

Legal Profession Admission Board

Annual Report 2011-2012



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CONTACT DETAILS

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LPAB staff 2011 – 2012

Robin Szabo – Executive Officer, Louise Pritchard, Angela Stevens – Legal Officers, Lynda Jennings – Acting Office Manager, Monika Bhattacharya – Professional Services Team Leader, Gordon Seago – Diploma in Law Coordinator, Tania Payne - Student Services Officer, Robert Wilson, Examinations Officer, Ming Han – Accounts Officer, Margaret Horan – Executive Assistant, Mylvaganam Nagarajah – Enquiries and Certificates Officer.

Assistance from James Molloy (Temp Admissions Officer), Rosemary Richards and other temporary staff is also acknowledged.

LETTER TO THE MINISTER

The Hon. Greg Smith SC MP
Attorney General
Minister for Justice
Level 33, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Attorney,

I am pleased to present you with the Annual Report for the Legal Profession Admission Board together with the Board's financial statements for the year ended 30 June 2012.

As required by the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finances and Audit Act 1983* I submit a report on the operations of the Board.

Yours faithfully

A handwritten signature in black ink, appearing to read 'rszabo', written in a cursive style.

Robin Szabo

Executive Officer
Registrar of Public Notaries

OUR CHARTER

The Legal Profession Admission Board (LPAB) is a statutory body and its functions include the admission of lawyers and appointment of public notaries in New South Wales. It assesses the qualifications of local and overseas applicants who seek entry to the legal profession and accredits academic and practical legal training courses. Successful completion of the Board's examinations leads to the award of the *Diploma in Law*, which satisfies the academic requirements for admission in NSW. The LPAB's responsibilities derive from the provisions of the *Legal Profession Act 2004* and the Legal Profession Admission Rules made pursuant to it, the *Public Notaries Act 1997*, its Appointment Rules and from the Board's close relationship to the Supreme Court of New South Wales.

The LPAB

- Processes applications for admission as a lawyer, appointment as a public notary, registration as a student-at-law and various applications under the Board's rules
- Assesses the qualifications and experience of applicants for admission to the profession, including applicants from interstate or overseas
- Maintains the rolls of lawyers and public notaries
- Administers the Board's examinations for its Diploma in Law course
- Accredits law degree courses and courses of practical legal training in New South Wales
- Provides certificates, diplomas, academic records and other documents to lawyers, students-at-law and professional bodies
- Provides application forms, information booklets and advice in relation to the above services
- Assists the Supreme Court of NSW in the conduct of ceremonies for admission to the legal profession, and
- Communicates with and assists other admitting, regulatory and educational authorities to promote uniformity and the provision of quality services

Our vision

The vision of the LPAB is to continually improve services and business efficacy to provide an accessible and affordable pathway towards legal practice, to ensure that professional qualifications and all accredited courses are of the highest standard and provide quality, timely and cost effective services to all persons who have dealings with the Board.

We aim to improve client satisfaction through:

- Providing quality timely and cost effective information services
- Providing accessible, consistent and equitable services, and
- Team Work

REPORT FROM THE EXECUTIVE OFFICER

The 2011/2012 Annual Report of the Legal Profession Admission Board (LPAB) provides details of the structure, membership and operations of the Board. It includes our achievements, current strategies and projects that will allow us to continue to achieve greater efficiencies through efficient financial management, continued improvement of our procedures and client services and reduction of costs and wastage.

Highlights of 2011/2012

Highlights of our operational achievements are provided below:

- The Legal Profession Admission Board (LPAB) this year celebrated a number of achievements this year. Not the least of these was winning the inaugural Harmony Day Award.
- The LPAB for the first time participated in the Transition to Work program conducted by the Sydney Employment Development Service. This program involves taking on people with cerebral palsy and providing work experience
- The LPAB has also commenced the physical destruction of very old Defunct Solicitor's files. This is a slow process, as each file must be manually checked for any original wills or property titles. Removal of these records which do not relate to any current or past functions of the Board and for which authority for destruction has been given will reduce the Board's storage costs.
- The LPAB staff has implemented the FISH! Program and this is already showing improvements in staff morale, client service a reduction in sick leave. This program will be continuing through the year and it is anticipated that we will continue to show improvements in sick leave levels and client service.
- Promotion of teamwork within the office has been made a priority and it is hoped that these efforts will continue to encourage harmony and cooperation within the workplace and resolution of any issues.
- As a result of the stresses in the global economy the LPAB has seen an increase of 27% in application for assessment by overseas qualified lawyers this year, for example there has been a noticeable increase in applicants from Ireland.
- The LPAB has a Key Measure of Success under the Strategic Plan to provide high quality client service. The Board has achieved 95% of valid course enrolments processed by the LPAB within time standards.
- The LPAB successfully organised and hosted the twelfth meeting of the Administrators of Australasian Law Admitting Authorities (AALAA) in October 2011.
- LPAB and LEC staff participated in the "Reinvent Your Career" Expo, which is an event that targets mature age participants seeking re-entry to the workforce, a change of career or undertaking further studies.

The Future, National Legal Profession and Tertiary Education Reforms

From its historical beginnings in 1848, as the first body to offer a law qualification in Australia, the strength of the Legal Profession Admission Board (formerly known as Legal Practitioners Admission Board, and the Barristers and Solicitors Admission Boards) is the ability to evolve and remain relevant to changing times. The impact of

the National Legal Profession Reforms remains uncertain, as some jurisdictions have withdrawn their support for the new system of national regulation. Under the *Legal Profession National Law*, it is proposed that a newly established National Legal Service Board, to be located in New South Wales, will undertake some of the functions currently performed by local admitting authorities and other bodies. Although lawyers will continue to be admitted by the courts in each jurisdiction, some functions, possibly, accreditation of academic and practical legal training courses and the assessment of overseas qualifications and registration of foreign lawyers may be transferred to the National Legal Services Board. The new Board, in consultation with local authorities, will be responsible for drafting the National Rules and establishing committees to provide expert advice in specific areas.

The Board and its staff continue to face considerable challenges to maintain operations and provide assistance and advice to facilitate these reforms and meet increasing demands on its resources. The Board has played an active role in reviewing and responding to numerous proposals put forward by the Law Admissions Consultative Committee (LACC) and has highlighted issues arising from its annual review and accreditation of law degrees and practical legal training courses. The advice of the NSW Board and its Committees is also often sought by other authorities in respect to matters of admission and the assessment of overseas qualifications.

