

# **Legal Profession Admission Board**

## **Annual Report 2013-2014**



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## CONTACT DETAILS

### LOCATION

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Sydney NSW 2000

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### WEB

[www.lawlink.nsw.gov.au/lpab](http://www.lawlink.nsw.gov.au/lpab)

### LPAB staff 2013 – 2014

Robin Szabo – Executive Officer, Angela Stevens, Michelle Chau Hua – Legal Officers, Lynda Jennings – Acting Office Manager, Monika Bhattacharya – Professional Services Team Leader, Gordon Seago – Diploma in Law Coordinator, Vahe Ohanessian - Student Services Officer, Robert Wilson, Donna Mumberson - Examinations Officer, Ming Han – Accounts Officer, Margaret Horan – Executive Assistant, Alison Smith - Admissions Officer, Mylvaganam Nagarajah – Enquiries and Certificates Officer.

Assistance from temporary staff is also acknowledged.

## LETTER TO THE MINISTER

The Hon. Brad Hazzard, MP  
Attorney General  
Minister for Justice  
GPO Box 5341  
SYDNEY NSW 2001

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 2014.

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. Since 1964 the Law Extension Committee (LEC) of the Senate of the University of Sydney has provided the legal education in support of the Board's examinations.

### 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

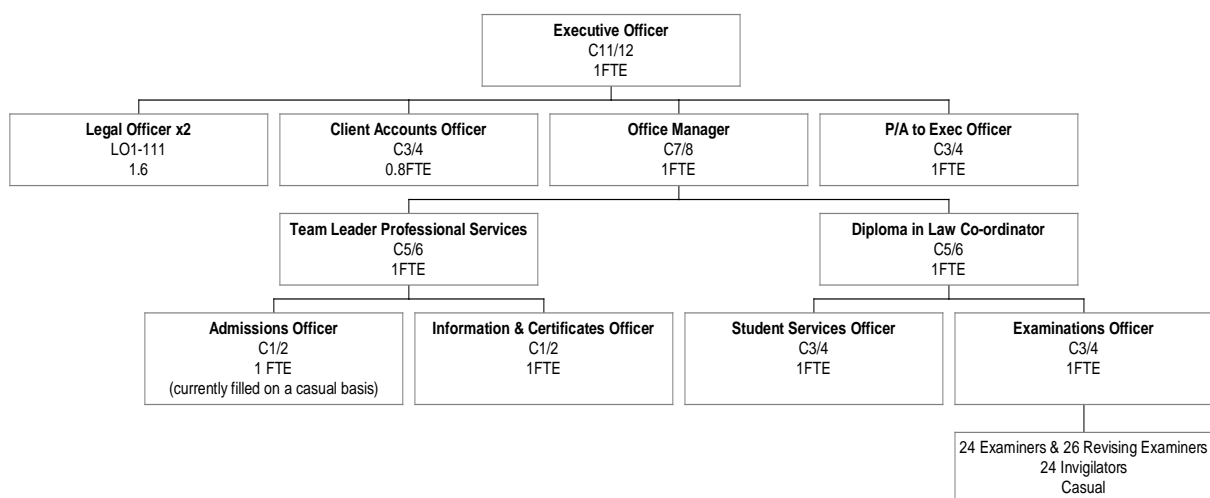
The vision of the LPAB is to continually improve services and business efficacy to provide an accessible and affordable pathway towards legal practice, to ensure that professional qualifications and all accredited courses are of the highest standard and provide quality, timely and cost effective services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

## Our staff

### Legal Profession Admission Board Organisational Chart 2013-14



The LPAB has 11 fulltime equivalent staff. Grading and 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	1

The LPAB also employs 24 Casual Examiners, 26 Casual Revising Examiners and 24 Casual Exam Invigilators. It also engages short term temporary assistance during peak periods such as enrolments, examinations and on admission days.

## REPORT FROM THE EXECUTIVE OFFICER

The 2013/2014 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 2013/2014

Highlights of our operational achievements are provided below:

- The Diploma in Law course remains an extremely cost effective means of achieving the academic requirements for admission as a lawyer. Course fees remain low because of the hard work and commitment of the LPAB staff. This course is the one of its kind in Australia.
- The LPAB not only met but exceeded the measures outlined in our savings plan, the LPAB saved:
  - 10% on advertising costs
  - 5% on agency temp staff
  - 10% on printing costs
  - 5% on postage costs
- The LPAB has been managing to conduct its course, process academic exemption and admission applications utilising existing resources and only engages temporary assistance to assist with peak periods or specific tasks such as admission ceremonies.
- New students applying for registration as Students at Law continue to be surveyed as to where they heard about the LPAB's course. This will enable us to develop a marketing plan to generate significant savings and increase student numbers.
- The LPAB's website has been upgraded to improve access to information.
- The LPAB continued its participation in the Transition to Work program conducted by the Cerebral Palsy Alliance. This program involves providing work experience for young people with a disability.
- This year marks the 50th anniversary of the establishment of the Law Extension Committee and its unique partnership with the Board.

### The Future, Legal Profession Uniform Law (LPUL) 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. Legislation has now been passed in NSW and Victoria that will lead to significant reforms to the regulation of the legal profession from mid 2015. Parts of the uniform law will be progressively proclaimed once the newly established Legal Services Council and Admissions Committee have been formed and appointments made. The Legal Services Council will be responsible for drafting new uniform admissions rules for NSW and Victoria to regulate functions such as admissions and accreditation of academic and practical legal training courses which will continue to be performed at a local level.

In addition, a strategic review of the Board's operations and adoption of recommendations made by consultants will transform some aspects of the Board's future operations. The focus will be on improving client services and introducing more advanced technology. The Board has continued to play 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 consideration of the highest number of applicants for admission and its assessment of overseas qualified applicants, annual review and accreditation of law degrees and practical legal training courses. The advice of the NSW Board, its Committees and LPAB staff is also often sought by other authorities in respect to matters of admission and the assessment of overseas qualifications. Representatives of the Board assisted the Tertiary Education Quality and Standards Agency (TEQSA) with the assessment of an application for a new LLB degree.

