$20,960 will be settled after 12 months.

(b) The Board's long service leave liability is included in Provisions - Personnel Services, and then offset by a corresponding asset which is included in Receivables.

13 NON-CURRENT LIABILITIES-PERSONNEL SERVICES PROVISIONS

	2015	2014
	\$	\$
Long service leave and oncosts	47,463	21,381
Provision for superannuation	758,400	725,478
Total	<u>805,863</u>	<u>746,859</u>

Legal Profession Admission Board

Notes to and forming part of the financial statements for the year ended 30 June 2015

14 RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net result for the year to net cash flows from operating activities

	2015 \$	2014 \$
Net result for the year	428,687	480,226
Depreciation	143,561	169,791
(Increase)/decrease in receivables and prepayments	(165,728)	(103,581)
Increase/(decrease) in provisions	268,978	27,788
Increase/(decrease) in payables	21,664	(1,126,710)
Net Cash Flows from Operating Activities	<u>697,162</u>	<u>(552,487)</u>

15 FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount 2015 \$	Carrying Amount 2014 \$
Class:				
Cash and cash equivalents	4	N/A	2,213,002	1,531,836
		At fair value through profit or loss		
Financial assets at fair value	6		599,995	583,999
Receivables (1)	5	Receivables at amortised cost	544,582	380,143
Financial Liabilities				
Class:				
Payables (2)	11	Financial liabilities measured at amortised cost	248,658	658,241

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

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

(b) Credit Risk

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

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

Cash

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

Receivables - trade debtors

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

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors that are past due or impaired.

(c) Liquidity Risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

Maturity Analysis and Interest Rate Exposure of Financial Liabilities

	Weighted Average	Nominal Amount	Interest Rate Exposure		<1yr	Maturity Dates	
			Fixed Interest	Non-interest bearing		1-5 yrs	>5yrs
2015	Effective Int Rate		Rate				
		\$		\$	\$	\$	\$
Financial Liabilities Payables	0	<u>248,658</u>	0	<u>248,658</u>	<u>248,658</u>	<u>0</u>	<u>0</u>
		<u>248,658</u>		<u>248,658</u>	<u>248,658</u>	<u>0</u>	<u>0</u>

	Weighted Average	Nominal Amount	Interest Rate Exposure		<1yr	Maturity Dates	
			Fixed Interest	Non-interest bearing		1-5 yrs	>5yrs
2014	Effective Int Rate		Rate				
		\$		\$	\$	\$	\$
Financial Liabilities Payables	0	<u>658,241</u>	0	<u>658,241</u>	<u>658,241</u>	<u>0</u>	<u>0</u>
		<u>658,241</u>		<u>658,241</u>	<u>658,241</u>	<u>0</u>	<u>0</u>

(d) Market Risk

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

The effect on operating performance and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2014. The analysis assumes that all other variables remain constant.

(e) Interest rate risk

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

	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2015	\$	\$	\$	\$	\$
<i>Financial Assets</i>					
Cash and cash equivalents	2,213,002	(22,130)	(22,130)	22,130	22,130
Financial assets at fair value	599,995	(6,000)	(6,000)	6,000	6,000
<i>Financial Liabilities</i>					
		Fixed Interest			
Borrowings	0				
2014	\$	\$	\$	\$	\$
<i>Financial Assets</i>					
Cash and cash equivalents	1,531,836	(15,318)	(15,318)	15,318	15,318
Financial assets at fair value	583,999	(5,840)	(5,840)	5,840	5,840
<i>Financial Liabilities</i>					
		Fixed Interest			
Borrowings	0				

Other price risk - TCorp Hour-Glass

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass Investment trusts:

Facility	Investment	Investment	2015	2014
	Sectors	Horizon		
Cash facility	Cash and money market	Up to 1.5 years	599,995	583,999

The unit price of facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for the facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for the above facility is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for the investment facility, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass investment facility are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June 2015 for the facility (balance from Hour-Glass statement).

Given the TCorp investment is in the Cash Facility, there is no material exposure to other price risk.

(f) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost with the exception of the TCorp Hour-Glass Facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

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

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

(ii) Fair value recognised in the statement of financial position

	Level 1 \$	Level 2 \$	Level 3 \$	2015 Total \$
Financial Assets at fair value				
TCorp Hour Glass - Cash Facility Investment		599,995		599,995
	Level 1 \$	Level 2 \$	Level 3 \$	2014 Total \$
Financial Assets at fair value				
TCorp Hour Glass - Cash Facility Investment		583,999		583,999

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

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

16 CONTINGENT ASSETS AND LIABILITIES

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

17 COMMITMENT FOR EXPENDITURE

The Board does not have any commitment for expenditure as at 30 June 2015 (2014:nil).

18 EVENTS AFTER THE REPORTING PERIOD

The Board is unaware of any events occurring after 30 June 2015 which would impact upon these financial statements.

End of Audited Financial Statements