The introduction of the Tertiary Education Quality and Standards Agency (TEQSA) that established a new authority to register and evaluate the performance of all higher education providers against a new Higher Education Standards Framework has required the Board's attention and allocation of resources. The uncertainty of the TEQSA legislation's impact on the Board and its Diploma in Law courses required the Board to seek independent legal advice and to engage in a close consultation process with TEQSA. The Executive Officer and LPAB staff continues to work closely with the Director, LEC and LEC staff to ensure that the Board's course remains competitive and continues to be of the highest standard. This unique course has a rich history and is recognised as a means of allowing people from all walks of life, including country residents, an opportunity to study law.

The LPAB team thanks all involved in its operations for their valued contributions.

A handwritten signature in black ink, appearing to read 'rszabo', with a stylized, cursive script.

Robin Szabo
Executive Officer

MANAGEMENT AND STRUCTURE

The LPAB is constituted under Part 7.1 and Schedule 2 of the *Legal Profession Act 2004*. The Board is established as an independent statutory authority. However, for certain administrative and reporting purposes, it operates under the umbrella of the Department of Attorney General and Justice (DAGJ). DAGJ provides employees to the Board to enable it to carry out its functions.

Membership of the LPAB

The Board consists of 11 members, being:

- the Chief Justice of New South Wales, and
- 3 Judges of the Supreme Court nominated by the Chief Justice of New South Wales, and
- the Attorney General or a person nominated by the Attorney General, and
- 2 persons nominated by the Committee of NSW Law Deans (now Council Of Australian Law Deans), and
- 2 barristers nominated by the Bar Council, and
- 2 solicitors nominated by the Law Society Council.

Legal Profession Admission Board

The Honourable The Chief Justice
The Honourable Justice Slattery
The Honourable Justice Davies
The Honourable Justice Sackar (from 1/8/11)
Mr Jeremy Gormly SC
Mr Garry McGrath SC
Mr Charles Cawley
Mr John Dobson
Professor Stephen Colbran
Professor Luke McNamara
Ms Maureen Tangney
Secretariat: Ms Robin Szabo

The Hon Justice Slattery is also the Board's representative on the Law Admissions Consultative Committee (LACC).

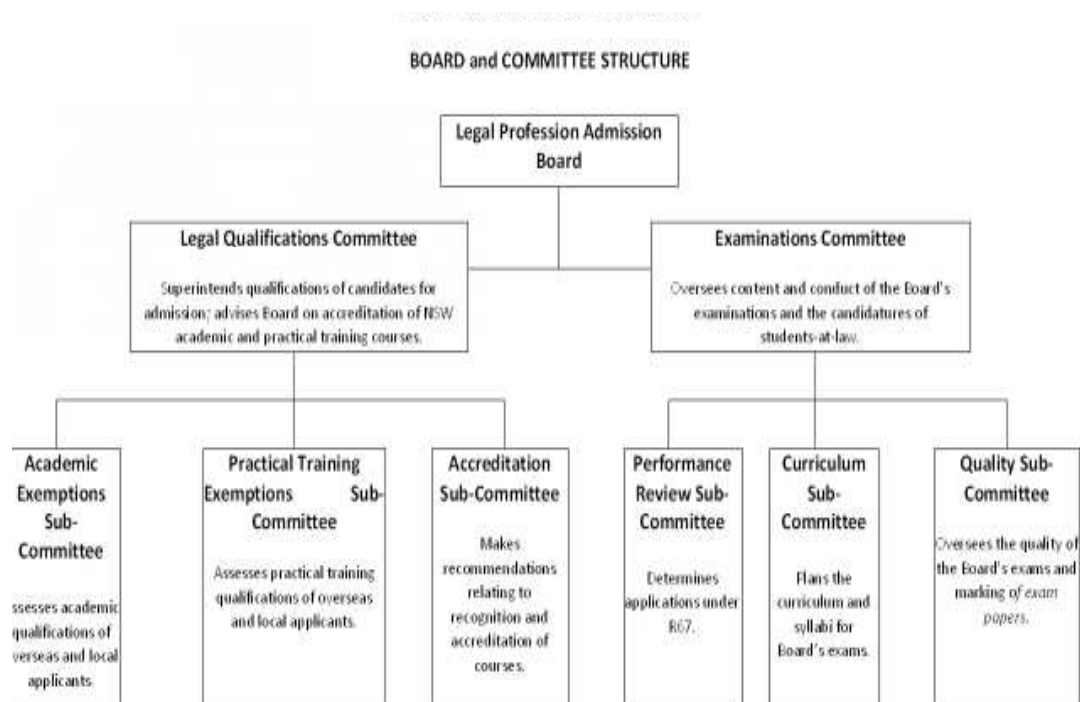
Board and Committee Structure

The functions of the Board include making decisions about the eligibility and suitability of applicants for admission as lawyers and appointment of public notaries, assessing the qualifications of overseas applicants, accreditation of academic and practical legal training courses in NSW and operation of the Board's *Diploma in Law* Course. The Board, with advice from its Legal Qualifications Committee, has made significant contribution, including commentaries to the draft legislation and rules to the ongoing reforms for assessment of qualifications of overseas applicants and to the national reform legislative framework. The Board also facilitated the development of uniform disclosure guidelines for applicants for admission as lawyers, by initiating and providing expert advice on proposals put forward by LACC.

The Executive Officer and LPAB staff provides secretariat and administrative support to the Board, its Committees and Sub-Committees in the exercise of their functions.

The Board and its Committee structure is represented in the diagram below.

Board and Committee structure chart



Legal Qualifications Committee

The Legal Qualifications Committee (LQC) is constituted pursuant to rule 15 of the *Legal Profession Admission Rules 2005* to superintend the qualification of candidates for admission and to advise the Board in relation to the accreditation of academic and practical training courses.

The membership of the Legal Qualifications Committee and its Sub-Committees during 2011/2012 is set out below.