The Board could not fulfil its statutory obligations without the enormous contributions of Members of the Board, its Committees and Sub-Committees, all of whom take time from demanding positions to review agendas, attend meetings, prepare reports, represent the Board, assess applications and provide advice and assistance to myself and LPAB staff. Board Members are appointed by the Chief Justice of New South Wales, the Attorney General, Bar Council, Law Society Council and Council of Australian Law Deans and hold office until their nomination is withdrawn. Committee positions become vacant on 30 June of every even numbered year and the person or body responsible for appointing or nominating members is asked to nominate members for the next two years. Members may be re-nominated for subsequent years and the Board is fortunate to benefit from a combination of very experienced and newly appointed Committee and Sub-Committee members. LPAB staff work hard to provide the necessary administrative support and assistance to Board and Committee Members.

The Executive Officer and LPAB staff continue 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. As this is my final report for the Board, I thank all who have assisted and supported me in this role during the past 8 years.

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

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 Justice (DJ). DJ provides employees to the Board to enable it to carry out its functions.

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.

### **Members of the Legal Profession Admission Board**

The Honourable The Chief Justice

The Honourable Justice Slattery (Presiding Member to 30 May 14)

The Honourable Justice Emmett (Presiding Member from 31 May 14)

The Honourable Justice Davies

The Honourable Justice Lindsay

Ms Margaret Allars SC

Mr Garry McGrath SC

Mr Charles Cawley

Mr John Dobson

Professor Stephen Colbran (to 31 Dec 13)

Professor Lesley Hitchens (from 1 Jan 14)

Professor Michael Adams

Mr Marcel Savary

Secretariat: Ms Robin Szabo

From 31 May 14, the Hon Justice Emmett was the Board's representative on the Law Admissions Consultative Committee (LACC). The Hon Justice Slattery was the Board's representative to 30 May 14.

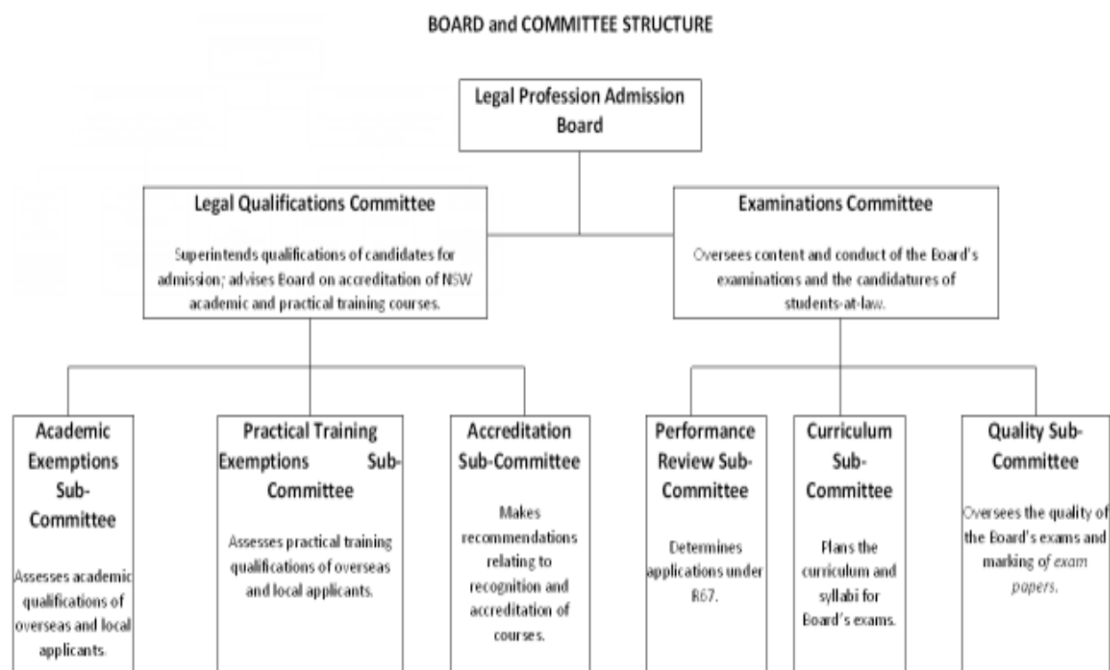
### **Board and Committee Structure**

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 (LPA) to superintend the qualification of candidates for admission and to advise the Board in relation to the accreditation of academic and practical legal training courses.

The membership of the Legal Qualifications Committee and its Sub-Committees during 2013/2014 is set out below.

### Members of the Legal Qualifications Committee

The Honourable Justice Davies (Chairperson to 6 Feb 14)

The Honourable Justice Adamson (Chairperson from 3 Feb 14)

The Honourable Justice Hallen (to 13 Mar 14)

The Honourable Justice Beech-Jones (from 6 Feb 14)

The Honourable Justice Robb (from 13 Mar 14)

Mr John Fernon SC

Ms Susan Leis

Ms Elizabeth Picker

Ms Mary Macken

Mr Stuart Westgarth

Mr Charles Cawley

Mr Greg Ross

Ms Jenny Eggleton

Ms Carolyn Penfold  
Professor Peter Radan  
Dr Gordon Elkington  
Mr Peter Underwood  
Secretariat: Ms Robin Szabo

### **Academic Exemptions Sub-Committee**

The Honourable Justice Hallen (to 13 Mar 14)  
The Honourable Justice Robb (from 13 Mar 14)  
Dr Gordon Elkington  
Mr Peter Underwood  
Secretariat: Ms Monika Bhattacharya

### **Practical Training Exemptions Sub-Committee**

Mr Greg Ross  
Ms Elizabeth Picker  
Ms Jenny Eggleton  
Secretariat: Ms Monika Bhattacharya

### **Accreditation Sub-Committee**

Mr Charles Cawley  
Ms Jenny Eggleton  
Ms Carolyn Penfold  
Acting Secretariat: Ms Margaret Horan

During 2013/2014 the LQC met seven times and performed the tasks allocated to it under the Board's Rules. The Committee and its Sub-Committees have regard to the Uniform Principles in exercising their functions under Rules 97 and 98 of the LPAR to assess applicants from overseas who seek entry to the legal profession in Australia. The Committee works closely with the Board to resolve issues that arise and in particular makes recommendations on changes or procedures proposed by the Law Admissions Consultative Committee (LACC). It has also provided preliminary advice to LACC and suggested changes that have now been adopted. The Committee performs its work largely through its sub-committees and reviews sub-committee decisions at the request of aggrieved applicants. In addition to requests for review and extensions of the period of validity of academic and practical training exemptions, it considers applications from students-at-law who seek 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 expertise and assistance of sub-committee members is often sought by other Australian Admitting Authorities. Advice and assistance provided to Board staff is also appreciated and acknowledged.

During 2013/14 the LQC and its sub-committees made recommendations to the Board on a number of matters, including: accreditation of law degrees and practical legal training (PLT) courses (both existing and new), National PLT competency standards, interstate PLT courses and stale learning.

The Accreditation Sub-Committee recommended that all existing law degrees and practical training courses be accredited under Rules 44 and 45(B) respectively. The Sub-Committee also recommended that new degrees from University of Newcastle (JD/GDLP), Australian Catholic University (LLB) and Macquarie University (JD) be accredited. Three other matters were considered and reported on: duration of legal

studies, twinning arrangements between Australian and overseas universities and experiential learning subjects. The Board adopted all recommendations.

During 2013/2014 LACC and the Australasian Professional Legal Education Council (APLEC) continued to work on developing revised National Practical Legal Training (PLT) Competency Standards for Entry-level Lawyers. Drafts and amendments were distributed to admitting authorities for comment. There was some discussion about when a student should be able to commence their PLT. The LQC recommended to the Board that the wording should be amended to make it clear that students could only start their PLT after they had completed all the compulsory areas of knowledge, commonly referred to as the "Priestley 11" subjects. The final version approved by LACC on 21 February 2014 referred to 'academic requirements for admission'. Other changes drafted by LACC and APLEC included the regrouping of the compulsory and optional practice areas, the addition of a new practice area: Banking and Finance Practice, and an extra requirement for each form of PLT to cover "Resilience and Well-being".

The Committee was asked to consider whether or not overseas qualified and admitted applicants who are assessed in, and apply for admission in, NSW should be able to satisfy practical legal training (PLT) requirements through interstate PLT providers or undertaking composite courses with different providers as opposed to NSW providers. A recent applicant was assessed in Form 17 and required to undertake further PLT requirements. She was instructed, as is the case with all applicants, to complete those requirements with a NSW PLT provider. She chose instead to complete part of her training with a NSW PLT provider and the remainder with a Victorian PLT provider as part of a Supervised Workplace Training program (SWT) and then applied for admission in NSW. The Board's rules and procedures do not readily contemplate an applicant completing composite NSW and interstate courses. As a result it was necessary for the admission application to be deferred until the PLT issue could be determined. Ultimately the Board resolved to exempt the applicant from further PLT pursuant to s.24 of the *Legal Profession Act 2004*. The incident, however, raised the potential problem of how to administer any future applications. As at 30 June 2014, the Executive Officer had offered to discuss this matter further with the Victorian Board of Examiners.

The Committee has been assisting the Board in the drafting of a stale learning clause for inclusion in the LPAR. In June 2012 the Board considered the first proposed draft rule, prepared by the then Legal Officer. Some redrafting has occurred since then, with considerable assistance from an LQC member. In the meantime the idea of the introduction of a stale learning rule was also taken to LACC and endorsed by all admitting authorities. LACC commenced drafting amendments to the Uniform Principles and the Uniform Admission Rules, on which the Committee has also been asked to comment. The Board's proposed rule requires that, at the time an applicant applies for admission, completion of their academic and practical legal training requirements must have occurred within the previous five years. The Committee sought clarification of 'completion', as some members considered it could imply that each of the academic subjects within a degree had to have been completed within the previous five years. The Board confirmed that 'completion' refers to the date of completion of the degree. Subject to any further amendments, the Board's stale learning rule will take effect on 1 January 2015. From that date, any applicant subject to the stale learning rule will be required to make formal applications to have their qualifications assessed by the relevant sub-committee. If an applicant is not satisfied with a sub-committee's decision they will have the right of appeal to the Committee.

Two LQC members assisted the Tertiary Education Quality and Standards Agency (TEQSA) in assessing an application for accreditation of a proposed Bachelor of Laws (LLB). TEQSA accredited the LLB, subject to certain conditions, one of which being that the LLB could not be offered until such time as it was accredited by the Board. The application for accreditation of the degree was submitted to the Board in April 2014 and is currently under consideration.

## **Examinations Committee**

The Examinations Committee is constituted pursuant to Rule 27 of the LPAR 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 eleventh year of operation. The membership of the Examinations Committee and its Sub-Committees during 2013/2014 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

### **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

During 2013/2014, the Examinations Committee proceeded with course-related tasks, including appointing Examiners, determining applications and reviewing Sub-Committee determinations. With Members' agreement, several of the Committee's meetings this year were held electronically. An overview of some of the major issues attended to by the Examinations Committee over the year is discussed below.

The Hon. Justice T.F Bathurst gave the occasional address at the 2013 LPAB graduation ceremony on Friday, 12 July 2013 at the University of Sydney's Great Hall. On 8 November 2013 the Board's Diploma-in-Law Course Orientation day was held at the University of Sydney. Justice Lindsay gave a welcome address to the new students on behalf of the Presiding Member and the Board's Executive Officer, Ms Robin Szabo and LEC Director, Mr Frank Astill delivered presentations to guide students through their candidature in the course.

The Committee considered allegations of academic misconduct, in particular, plagiarism throughout the year. In the September 2013 Conveyancing examination, four students were detected as having plagiarised by copying slabs of text without attribution to the original author. The Examiner penalised the students by awarding a lower mark for the relevant questions in which the plagiarism appeared. After reviewing the materials, however, the Committee decided that there was insufficient evidence to support a finding of intentional plagiarism and that no further action should be taken against the students. Arrangements were made for the questions to be remarked by the Revising Examiner and the students' papers were re-marked without penalty.

In the March 2014 examinations, a student who sat the Contracts exam was found with notes concealed within a pad of post it notes. An allegation of academic misconduct was put to the student and an oral hearing was held on 11 June 2014 in accordance with Rule 84 (1)(c) of the LPAR. After considering the hearing committee's report, the Examinations Committee resolved to adopt its recommendations that the allegation is substantiated and the student be reprimanded. In addition, as the student's progress had been delayed by twelve months, a fail mark of "zero" was awarded and the student was required to re-sit the examination.

Following on from the plagiarism incidents and with feedback from the Examiners, the Committee undertook a review of the plagiarism policy, in particular, during open book examinations. The LEC's Director, Mr Frank Astill, prepared a paper proposing guidelines to be used by Examiners. The guidelines are still being discussed and considered by both the Committee and the Board. It is hoped that they will be finalised and adopted before the end of 2014.