Members of the Legal Qualifications Committee

The Honourable Justice White (Chairperson)
 The Honourable Justice Davies (Deputy Chairperson)
 The Honourable Associate Justice Hallen
 Mr John Fernon SC
 Ms Susan Leis
 Ms Elizabeth Picker
 Ms Mary Macken
 Mr Charles Cawley
 Mr John Dobson
 Mr Greg Ross
 Mr Richard Harris
 Professor Ainslie Lamb AM
 Ms Jenny Eggleton
 Dr Gordon Elkington
 Mr Peter Underwood
 Secretariat: Ms Robin Szabo

Academic Exemptions Sub-Committee

The Honourable Justice White
Dr Gordon Elkington
Mr Peter Underwood
Secretariat: Ms Monika Bhattacharya

Practical Training Exemptions Sub-Committee

Professor Ainslie Lamb AM
Mr Greg Ross
Ms Elizabeth Picker
Secretariat: Ms Monika Bhattacharya

Accreditation Sub-Committee

Mr Richard Harris
Mr Charles Cawley
Professor Ainslie Lamb AM
Secretariat: Ms Louise Pritchard

The Legal Qualifications Committee (LQC) and its Practical Training Exemptions Sub-Committee met seven times during the financial year to perform the tasks allocated under the Board's Rules. The Academic Exemptions Sub-Committee met on a frequent basis to determine applications for academic exemptions. This year has seen an increased number of applications determined by the Sub-Committees, with an 18% increase of academic exemption applications and 27% of practical training exemption applications. Both the LQC and its Sub-Committees worked closely with the Board to resolve issues that arose in regards to the assessment of applicants from overseas who sought entry to the legal profession in Australia. The LQC dealt with appeals from its sub-committee decisions as well as requests for extensions of the period of validity of academic and practical training exemptions. It also considered applications from students-at-law who sought approval under rule 97(9) to apply for exemptions on the basis of studies undertaken elsewhere after registration as a student-at-law with the Board.

The LQC and its Sub-Committees made recommendations to the Board on changes and procedures proposed by the Law Admissions Consultative Committee (LACC) in applying the Uniform Principles for the assessment of the qualifications of overseas applicants or practitioners, including assessment of the qualifications from applicants from the UK and Ireland where the applicant had completed the Common Professional Examination (CPE) or Graduate Diploma in Law (GDL) but had not been admitted in their home jurisdiction and granting of PLT exemptions to UK and Irish applicants who are not admitted. Proposed Standards for PLT courses and Providers, developed by the Victorian Council of Legal Education were also reviewed. Concerns arising from the Accreditation Sub-Committee about the dilution of courses and substitution of PLT subjects for academic subjects led the Committee to recommend to the Board in 2011 that certain law degrees not be accredited until those concerns were addressed. The duration of legal studies also continues to be an issue for ongoing discussion.

Dr Elkington and Mr Underwood kindly agreed to address the Administrators of Australasian Law Admitting Authorities (AALAA) at their meeting, hosted by the Board, in September 2011 and provided information to other jurisdictions about how

the Academic Exemption Sub-Committee assess overseas qualifications and deal with applicants when a mark of less than 50% has been awarded.

Examinations Committee

The Examinations Committee is constituted pursuant to rule 27 of the *Legal Profession Admission Rules 2005* to oversee the content and conduct of the Legal Profession Admission Board's (the Board) examinations and the candidatures of students-at-law enrolled in the *Diploma in Law* Course. The Committee for this purpose works closely with the Law Extension Committee (LEC) of the University of Sydney.

The Examinations Committee has just completed its tenth year of operation. The membership of the Examinations Committee and its Sub-Committees during 2011/2012 are set out below.

Members of the Examinations Committee

The Honourable Justice Simpson (Chairperson)

The Honourable Justice Hall

Mr Michael Christie SC

Mr John Dobson

Mr Frank Astill

Mr Ross Anderson

Ms Susan Carter

Secretariat: Ms Robin Szabo (assisted by Ms Angela Stevens)

Curriculum Sub-Committee

Mr Michael Christie SC

Mr Ross Anderson

Mr Frank Astill

Secretariat: Ms Robin Szabo

Performance Review Sub-Committee

The Honourable Justice Hall (Chairperson)

Mr Frank Astill

Mr John Dobson

Secretariat: Ms Robin Szabo

Quality Sub-Committee

Mr Frank Astill

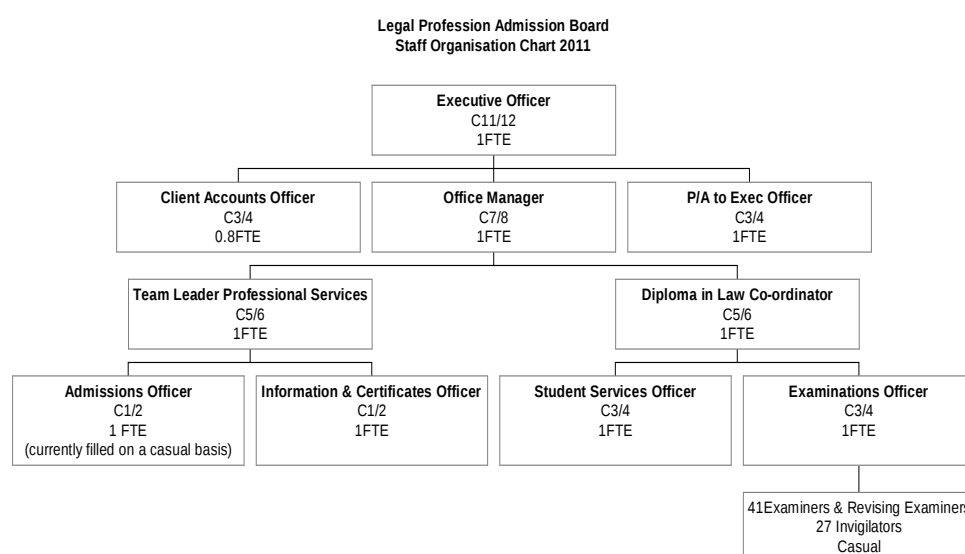
Mr Ross Anderson

Ms Susan Carter

Secretariat: Ms Robin Szabo

In the 2011/2012 financial year the Examinations Committee and its Sub-Committees proceeded with course related tasks, including appointing Examiners, hearing applications and reviewing Sub-Committee determinations. With Members' agreement several of the Committee's meetings this year were held electronically. Recommendations were adopted to amend the Board's prize policy to recognise the changes to the assessment regime (where assignment marks are now counted to the students overall subject mark) and to introduce an eligibility requirement to only permit students who were studying for the Diploma in Law and exclude overseas qualified practitioners who were undertaking a small number of subjects to top up