A "3 strikes you're out" type policy was approved by the Committee to reduce the amount of illegible examination scripts being reviewed by Examiners. Where it is identified that a student has an illegible examination script, a first letter is sent out to the student inviting him or her to arrange for the script to be typed and warning that future instances will allow the Examiner to reserve the right to reject parts of the script that cannot be read. Should the same student re-offend, a further warning letter is issued advising that if there is a third offence, the Examiner will have the discretion to provide an automatic "0" mark for the illegible script.

The Committee has also initiated the development of several policies including introducing English Language Proficiency requirements for prospective students at law, which will ensure that the quality of students is of a high standard and that students are provided with greater assistance for success in the Board's course.

The Committee dealt with a complaint about the Board's marking policy and the Examiner from a student who failed subjects in the September 2013 and March 2014 examinations. Several GIPA applications were lodged by the student requesting considerable material including marking guides, copies of examination scripts of students, correspondence between Examiners, Revising Examiners and LPAB staff,

agenda items and minutes of one of the Committee's meetings. Several LPAB staff have had to devote an enormous amount of time dealing with these requests, many of which overlap and duplicate previous requests.

## 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 LPAR. The table below shows the number of admissions in 2013/2014. Figures for the 2012/2013 financial year appear in brackets.

Admissions	Total Admitted 2013/2014
Local (qualifications obtained wholly or partly in Australia)	2093(2017)
Overseas (admitted outside Australia or New Zealand)	92 (98)
<b>Total</b>	<b>2185 (2115)</b>

### Mutual Recognition

Admissions under Mutual Recognition Acts are not included. In 2013/2014, there were 60 (62) 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 being received from an increasingly diverse range of countries including non-English speaking countries such as Bolivia, Bangladesh, Belgium, Brazil, Columbia, Croatia, Egypt, Germany, Greece, Iran, Iraq, Israel, Jordan, Nepal, Nigeria, Pakistan, Portugal, Russia, Sudan, The Netherlands and United Arab Emirates.

Operation	2013/14
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Number of Academic Exemptions processed	365 (407)
Number of applications for academic exemption assessed within 4-6 weeks of receipt.	<b>100% (93%)</b>
Many applications are processed in much shorter timeframes depending on the work on hand of the sub-committee. Some applications are assessed and advice sent in 1 week.	
Number of PLT exemptions granted	98 (106)

## 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 each semester.

Operation	2013/14
Applications for registration of new Students-at Law	504
Total number of student enrolments	4644

Operation	2013/14
Total number of Students awarded Diploma in Law	148 (148)
Term 2 2013	77 (72)
Term 1 2014	71 (76)

## Examination Assessment

A hallmark of the *Diploma in Law* Course has been the requirement to pass an exam worth 100% of assessment. 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	Subject enrolments	No. of exams sat	No. of students
2013 – Semester 2	2429 (2487)	2023 (2081)	1272 (1290)
2014 – Semester 1	2353 (2516)	1977 (2118)	1226 (1306)

## 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	2013/2014
Appointment of Public Notaries	60 (49)
Total number registered	927 (890)

## Publications 2013-14

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 2014 and 2015	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
Annual Reports	The LPAB's Annual Reports are available on-line from 2009-10, 2010-11, 2011-2012 and 2012-13. These have information relating to the Board's operations
Examination Statistics	Statistics from semester 2 1999 relating to the numbers of students enrolled and the pass/fail statistics for each subject
Past Exam Papers	The examination papers for the previous 3 semesters are published to assist Students at Law to prepare for examinations

## APPENDIX A – INTERNAL AUDIT AND RISK STATEMENT

### Internal Audit and Risk Management Statement

#### Shared Arrangement - No Exceptions

##### Internal Audit and Risk Management Statement for the 2013-2014 Financial Year for Legal Profession Admission Board

In the case of compliance in shared arrangements with no exceptions use the following:

I, Robin Szabo, 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.

I, Robin Szabo, Executive Officer on behalf of the Legal Profession Admission Board am of the opinion that the Audit and Risk Committee 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, May 2017
- Independent Member 1, Paul Crombie, May 2013, May 2017
- Independent Member 2, Ian Neale, May 2013, May 2016
- Independent Member 3, Joan Wilcox, May 2013, May 2017
- Independent Member 4, Arthur Butler, May 2013, May 2016

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

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

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.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.

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

Robin Szabo 29/08/14

### **Digital Information Security Annual Attestation Statement for the 2013-2014 Financial Year for the Legal Profession Admission Board**

I, Robin Szabo, 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, Robin Szabo, 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, Robin Szabo, am of the opinion that there are no Public Sector Agencies under the control of the Legal Profession Admission Board that are within the scope of the Legal Profession Admission Board's compliance with the Digital Information Security Policy.

I, Robin Szabo 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.

## APPENDIX C – ABBREVIATIONS

AALAA	Administrators of Australasian Law Admitting Authorities
DJ	Department of Justice
EC	Examinations Committee
LACC	Law Admissions Consultative Committee
LEC	Law Extension Committee
LPAB	Legal Profession Admission Board
LPAR	Legal Profession Admission Rules 2005
LQC	Legal Qualifications Committee
PLT	Practical Legal Training
TEQSA	Tertiary Education Quality and Standards Agency

**APPENDIX D-AUDITED FINANCIAL STATEMENTS-2013/2014**

## **LEGAL PROFESSION ADMISSION BOARD**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

#### **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 2014 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, 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:

11 6 OCT 2014

  
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 2014, 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 2014, 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 the financial statements that give a true and fair view and 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 that are 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 members of 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 that 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 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

20 October 2014  
SYDNEY



**LEGAL PROFESSION ADMISSION BOARD**

**Financial Statements**

**for the year ended 30 June 2014**

## LEGAL PROFESSION ADMISSION BOARD

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	* Restated 2013 \$
<b>Expenses excluding losses</b>			
Operating expenses			
Personnel services expenses	11	(1,086,494)	(835,099)
Other operating expenses	12(a)	(710,395)	(536,483)
Finance costs	12(b)	(11,383)	(19,447)
Depreciation and amortisation	5&6	(169,791)	(152,561)
<b>Total expenses excluding losses</b>		<b>(1,978,063)</b>	<b>(1,543,590)</b>
<b>Revenue</b>			
Registration		114,810	120,800
Examination		836,991	798,380
Admission		1,047,300	936,930
Academic exemption		97,135	87,980
Other revenue		242,174	217,106
Interest		93,174	72,718
Rent		26,705	25,330
<b>Total revenue</b>		<b>2,458,289</b>	<b>2,259,245</b>
<b>Other gains/(losses)</b>		<b>0</b>	<b>0</b>
<b>Net result</b>		<b>480,226</b>	<b>715,655</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to Net Result</i>			
Increase in property, plant and equipment revaluation surplus		173,620	52,898
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>653,846</b>	<b>768,553</b>

\* Refer Note 1(u) for details of restatement due to change in accounting policy.  
The accompanying notes form part of these financial statements.

**LEGAL PROFESSION ADMISSION BOARD**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	Notes	Actual	* Restated	* Restated
		2014	2013	1 July 2012
		\$	\$	\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2	1,531,836	2,501,061	2,229,036
Other financial assets	3	583,999	567,261	547,117
Receivables	4	529,791	428,875	452,828
<b>Total current assets</b>		<u>2,645,626</u>	<u>3,497,197</u>	<u>3,228,982</u>
<b>Non-current assets</b>				
Property, plant and equipment				
Land and building	5	2,475,242	2,359,224	2,343,929
Plant and equipment	5	23,424	46,243	68,558
<b>Total Property, plant and equipment</b>	5 & 7	<u>2,498,666</u>	<u>2,405,467</u>	<u>2,412,487</u>
Intangible assets	6	44,685	134,055	225,351
Receivables	4	19,366	16,701	0
<b>Total non-current assets</b>		<u>2,562,717</u>	<u>2,556,223</u>	<u>2,637,838</u>
<b>Total assets</b>		<u>5,208,343</u>	<u>6,053,420</u>	<u>5,866,820</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	9	658,293	1,785,003	1,748,376
Provisions	8	440,647	390,459	457,462
<b>Total current liabilities</b>		<u>1,098,940</u>	<u>2,175,462</u>	<u>2,205,838</u>
<b>Non-current liabilities</b>				
Borrowings	10b	0	400,000	600,000
Provisions	10a	746,859	769,260	1,120,837
<b>Total non-current liabilities</b>		<u>746,859</u>	<u>1,169,260</u>	<u>1,720,837</u>
<b>Total liabilities</b>		<u>1,845,799</u>	<u>3,344,722</u>	<u>3,926,675</u>
<b>Net assets</b>		<u>3,362,544</u>	<u>2,708,698</u>	<u>1,940,145</u>
<b>EQUITY</b>				
Accumulated funds		3,136,026	2,655,800	1,940,145
Reserves		226,518	52,898	0
<b>Total equity</b>		<u>3,362,544</u>	<u>2,708,698</u>	<u>1,940,145</u>

\* Refer Note 1(u) for details of restatement due to change in accounting policy.  
The accompanying notes form part of these financial statements.

**LEGAL PROFESSION ADMISSION BOARD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

Notes	Accumulated Funds \$	Asset Revaluation Reserve \$	Total \$
<b>Balance as at 1 July 2013</b>	<b>2,761,683</b>	<b>52,898</b>	<b>2,814,581</b>
Correction of prior period adjustments	0	0	0
Changes in accounting policy (refer note 1 (u))	(105,883)	0	(105,883)
<b>Restated total equity at 1 July 2013</b>	<b>2,655,800</b>	<b>52,898</b>	<b>2,708,698</b>
<b>Net result for the year</b>	<b>480,226</b>	<b>0</b>	<b>480,226</b>
<b>Other comprehensive income</b>			
Net increase in property, plant and equipment	0	173,620	173,620
<b>Total other comprehensive income</b>	<b>0</b>	<b>173,620</b>	<b>173,620</b>
<b>Total comprehensive income for the year</b>	<b>480,226</b>	<b>173,620</b>	<b>653,846</b>
<b>Balance as at 30 June 2014</b>	<b>3,136,026</b>	<b>226,518</b>	<b>3,362,544</b>
<b>Balance as at 1 July 2012</b>	<b>2,101,022</b>	<b>0</b>	<b>2,101,022</b>
Correction of prior period adjustments	0	0	0
Changes in accounting policy (refer note 1 (u))	(160,877)	0	(160,877)
<b>Restated total equity at 1 July 2012</b>	<b>1,940,145</b>	<b>0</b>	<b>1,940,145</b>
<b>Net result for the year</b>	<b>715,655</b>	<b>0</b>	<b>715,655</b>
<b>Other comprehensive income</b>			
Net increase in property, plant and equipment	0	52,898	52,898
<b>Total other comprehensive income</b>	<b>0</b>	<b>52,898</b>	<b>52,898</b>
<b>Total comprehensive income for the year</b>	<b>715,655</b>	<b>52,898</b>	<b>768,553</b>
<b>Balance as at 30 June 2013</b>	<b>2,655,800</b>	<b>52,898</b>	<b>2,708,698</b>

The accompanying notes form part of these financial statements.

## LEGAL PROFESSION ADMISSION BOARD

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services expense		(1,135,515)	(1,292,956)
Other operating expenses		(1,825,861)	(1,143,751)
Interest paid		(11,383)	(19,447)
Advanced fees/tuition fees		(39,899)	0
<b>Total payments</b>		<u>(3,012,658)</u>	<u>(2,456,153)</u>
<b>Receipts</b>			
Registration		114,810	120,800
Admission		1,047,300	936,930
Academic exemption		97,135	87,980
Interest received		93,174	72,718
Examination		838,873	835,907
Other		268,879	895,334
<b>Total receipts</b>		<u>2,460,171</u>	<u>2,949,669</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	13	<u>(552,487)</u>	<u>493,516</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of land and buildings, plant and equipment		0	(1,347)
Purchase of investments		(16,738)	(20,143)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>(16,738)</u>	<u>(21,490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings and advances		(400,000)	(200,000)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>(400,000)</u>	<u>(200,000)</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>		(969,225)	272,025
Opening cash and cash equivalents		2,501,061	2,229,036
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	2	<u>1,531,836</u>	<u>2,501,061</u>

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 2014 have been authorised for issue by the Board on the recommendation of the Audit and Risk Committee on 16 Oct 2014.

*(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 2010*, 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.