their qualifications. The Committee also considered an issue raised by the LEC relating to academic misconduct involving use of the Internet to place an advertisement seeking assistance with completion of an assignment. A policy was also established to deal with the recycling of examination questions, which has been set out in the memorandum of responsibilities sent to Examiners and included in each contract. A number of unfortunate and unforeseen incidences occurred during the March 2012 examinations, including printing problems and the impact of flooding. Measures have since been introduced to ensure a more rigorous quality checking process is in place and procedures are being developed to deal with unforeseen disasters. The Committee also endorsed a proposal to the Board to make the elective subject of Understanding Legal Language and Legislation a compulsory subject. The Committee continues to monitor the performance of all subjects to maintain the quality of the standard of tuition offered to ensure that the Board's course remains of the highest standard.



The LPAB has 11 full time equivalent staff. Grading including gender distribution is provided below.

Grade	Female	Male
Clerk 11/12	1	
Legal Officer I-III	1.6	
Clerk 7/8	1	
Clerk 5/6	1	1
Clerk 3/4	2.8	1
Clerk 1/2		1

The LPAB also employs 41 Casual Examiners & Revising Examiners and 27 Casual Exam Invigilators and engages short term temporary assistance during enrolments, examinations and on admission days.

REVIEW OF OPERATIONS

Admission of Lawyers

To be admitted as a lawyer to the Supreme Court of New South Wales, a person must be eligible and suitable for admission. To be eligible, a person must satisfy academic and practical training requirements. An applicant who does not meet the criteria for exemption will also be required to demonstrate English language

proficiency. To be suitable, a person must be considered to be fit and proper to be admitted. The Board advises the Supreme Court that it considers a person eligible and fit and proper by means of a compliance certificate. Board staff perform all of the administrative tasks associated with the organisation and conduct of Admission Ceremonies that are held in the Banco Court of the Supreme Court of New South Wales. The requirements for admission are outlined in rules 95 and 96 of the [Legal Profession Admission Rules 2005](#). The table below shows the number of admissions in 2011/2012.

Admissions	Total Admitted 2011/2012
Local (qualifications obtained wholly or partly in Australia)	1778
Overseas (admitted outside Australia or New Zealand)	86
Total	1864

Mutual Recognition

Admissions under Mutual Recognition Acts are not included. In 2011/2012, there were 95 New Zealand legal practitioners who were admitted to the Supreme Court of New South Wales under the *Trans Tasman Mutual Recognition Act 1997*. The court provides the Board with copies of the orders for entry to the Roll of Lawyers. Mutual recognition applications from Australian States and Territories have all but ceased, following the enactment of legislation that allows recognition of interstate practising certificates in all jurisdictions except South Australia.

Academic and Practical Legal Training exemptions

The Board receives applications from persons who seek exemption from some or all of the Board's examinations on the basis of studies completed at recognised universities in an Australian State or Territory or overseas. It also receives requests from eligible applicants who seek exemption from some or all of the practical legal training (PLT) competencies. The Legal Qualifications Committee and its Sub-Committees review the applications for exemptions, requests for review and other miscellaneous applications. Applications are increasingly being received from a diverse range of countries including non-English speaking countries such as Nigeria, Brazil, Columbia, Romania, Pakistan, Namibia, Ukraine, Jordan, Poland, Peru, Iran, Egypt and Botswana.

Operation	2011/12
Number of Academic Exemptions processed	454
Number of applications for academic exemption assessed within 4-6 weeks of receipt	*93%
*The decreased processing time was due to the unexpected absence of one sub-committee member. There are 3 reporting quarters of applications assessed that exceed the target.	
Number of PLT exemptions granted	123

Diploma in Law Course

The *Diploma in Law* Course is an attractive alternative to a degree from university because it offers an affordable and flexible means of studying law. People who seek admission to the Board's course must apply for registration as a student-at-law to be eligible to enrol. Under the Board's rules, a student-at-law who enrolls for the Board's

examinations must also enrol in the corresponding course of instruction conducted by the University of Sydney's Law Extension Committee (LEC). The LEC was established by the Senate of the University of Sydney in 1964 for such a purpose.

The LPAB works closely with the LEC in the administration of the *Diploma in Law* Course. The LEC provides tuition in the 26 subjects that comprise the Diploma in Law curriculum and students must complete 17 compulsory and 3 elective subjects.

The *Diploma in Law* Course has two enrolment intakes each year. Enrolments are usually held in the last week of October and April for the sessions with lectures commencing in November and May with examinations in the first week of March and September. Deadlines for applications for registration for intending students-in-law who seek to enrol in the November and May sessions are 1 September and 1 March respectively. Orientation weekends are held immediately prior to the commencement of semester.

Operation	2011/12
Applications for registration of new Students-at Law	570
Number of Student-at-law applications processed within 48 hours	90%
Total number of student enrolments	4945
Number of valid course enrolments processed within 7 days of receipt	95%

Operation	2011/12
Total number of Students awarded Diploma in Law	144
Term 2 2011	69
Term 1 2012	75

Examination Assessment

A hallmark of the *Diploma in Law* Course has been the requirement to pass an exam worth 100% of assessment. Recent changes approved by the Examinations Committee and adopted by the Board, now allow each subject to include an assignment component worth 20% of the final mark and the exam 80%. The new assessment structure does not change the eligibility requirements under the Board's Rules for sitting an exam, as students must still satisfactorily complete the requirements of the course in order to sit for the examination in that subject. The change has been closely monitored and does not appear to have had any significant impact to the overall examination results.

The scheduled examination locations include Sydney, Parramatta, Albury, Armidale, Broken Hill, Canberra, Dubbo, Lismore and Newcastle.