**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 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 7 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. The last comprehensive revaluation was completed on 30 June 2011 and was based on an independent assessment. An independent desk top review was undertaken as at 30 June 2014, which resulted in a revaluation increase of the property by 5%.

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.

## **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, 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%
<b>Intangible assets</b>	
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.



**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.**

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 Police and Justice (DPJ) provides employees to the Board to enable it to carry out its functions. The expense and liabilities due to DPJ are classified as "Personnel Services" in the Statement of Comprehensive Income and the Statement of Financial Position respectively, and are calculated by DPJ 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 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 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 – recognized as liabilities and expenses where the employee benefits to which they relate have been recognised.

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.**

- (v) Long Service Leave Liability comprises the Legal Admission Profession Board's liability to the Department of Police and Justice for costs arising from personnel services rendered by the Department of Police and 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 14/04) 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 LPAB has a detailed formal plan and LPAB 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 (Refer to Note 10 (b)). 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.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

### (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; 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 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) *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.

### (r) *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 7 and Note 14 for further disclosures regarding fair value measurements of financial and non-financial assets.

### (s) *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 equity's policy on the revaluation of property, plant and equipment as discussed in note (e)(iii).

#### (ii) *Accumulated Funds*

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

### (t) *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.

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.**

(u) Application of new and revised Accounting Standards

Except for the changes described below, LPAB has consistently applied the accounting policies set out at Note 1 to all periods presented in these financial statements.

**AASB 119 'Employee Benefits' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119**

The Department of Police and Justice, which provides personnel services to LPAB, has retrospectively applied the revised AASB 119 'Employee Benefits'. The revisions were applied to the earliest prior period presented, 1 July 2012.

This adjustment reflects a change in the value of the Personnel Services Provision as result of retrospective changes to accounting for defined benefit plan under AASB 119 Employee Benefits by The Department of Police and Justice. The impact of the restatement of Personnel Services Provision and Personnel Services Expense at 1 July 2012 and 30 June 2013, as well as the impact of the change in accounting standard on the current year are summarised below.

**Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119**

	30/06/2013 previously reported	Adjustments	30/06/2013 as restated
	\$	\$	\$
<b>Expenses</b>			
Personnel services expenses	(890,093)	54,994	(835,099)
<b>Total expenses</b>	<b>(1,598,584)</b>	<b>54,994</b>	<b>(1,543,590)</b>
<b>Net result</b>	<b>660,661</b>	<b>54,994</b>	<b>715,655</b>
<b>Total comprehensive income</b>	<b>713,559</b>	<b>54,994</b>	<b>768,553</b>

**Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119**

	Adjustments
<b>Expenses</b>	
Personnel services expenses	6,322
<b>Total expenses</b>	<b>6,322</b>
<b>Net result</b>	<b>6,322</b>
<b>Total comprehensive income</b>	<b>6,322</b>

**Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119**

	As at 01/07/2012 as previously reported	Adjustments	As at 01/07/2012 as restated
<b>Non-current liabilities</b>			
Personnel Services Provision	959,960	160,877	1,120,837
<b>Total non-current liabilities</b>	<b>1,559,960</b>	<b>160,877</b>	<b>1,720,837</b>
<b>Total liabilities</b>	<b>3,765,798</b>	<b>160,877</b>	<b>3,926,675</b>
<b>Net assets</b>	<b>2,101,022</b>	<b>(160,877)</b>	<b>1,940,145</b>

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.**

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	As at 30/06/2013 as previously reported	Adjustments	As at 30/06/2013 as restated
<b>Non-current assets</b>			
Receivables-Personnel Services	13,619	3,082	16,701
<b>Total non-current assets</b>	<b>2,553,141</b>	<b>3,082</b>	<b>2,556,223</b>
<b>Total assets</b>	<b>6,050,338</b>	<b>3,082</b>	<b>6,053,420</b>
Personnel Services Provision	660,295	108,965	769,260
<b>Total non-current liabilities</b>	<b>1,060,295</b>	<b>108,965</b>	<b>1,169,260</b>
<b>Total liabilities</b>	<b>3,235,757</b>	<b>108,965</b>	<b>3,344,722</b>
<b>Net assets</b>	<b>2,814,581</b>	<b>(105,883)</b>	<b>2,708,698</b>

Impact on assets, liabilities and equity as at 30 June 2014 as a result of AASB 119

	Adjustments
<b>Non-current assets</b>	
Receivables-Personnel Services	3,590
<b>Total non-current assets</b>	<b>3,590</b>
<b>Total assets</b>	<b>3,590</b>
Personnel Services Provision	103,151
<b>Total non-current liabilities</b>	<b>103,151</b>
<b>Total liabilities</b>	<b>103,151</b>
<b>Net assets</b>	<b>(99,561)</b>

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

The following relevant Accounting Standards have not been applied and are not yet effective as per NSW Treasury Circular NSW TC 14/03:

- \* AASB 2013-9 Amendment to Australian Accounting Standards - Conceptual framework materiality and financial instruments (Part B - Materiality)
- \* AASB 2013-9 Amendment to Australian Accounting Standards - Conceptual framework materiality and financial instruments (Part C - Financial instruments)
- \* AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- \* AASB 1031 Materiality
- \* AASB 1055 and AASB 2013-1 regarding budgetary reporting
- \* AASB 2012-3 regarding offsetting financial assets and financial liabilities
- \* AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- \* AASB 2013-6 regarding Reduced Disclosure Requirements

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 2014**

**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:

	2014	2013
	\$	\$
Cash at bank	1,531,336	2,500,561
Cash on hand	500	500
<b>Closing Cash</b>	<b><u>1,531,836</u></b>	<b><u>2,501,061</u></b>

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

**3 CURRENT ASSETS - OTHER FINANCIAL ASSETS**

	2014	2013
	\$	\$
TCorp Hour Glass-Cash Facility Investment	583,999	567,261
<b>Total</b>	<b><u>583,999</u></b>	<b><u>567,261</u></b>

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**

	2014	2013
	\$	\$
Prepayments	9,979	0
Debtors	13,152	0
Personnel services - (a)	366,992	306,000
GST receivables	139,669	122,875
<b>Total</b>	<b><u>529,791</u></b>	<b><u>428,875</u></b>

(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.