Semester	No. of enrolments	No. of exams sat	No. of students
2011 – Semester 2	2410	2059	1275
2012 – Semester 1	2535	2099	1319

Registration of Public Notaries

The LPAB administers the appointment of Public Notaries in NSW. The Executive Officer of the LPAB is the Registrar of Public Notaries and maintains the Roll of Public Notaries. Public Notaries are appointed by the Supreme Court of New South Wales pursuant to the Public Notaries Act 1997 and the [Public Notaries Appointment](#)

[Rules 1998](#). In exercising its functions, the Board may consult with The Society of Notaries of New South Wales Incorporated. A public notary deals with non-contentious matters usually concerned with documentation required by a client for use overseas. Common tasks involve estates, deeds, powers-of-attorney, and foreign and international business. Registration and appointment of Public Notaries occurs biannually. The Board is currently in the process of drafting reforms to the Act and Rules in response to issues raised by Public Notaries and the Society of Notaries of NSW Inc.

Operation	2011/12
Appointment of Public Notaries	65
Total number registered	844

Publications 2011-12

The LPAB ensures that it maintains clear and relevant information in hardcopy and on its website. The following are the current publications.

Publication	Description
A Pathway to Legal Practice Brochure	An Information Brochure on the LPAB Diploma in Law Course
Board Calendar 2011 & 2012	The Board's Calendar of yearly events i.e. admission ceremonies and closing dates, student registration and enrolment deadlines, examination results publication dates and various Committee agenda deadlines and meeting dates
Diploma in Law Course information Handbook	Course information handbook published each semester
Examination Papers	Examination papers for the past 3 semesters

APPENDIX A – INTERNAL AUDIT AND RISK STATEMENT

Internal Audit and Risk Management Statement for the 2011-2012 Financial Year for the Legal Profession Admission Board (LPAB)

I, Robin Szabo, Executive Officer on behalf of the Legal Profession Admission Board am of the opinion that the Legal Profession Admission Board (LPAB) has internal audit and risk management processes in place and operating that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Robin Szabo, Executive Officer on behalf of the Legal Profession Admission Board am of the opinion that the internal audit and risk management processes for the Legal Profession Admission Board depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the Legal Profession Admission Board has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 1: Internal Audit Function Core Requirement 2: Audit and Risk Committee; Core Requirement 3: Independent Chairs and Members; Core Requirement 4: Model Charter and Committee Operations Core Requirement 5: Risk Management Standards Core Requirement 6: Internal Audit Standards	□ The LPAB is a small statutory body (constituted by provisions in Part 7 of the <i>Legal Profession Act 2004</i>) where the lack of resources and cost burden of establishing an independent Audit & Risk Committee would materially impact on the LPAB's operations and budget. Consequently the LPAB obtained a determination from the Attorney General for exemption from compliance requirements in regards to the establishment of an independent Audit and Risk Committee. □ The LPAB has in place an alternate arrangement that will achieve outcomes equivalent to the core requirements; the LPAB was granted approval to share in the Department of Attorney General and Justice (DAJG) "cluster" arrangement of internal audit and risk management framework. The LPAB is subject to all DAGJs internal audit and risk management systems including the DAGJ Audit and Risk Committee, internal audit function including a Chief Audit Executive and risk management processes. As the DAGJ internal audit and risk management governance and processes comply with Treasury Policy, by virtue of the LPAB sharing in the Department's internal audit and risk management system, enables the LPAB to also comply with Policy requirements.

I, Robin Szabo, Executive Officer on behalf of the Legal Profession Admission Board am of the opinion that the shared service /policy cluster equivalent with the Department of Attorney General and Justice for the LPAB is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The information relating to the Chair and Members of the Audit and Risk Committee are contained within the DAGJ cluster arrangement; specifically, reference is made to the Department of Attorney General and Justice Audit and Risk Committee Charter for the following information:
independent Chair (term of appointment)
independent Member 1 (term of appointment) etc.
non-independent Member 1 (term of appointment) etc.

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the LPAB to understand, manage and satisfactorily control risk exposures.

Department Head or in accordance
with a resolution of the Governing
Board of the Statutory Body



Executive Officer
Legal Profession Admission Board

APPENDIX B – ABBREVIATIONS

AALAA	Administrators of Australasian Law Admitting Authorities
DAGJ	Department of Attorney General and Justice
EC	Examinations Committee
LACC	Law Admissions Consultative Committee
LEC	Law Extension Committee
LPAB	Legal Profession Admission Board
LQC	Legal Qualifications Committee
PLT	Practical Legal Training
TEQSA	Tertiary Education Quality and Standards Agency

APPENDIX C-AUDITED FINANCIAL STATEMENTS-2011/2012

LEGAL PROFESSION ADMISSION BOARD

Financial Statements

for the year ended 30 June 2012

LEGAL PROFESSION ADMISSION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

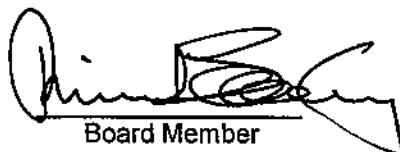
STATEMENT BY MEMBERS OF THE BOARD

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 2012 and transactions for the year 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 2010 and the Treasurer's Directions.

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

Dated: 28 September 2012


Board Member


Board Member

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
Expenses			
Operating Expenses			
Personnel services expenses	10	(1,793,501)	(1,133,191)
Other operating expenses	11	(580,426)	(485,068)
Depreciation and amortisation	5&6	(184,959)	(146,455)
Total Expenses Excluding Losses		<u>(2,558,887)</u>	<u>(1,764,714)</u>
Revenue			
Registration		111,450	100,440
Examination		736,200	700,625
Admission		786,420	721,800
Academic Exemption		88,000	78,020
Other revenue		219,708	178,171
Interest		83,663	95,296
Rent		27,810	29,915
Total Revenue		<u>2,053,251</u>	<u>1,904,266</u>
Other Gains/(Losses)	12	0	(226,204)
Net Result		<u>(505,636)</u>	<u>(86,651)</u>
Other Comprehensive Income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		0	0
TOTAL COMPREHENSIVE INCOME		<u>(505,636)</u>	<u>(86,651)</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	Actual 2012 \$	Actual 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	2	2,229,036	2,040,474
Other financial assets	3	547,117	521,751
Receivables	4	452,828	260,965
Total Current Assets		<u>3,228,982</u>	<u>2,823,190</u>
Non-Current Assets			
Property, Plant and Equipment			
Land & Building	5	2,343,929	2,416,050
Plant & Equipment	5	68,558	82,977
Total Property, Plant and Equipment	5	<u>2,412,487</u>	<u>2,499,027</u>
Intangible asset	6	225,351	315,492
Receivables-Personnel Services	4	0	5,331
Total Non-Current Assets		<u>2,637,838</u>	<u>2,819,850</u>
Total Assets		<u>5,866,820</u>	<u>5,643,040</u>
LIABILITIES			
Current Liabilities			
Payables	8	1,748,376	1,509,816
Provisions - Personnel Services	7	457,462	340,917
Total Current Liabilities		<u>2,205,838</u>	<u>1,850,733</u>
Non-Current Liabilities			
Long Term Borrowings	9b	600,000	800,000
Provisions - Personnel Services	9a	959,960	385,649
Total Non-Current Liabilities		<u>1,559,960</u>	<u>1,185,649</u>
Total Liabilities		<u>3,765,798</u>	<u>3,036,382</u>
Net Assets		<u>2,101,022</u>	<u>2,606,658</u>
EQUITY			
Accumulated funds		2,101,022	2,606,658
Total Equity		<u>2,101,022</u>	<u>2,606,658</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 2012