**Non-Current**

	2014	2013
	\$	\$
Personnel services - prepaid superannuation	19,366	16,701
<b>Total</b>	<b><u>19,366</u></b>	<b><u>16,701</u></b>

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

5

**NON-CURRENT ASSET - PROPERTY, PLANT AND EQUIPMENT**

	<i>Computer Equipment</i> \$	<i>Office Equipment</i> \$	<i>Furniture &amp; Fittings</i> \$	<i>Total Plant &amp; Equipment</i> \$	<i>Property</i> \$	<i>Total Property, Plant &amp; Equipment</i> \$
<b>At 1 July 2013 - fair value</b>						
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	<u>12,222</u>	<u>173</u>	<u>33,847</u>	<u>46,242</u>	<u>2,359,224</u>	<u>2,405,466</u>
<b>At 30 June 2014 - fair value</b>						
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	<u>7,119</u>	<u>83</u>	<u>16,223</u>	<u>23,424</u>	<u>2,475,242</u>	<u>2,498,666</u>

**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:

	<i>Computer Equipment</i> \$	<i>Office Equipment</i> \$	<i>Furniture &amp; Fittings</i> \$	<i>Total Plant &amp; Equipment</i> \$	<i>Property</i> \$	<i>Total Property, Plant &amp; Equipment</i> \$
<b>Year ended 30 June 2014</b>						
Net carrying amount at start of the year	12,222	173	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)	(80,420)
Writeback on accumulated depreciation on disposals	0	0	0	0	0	0
Net carrying amount at end of the year	<u>7,119</u>	<u>83</u>	<u>16,223</u>	<u>23,424</u>	<u>2,475,242</u>	<u>2,498,666</u>

	<i>Computer Equipment</i> \$	<i>Office Equipment</i> \$	<i>Furniture &amp; Fittings</i> \$	<i>Total Plant &amp; Equipment</i> \$	<i>Property</i> \$	<i>Total Property, Plant &amp; Equipment</i> \$
<b>At 1 July 2012 - fair value</b>						
Gross carrying amount	56,011	38,328	177,489	271,828	2,416,050	2,687,878
Accumulated depreciation and impairment	(39,540)	(38,066)	(125,665)	(203,270)	(72,121)	(275,391)
Net carrying amount	<u>16,471</u>	<u>263</u>	<u>51,824</u>	<u>68,558</u>	<u>2,343,929</u>	<u>2,412,487</u>
<b>At 30 June 2013 - fair value</b>						
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)	(226,933)	(7,890)	(234,823)
Net carrying amount	<u>12,222</u>	<u>173</u>	<u>33,847</u>	<u>46,243</u>	<u>2,359,224</u>	<u>2,405,467</u>

**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:

	<i>Computer Equipment</i> \$	<i>Office Equipment</i> \$	<i>Furniture &amp; Fittings</i> \$	<i>Total Plant &amp; Equipment</i> \$	<i>Property</i> \$	<i>Total Property, Plant &amp; Equipment</i> \$
<b>Year ended 30 June 2013</b>						
Net carrying amount at start of the year	16,471	263	51,824	68,558	2,343,929	2,412,487
Additions	1,347	0	0	1,347	0	1,347
Disposals	0	0	0	0	0	0
Net revaluation increment less revaluation decrements	0	0	0	0	52,898	52,898
Depreciation expense	(5,596)	(90)	(17,976)	(23,662)	(37,603)	(61,265)
Writeback on accumulated depreciation on disposals	0	0	0	0	0	0
Net carrying amount at end of the year	<u>12,222</u>	<u>173</u>	<u>33,847</u>	<u>46,243</u>	<u>2,359,224</u>	<u>2,405,467</u>

**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 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.

An independent desk top review was undertaken as at 30 June 2014, which resulted in a revaluation increase of the property by 5%.

## 6 NON-CURRENT ASSETS - INTANGIBLE ASSETS - SOFTWARE

<b>At 1 July 2013</b>	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(226,507)</u>
Net carrying amount	<u>134,055</u>

<b>At 30 June 2014</b>	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(315,877)</u>
Net carrying amount	<u>44,685</u>

<b>Year ended 30 June 2014</b>	
Net carrying amount at start of year	134,055
Additions	0
Impairment losses	0
Amortisation	<u>(89,370)</u>
Other movements	0
Net carrying amount at end of the year	<u>44,685</u>

<b>At 1 July 2012</b>	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(135,211)</u>
Net carrying amount	<u>225,351</u>

<b>At 30 June 2013</b>	
Cost (gross carrying amount)	360,562
Accumulated amortisation and impairment	<u>(226,507)</u>
Net carrying amount	<u>134,055</u>

<b>Year ended 30 June 2013</b>	
Net carrying amount at start of year	225,351
Additions	0
Impairment losses	0
Amortisation	<u>(91,296)</u>
Other movements	0
Net carrying amount at end of year	<u>134,055</u>

## 7 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### (a) Fair value hierarchy

2014	Level 1	Level 2	Level 3	Total Fair Value
Property, plant and equipment (Note 5)				
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.



**LEGAL PROFESSION ADMISSION BOARD**

Notes to and forming part of the financial statements for the year ended 30 June 2014

**8 CURRENT LIABILITIES-PROVISIONS**

	2014	2013
	\$	\$
<b>Personnel services</b>		
Recreation leave and related oncosts	91,961	95,064
Long service leave and related oncosts (a)	348,686	295,395
<b>Total</b>	<b>440,647</b>	<b>390,459</b>

(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.

**9 CURRENT LIABILITIES - PAYABLES**

	2014	2013
	\$	\$
Tuition fees (refer Note 1(n))	786	42,729
Examination fees (refer Note 1(n))	410,449	408,567
Prizes (a)	12,230	13,156
Sundry accruals	130,425	25,436
Department of Police and Justice (b)	88,226	1,295,116
GST payable	52	0
Rent received in advance	9,795	0
Academic exemption assessment fee	6,331	0
<b>Total</b>	<b>658,293</b>	<b>1,785,003</b>

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

(b) Intercompany settlement to Department of Police and Justice as at 30 June 2014.

**LEGAL PROFESSION ADMISSION BOARD**  
Notes to and forming part of the financial statements for the year ended 30 June 2014

**10 NON-CURRENT LIABILITIES**

**a) PROVISIONS - PERSONNEL SERVICES**

	2014	2013
	\$	\$
Long service leave and oncosts	21,381	3,418
Provision for superannuation	725,478	765,842
<b>Total</b>	<b><u>746,859</u></b>	<b><u>769,260</u></b>

**b) LONG TERM BORROWINGS**

	2014	2013
	\$	\$
Borrowings	0	400,000
<b>Total</b>	<b><u>0</u></b>	<b><u>400,000</u></b>

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.