	Notes	Accum Funds	Asset Reval Reserve	Total
		\$	\$	\$
Balance as at 1 July 2011		<u>2,606,658</u>	<u>0</u>	<u>2,606,658</u>
Net result for the year		(505,636)		(505,636)
Other Comprehensive Income				
Net increase/(decrease) in property, plant and equipment		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2012		<u>2,101,022</u>	<u>0</u>	<u>2,101,022</u>
Balance as at 1 July 2010		<u>2,693,310</u>	<u>0</u>	<u>2,693,310</u>
Net result for the year		(86,651)		(86,651)
Other Comprehensive Income				
Net increase/(decrease) in property, plant and equipment		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2011		<u>2,606,658</u>	<u>0</u>	<u>2,606,658</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments			
Personnel services expense		(1,172,227)	(1,125,865)
Other		(531,064)	(472,128)
Interest paid		(41,440)	(47,975)
Total Payments		<u>(1,744,731)</u>	<u>(1,645,968)</u>
Receipts			
Registration		111,450	100,440
Examination		749,340	718,535
Admission		786,420	721,800
Academic Exemption		88,000	78,020
Interest Received		83,663	95,296
Advanced Fees/Tuition Fees		92,341	29,428
Other		255,724	210,060
Total Receipts		<u>2,166,937</u>	<u>1,953,579</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	13	<u>422,206</u>	<u>307,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Intangibles & Plant and Equipment		(8,279)	(50,357)
Purchase of Investments		(25,366)	(26,581)
NET CASH FROM INVESTING ACTIVITIES		<u>(33,645)</u>	<u>(76,938)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings and Advances		(200,000)	(150,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(200,000)</u>	<u>(150,000)</u>
NET INCREASE/(DECREASE) IN CASH		188,562	80,672
Opening Cash and Cash equivalents		2,040,474	1,959,802
CLOSING CASH AND CASH EQUIVALENTS	2	<u>2,229,036</u>	<u>2,040,474</u>

The accompanying notes form part of these financial statements.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Legal Profession Admission Board (the Board) is constituted under Part 7.1 of the Legal Profession Act 2004. Its role involves the examination of Students-at-Law, the approval of properly qualified persons for Admission as Lawyers and the approval of properly qualified persons for Appointment as Public Notaries.

The Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

(b) Basis of Preparation

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

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

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

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

(c) Statement of Compliance

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

(d) Other Financial Assets

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

(e) Property, Plant & Equipment

(i) Acquisition of Assets

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

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

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

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

(ii) Capitalisation Threshold

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

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Board revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2011 and was based on an independent assessment. A desk top review was undertaken as at 31 March 2012 by Land and Property Information, the same valuers as at 30 June 2011, which indicated no change to the property revaluation currently reflected in the books.

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 surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

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

(iv) Impairment of Property, Plant and Equipment

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

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

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

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

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

Building	2.5%
Computer Equipment	25%
Office Equipment	20%
Furniture & Fittings	10%
Intangible Assets - Software	25%
Intangible Assets - Software - Major Projects	10%

(g) Maintenance

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

(h) Intangible Assets

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

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

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

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

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

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

(i) Payables

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

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

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

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

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

(k) Personnel Services

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

- (i) Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date – recognised as short-term employee benefits and measured at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.
- (ii) Long-term annual leave that is not expected to be taken within twelve months – the nominal method has been used as this is not materially different from the present value method as required by AASB 119 *Employee Benefits*.
- (iii) Unused non-vesting sick leave – not recognised, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.
- (iv) On-costs, such as payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment – recognized as liabilities and expenses where the employee benefits to which they relate have been recognised.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

- (v) Long Service Leave Liability comprises the Legal Admission Profession Board's liability to the Department of Attorney General and Justice for costs arising from personnel services rendered by the Department of Attorney General and Justice to balance date. This also includes superannuation for personnel services provided by the Department of Attorney General and Justice. Costs payable within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.
- (vi) Superannuation – 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.

(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 has borrowed funds from NSW Treasury Corporation for the purchase of the premises at Level 4, 37 Bligh Street, Sydney (Refer to Note 9 (b))

(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 LPAB'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 LPAB collected will not be treated as its revenue, it will be held in LPAB'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.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

(o) *Impairment of Financial Assets*

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

Any reversals of impairment losses are reversed through the 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.

(p) *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.

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

At the reporting date, a number of Accounting Standards adopted by the AASB has been issued but are not yet adopted as per NSW Treasury Circular TC 12/04.

AASB 9 and AASB 2010-7 regarding financial instruments.

AASB 13 and AASB 2011-8 regarding fair value measurement

AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits

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 2012

2 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 is reconciled to the related items in the Statement of Financial Position as follows:

	2012 \$	2011 \$
Cash at bank	2,228,536	2,039,974
Cash on hand	500	500
Closing Cash	<u><u>2,229,036</u></u>	<u><u>2,040,474</u></u>

The 30 June 2012 balance includes Tuition Fees of \$1,186,080 (compared to \$1,093,704 on 30 June 2011) (refer Note 8), due to the University of Sydney in respect of the term May to September 2012 session. The Board retained interest on these funds.

Refer to Note 14, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

3 CURRENT ASSETS - OTHER FINANCIAL ASSETS

	2012 \$	2011 \$
TCorp Hour Glass-Cash Facility Investment	547,117	521,751
Total	<u><u>547,117</u></u>	<u><u>521,751</u></u>

Refer to Note 14, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

4 CURRENT/NON-CURRENT ASSETS - RECEIVABLES

Current

	2012 \$	2011 \$
Prepayments	9,721	7,106
Debtors	26,160	0
Personnel Services - (a)	287,000	212,000
GST Receivables	122,981	3,583
Department of Attorney General and Justice - (b)	6,965	38,276
Total	<u><u>452,828</u></u>	<u><u>260,965</u></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.

(b). All related expenditure and revenue, with the exception of payments to some casual examination staff and other temporary staff employed by the Board, are initially paid/received by the Department of Attorney General and Justice, which then seeks settlement from the Board.

Non-Current

	2012 \$	2011 \$
Personnel Services - Prepaid Superannuation	0	5,331
Total	<u><u>0</u></u>	<u><u>5,331</u></u>

Refer to Note 14, for details regarding credit risk, liquidity risk and market risk arising from Financial Instruments.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

5

NON-CURRENT ASSET - PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
At 1 July 2011 - fair value						
Gross carrying amount	49,192	38,328	177,489	265,009	2,416,050	2,681,059
Accumulated depreciation and impairment	(36,141)	(37,976)	(107,916)	(182,032)	-	(182,032)
Net carrying amount	13,052	353	69,573	82,977	2,416,050	2,499,027

At 30 June 2012 - fair value						
Gross carrying amount	56,011	38,328	177,489	271,828	2,416,050	2,687,878
Accumulated depreciation and impairment	(39,540)	(38,086)	(125,665)	(203,270)	(72,121)	(275,391)
Net carrying amount	16,471	283	51,824	68,558	2,343,929	2,412,487

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

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
Year ended 30 June 2012						
Net carrying amount at start of the year	13,052	353	69,573	82,977	2,416,050	2,499,027
Additions	8,279	-	-	8,279	-	8,279
Disposals	(1,460)	-	-	(1,460)	-	(1,460)
Net revaluation increment less revaluation decrements	-	-	-	-	-	-
Depreciation expense	(4,859)	(90)	(17,749)	(22,698)	(72,121)	(94,819)
Writeback on accumulated depreciation on disposals	1,460	-	-	1,460	-	1,460
Net carrying amount at end of the year	16,471	283	51,824	68,558	2,343,929	2,412,487

	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Property \$	Total Property, Plant & Equipment \$
At 1 July 2010 - fair value						
Gross carrying amount	58,828	38,328	177,489	274,645	3,154,930	3,429,575
Accumulated depreciation and impairment	(50,806)	(37,527)	(90,167)	(178,501)	(433,803)	(612,303)
Net carrying amount	8,022	801	87,322	96,145	2,721,127	2,817,272

At 30 June 2011 - fair value						
Gross carrying amount	49,192	38,328	177,489	265,009	2,416,050	2,681,059
Accumulated depreciation and impairment	(36,141)	(37,976)	(107,916)	(182,032)	-	(182,032)
Net carrying amount	13,052	353	69,573	82,977	2,416,050	2,499,027

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 2011						
Net carrying amount at start of the year	8,022	801	87,322	96,145	2,721,127	2,817,272
Additions	9,344	-	-	9,344	-	9,344
Disposals	(18,980)	-	-	(18,980)	-	(18,980)
Net revaluation increment less revaluation decrements	-	-	-	-	(226,204)	(226,204)
Depreciation expense	(4,314)	(448)	(17,749)	(22,512)	(78,873)	(101,385)
Writeback on accumulated depreciation on disposals	18,980	-	-	18,980	-	18,980
Net carrying amount at end of the year	13,052	353	69,573	82,977	2,416,050	2,499,027

Revaluation of Property

Each class of physical non-current assets is revalued at least every 5 years. The property was revalued as at 30 June 2011 for the Board by Mr Paul Goldsmith, Registered Valuer, Australian Property Institute, who is the Valuation Manager, Government Clients, Land & Property Information.

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

A desk-top revaluation of the property was undertaken by the same property valuers as at 31 March 2012 in respect of the 30 June 2012 position. The desk-top revaluation indicated that the current carrying amount of assets materially approximated their fair value. As a result, there was no revaluation adjustment recognised during the year.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements

For the Year ended 30 June 2012

6 NON-CURRENT ASSETS - INTANGIBLE ASSETS - SOFTWARE

At 1 July 2011

Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(45,070)</u>
Net carrying amount	<u><u>315,492</u></u>

At 30 June 2012

Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(135,211)</u>
Net carrying amount	<u><u>225,351</u></u>

Year ended 30 June 2012

Net carrying amount at start of year	315,492
Additions	0
Impairment losses	0
Amortisation	(90,141)
Other movements	<u>0</u>
Net carrying amount at end of the year	<u><u>225,351</u></u>

At 1 July 2010

Cost (gross carrying amount)	319,549
Accumulated amortisation and impairment	<u>0</u>
Net carrying amount	<u><u>319,549</u></u>

At 30 June 2011

Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(45,070)</u>
Net carrying amount	<u><u>315,492</u></u>

Year ended 30 June 2011

Net carrying amount at start of year	319,549
Additions	41,013
Impairment losses	0
Amortisation	(45,070)
Other movements	<u>0</u>
Net carrying amount at end of year	<u><u>315,492</u></u>

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

7 CURRENT LIABILITIES-PROVISIONS-PERSONNEL SERVICES

	2012	2011
	\$	\$
Provisions		
Recreation Leave	126,831	91,801
Long Service Leave and Oncosts	330,632	249,116
Total	<u><u>457,462</u></u>	<u><u>340,917</u></u>

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.