As at 30 June 2014, the Board paid off all the remaining principal of \$400,000. Therefore, from this date onwards, the Board does not have any long term borrowing.

**11 PERSONNEL SERVICES EXPENSES**

	2014	2013
	\$	\$
Salaries and salaries related (Refer to Note (a))	874,972	985,343
Recreation leave and other	92,296	76,467
Payroll tax and fringe benefits tax	59,861	56,143
Worker's compensation insurance	31,857	9,792
Superannuation - defined benefit plans	(44,029)	(370,696)
Superannuation - defined contribution plan	71,537	78,050
<b>Total</b>	<b><u>1,086,494</u></b>	<b><u>835,099</u></b>

(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

**LEGAL PROFESSION ADMISSION BOARD**  
**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**12 (a) OTHER OPERATING EXPENSES**

	2014	2013
	\$	\$
Examination related expenses	13,285	732
Department of Police and Justice - administration fees	75,218	73,384
Legal services	61,612	0
Miscellaneous fees	70,561	47,940
Auditor's remuneration - audit of financial statements	21,800	17,400
Computer equipment-software	99,140	96,722
Rental - examination venues	58,324	55,868
Rates	57,048	55,996
Printing	36,174	42,540
Postage and freight	21,067	24,951
Telephone	4,348	4,701
Computer related expenses-network charges	12,000	11,267
Stores and stationery cost	7,813	8,062
Maintenance contracts	186	1,084
Repairs and maintenance	1,902	3,947
Minor equipment	5,617	554
Miscellaneous	54,624	91,337
Insurance	4,798	0
Consultants	104,879	0
<b>Total</b>	<b><u>710,395</u></b>	<b><u>536,483</u></b>
 <b>(b) FINANCE COSTS</b>		
Interest payment	11,383	19,447
<b>Total</b>	<b><u>11,383</u></b>	<b><u>19,447</u></b>

**LEGAL PROFESSION ADMISSION BOARD**  
**Notes to and forming part of the financial statements for the year ended 30 June 2014**

**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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Net result for the period	480,226	715,655
Depreciation	169,791	152,561
(Increase)/decrease in receivables and prepayments	(103,581)	7,252
Increase/(decrease) in provisions	27,788	(418,580)
Increase/(decrease) in payables	(1,126,710)	36,628
<b>Net Cash Flows from Operating Activities</b>	<b><u>(552,487)</u></b>	<b><u>493,516</u></b>

**LEGAL PROFESSION ADMISSION BOARD**

Notes to and forming part of the financial statements for the year ended 30 June 2014

**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 2014 \$	Carrying Amount 2013 \$
<b>Class:</b>				
Cash and cash equivalents	2	N/A	1,531,836	2,501,061
		At fair value through profit or loss		
Other financial assets	3		583,999	567,261
Receivables (1)	4	Receivables at amortised cost	380,143	306,000
<b>Financial Liabilities</b>				
<b>Class:</b>				
		Financial liabilities measured at amortised cost		
Payables (2)	9		658,241	1,333,708
		Financial liabilities measured at amortised cost		
Borrowings	10b		0	400,000

(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 2014**

**(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 Treasury Circular 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		Maturity Dates		
			Fixed Interest	Non-interest bearing	<1yr	1-5 yrs	>5yrs
<b>2014</b>	<b>Effective Int Rate</b>		<b>Rate</b>				
		\$		\$	\$	\$	\$
<b>Financial Liabilities</b>							
Payables	0	658,241		658,241	658,241		
Interest bearing liabilities:							
Borrowings from T Corp		0	N/A	0	0	0	0
		<u>658,241</u>		<u>658,241</u>	<u>658,241</u>	<u>0</u>	<u>0</u>

	Weighted Average	Nominal Amount	Interest Rate Exposure		Maturity Dates		
			Fixed Interest	Non-interest bearing	<1yr	1-5 yrs	>5yrs
<b>2013</b>	<b>Effective Int Rate</b>		<b>Rate</b>				
		\$		\$	\$	\$	\$
<b>Financial Liabilities</b>							
Payables	0	1,333,708		1,333,708	1,333,708		
Interest bearing liabilities:							
Borrowings from T Corp		400,000	3.25	0	0	400,000	0
		<u>1,733,708</u>		<u>1,333,708</u>	<u>1,333,708</u>	<u>400,000</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 2013. The analysis assumes that all other variables remain constant.

LEGAL PROFESSION ADMISSION BOARD

Notes to and forming part of the financial statements for the year ended 30 June 2014

**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% Profit	-1% Equity	+1% Profit	+1% Equity
<b>2014</b>	\$	\$	\$	\$	\$
<i>Financial Assets</i>					
Cash and cash equivalents	1,531,836	(15,318)	(15,318)	15,318	15,318
Other financial assets	583,999	(5,840)	(5,840)	5,840	5,840
<i>Financial Liabilities</i>					
		Fixed Interest			
Borrowings	0				
<b>2013</b>					
<i>Financial Assets</i>					
Cash and cash equivalents	2,501,061	(25,011)	(25,011)	25,011	25,011
Other financial assets	567,261	(5,673)	(5,673)	5,673	5,673
<i>Financial Liabilities</i>					
		Fixed Interest			
Borrowings	400,000				

**(e) Fair Value**

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 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)

**Fair value recognised in the statement of financial position**

	Level 1	Level 2	Level 3	2014 Total
Financial Assets at fair value				
TCorp Hour Glass - Cash Facility Investment		583,999		583,999
	Level 1	Level 2	Level 3	2013 Total
Financial Assets at fair value				
TCorp Hour Glass - Cash Facility Investment		567,261		567,261

There were no transfers between level 1 and 2 during the year ended 30 June 2014.

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.

**15 CONTINGENT LIABILITIES**

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

**16 COMMITMENT FOR EXPENDITURE**

The Board does not have any commitment for expenditure as at 30 June 2014 (2013:nil).

**17 EVENTS AFTER THE REPORTING PERIOD**

The Board is unaware of any events occurring after 30 June 2014 which would impact upon these financial statements.

**End of Audited Financial Statements**