8 CURRENT LIABILITIES - PAYABLES

	2012	2011
	\$	\$
Tuition Fees (Refer Note 1(n))	1,186,080	1,093,704
Examination Fees (Refer Note 1(n))	371,040	357,900
Prizes (a)	13,556	13,591
Sundry Accruals	177,700	44,621
Total	<u><u>1,748,376</u></u>	<u><u>1,509,816</u></u>

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

9 NON-CURRENT LIABILITIES

a) PROVISIONS - PERSONNEL SERVICES

	2012	2011
	\$	\$
Long Service Leave and Oncosts	0	824
Provision for Superannuation	959,960	384,825
Total	<u>959,960</u>	<u>385,649</u>

b) LONG TERM BORROWINGS

	2012	2011
	\$	\$
Borrowing	600,000	800,000
Total	<u>600,000</u>	<u>800,000</u>

Borrowings are from NSW Treasury Corporation for the purchase of the premises at Level 4, 37 Bligh Street Sydney. The original loan of \$1.5 million was made on 10 December 2004. Rollover loans mature on 30 June of each year. The Board approves payment amounts before that date based upon the Board's financial position and recommendation of the Executive Officer. TCorp advises new interest rates and the outstanding amount is rolled over to a new 12 month loan.

Maturing loans may be re-financed if the borrowing limit is not exceeded, at the discretion of LPAB. As such, borrowings that are expected to mature within the next 12 months that management expect to rollover for at least another 12 months from reporting date, have been classified as non-current.

10 PERSONNEL SERVICES EXPENSES

	2012	2011
	\$	\$
Salaries and salaries related (Refer to Note (a))	977,530	927,196
Recreation Leave & Other	87,763	83,668
Payroll Tax & FBT	56,663	68,167
Worker's Compensation Insurance	22,330	8,133
Superannuation - Defined Benefit Plans	580,466	(22,539)
Superannuation - Defined Contribution Plan	68,749	68,566
Total	<u>1,793,501</u>	<u>1,133,191</u>

(a) Salaries and salaries related expenses includes LPAB office staff salaries as well as salaries for Examiners, Exam Supervisors, Academic Assessment Committee members and agency staff, whom LPAB employ during busy enrolment and exam periods as well as admission ceremonies.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

11 OTHER OPERATING EXPENSES

	2012	2011
	\$	\$
Examination Related Expenses	8,393	6,576
Dep of Attorney General and Justice - Administration Fees	71,385	69,644
Legal Services	28,316	5,010
Miscellaneous Fees	23,751	24,258
Auditor's remuneration		
- audit of financial statements	17,100	16,250
Computer Equipment-Software	96,448	45,870
Rental - Examination Venues	55,866	48,761
Interest Payment	41,440	47,975
Rates	51,570	51,233
Printing	37,182	40,253
Postage & Freight	22,891	22,427
Telephone	5,875	3,165
Computer Related Expenses-Network Charges	16,739	20,802
Stores & Stationery Cost	6,268	9,005
Maintenance Contracts	2,652	1,687
Repair & Maintenance	477	2,632
Minor Equipment	299	2,539
Miscellaneous	93,776	66,982
Total	<u>580,426</u>	<u>485,068</u>

12 OTHER GAINS/(LOSSES)

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

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

**13 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

	2012	2011
	\$	\$
Net result for the year	(505,636)	(86,651)
Depreciation	184,959	146,455
Other (Gains)/Losses	0	226,204
(Increase)/Decrease in Receivables and Prepayments	(186,533)	(207,170)
Increase/(Decrease) in Provisions	690,856	182,593
Increase/(Decrease) in Payables	238,560	46,179
(Increase)/decrease in capital movements	0	0
Net Cash Flows from Operating Activities	<u>422,206</u>	<u>307,611</u>

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

14 FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount 2012 \$	Carrying Amount 2011 \$
Class:				
Cash and cash equivalents	2	N/A	2,229,036	2,040,474
Other financial assets	3	At fair value through profit or loss	547,117	521,751
Receivables (1)	4	Receivables at amortised cost	320,126	250,276
Financial Liabilities				
Class:				
Payables (2)	8	Financial liabilities measured at amortised cost	191,256	58,212
Borrowings	9b	Financial liabilities measured at amortised cost	600,000	800,000

(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 letter of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

(c) Liquidity Risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

Maturity Analysis and Interest Rate Exposure of Financial Liabilities

	Weighted Average	Nominal Amount	Interest Rate Exposure		<1yr	Maturity Dates	
			Fixed Interest	Non- Interest		1-5 yrs	>5yrs
2012	Effective Int Rate		Rate	bearing			
		\$		\$	\$	\$	\$
Financial Liabilities							
Payables	0	191,256		191,256			
Interest bearing liabilities:							
Borrowings from T Corp		600,000	3.25		0	600,000	0
		<u>791,256</u>		<u>191,256</u>	<u>0</u>	<u>600,000</u>	<u>0</u>

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

(d) Market Risk

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

The effect on operating performance and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

			-1%		+1%	
	Carrying		Profit	Equity	Profit	Equity
	Amount					
2012	\$		\$	\$	\$	\$
<i>Financial Assets</i>						
Cash and cash equivalents	2,229,036		(22,290)	(22,290)	22,290	22,290
Other financial assets	547,117		(5,471)	(5,471)	5,471	5,471
<i>Financial Liabilities</i>						
		Fixed Interest				
Borrowings	600,000					
2011						
<i>Financial Assets</i>						
Cash and cash equivalents	2,040,474		(20,405)	(20,405)	20,405	20,405
Other financial assets	521,751		(5,218)	(5,218)	5,218	5,218
<i>Financial Liabilities</i>						
		Fixed Interest				
Borrowings	800,000					

(e) Fair Value

Financial instruments are generally recognised at cost.

The amortised cost of financial Instruments recognised in the balance sheet approximates the fair value, because of the short term nature of many of the financial instruments.

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

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

	Level 1	Level 2	Level 3	Total
Financial Assets at fair value				
TCorp Hour Glass - Cash Facility Investment		547,117		547,117

There were no transfers between level 1 and 2 during the year ended 30 June 2012.

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

LEGAL PROFESSION ADMISSION BOARD
Notes to and forming part of the financial statements
For the Year ended 30 June 2012

15 CONTINGENT LIABILITIES

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

16 AFTER BALANCE DATE EVENTS

The Board is unaware of any events occurring after 30 June 2012 which would impact upon these financial statements.

End of Audited Financial Statements



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 2012, 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 2012, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the 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 Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board'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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Board
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about 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.



Jack Kheir
Director, Financial Audit Services

28 September 2012
SYDNEY