



Legal Profession
Admission Board
of New South Wales

Legal Profession Admission Board

Annual Report
2019-20

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Letter to the Attorney General

The Hon Mark Speakman, SC MP
Attorney General of New South Wales
GPO Box 5341
SYDNEY NSW 2001

Dear Attorney

We are pleased to present you with the Annual Report of the Legal Profession Admission Board for the year ended 30 June 2020, in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*.

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

We thank the members of the Legal Profession Admission Board, its Committees and Sub-Committees, as well as the staff of the Office of the Board, for their support and advice during the year particularly in relation to the Board's response to the COVID-19 pandemic.

Yours faithfully



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



The Hon Justice A Payne
Member
Legal Profession Admission Board

28 October 2020

Charter

The Legal Profession Admission Board (**LPAB**) is a self-funding statutory corporation constituted by the *Legal Profession Uniform Law Application Act 2014*.

The LPAB's functions are also governed by the Legal Profession Uniform Admission Rules 2015, the NSW Admission Board Rules 2015, the *Public Notaries Act 1997*, and the Public Notaries Appointment Rules.

Aims and Objectives

The LPAB is responsible for:

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

Structure

The Board comprises 11 members, made up of judges of the Supreme Court, deans of law schools, barristers, and solicitors. A list of Board members during 2019-20 is at Appendix A.

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

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

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

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



Review of Operations

Admission of lawyers

The Supreme Court of NSW may admit a person to the Australian legal profession as an Australian lawyer. The role of the LPAB is to determine whether or not to issue a compliance certificate to the Supreme Court in respect of each applicant for admission.

The prerequisites for the issue of a compliance certificate are that the applicant:

- a) has attained the specified academic qualifications prerequisite; and
- b) has satisfactorily completed the specified practical legal training prerequisite; and
- c) is a fit and proper person to be admitted to the Australian legal profession.

During the period under review, 2,593 people were admitted as lawyers in NSW¹, a significant increase compared with the previous year. Other statistics about admission as a lawyer are set out in Table 1.

The majority of lawyers admitted in NSW held qualifications in law which were obtained wholly or partly in Australia. Around 6 per cent had previously been admitted as a lawyer in another country.

Assessment of academic qualifications

People who obtained a law qualification overseas (or who hold an Australian law qualification which is more than five years old) must apply for an assessment of what, if any, additional study is necessary in order to be eligible for admission.

The LPAB received 617 such applications during 2019-20, a decrease of 5.5 per cent compared with the previous year.

Applicants who sought an assessment of their foreign qualification had studied law in many different countries. The top eleven were:

- United Kingdom (131)
- South Africa (84)
- Hong Kong (54)
- India (48)
- Ireland (12)
- United States of America (11)
- Brazil (10)
- Fiji (8)
- Pakistan and China (6 each)
- Nigeria (5).

Assessment of Practical Legal Training (PLT)

People who completed PLT overseas and have been admitted in a foreign jurisdiction (or who completed PLT in Australia more than five years ago) must apply for an assessment of what, if any, additional PLT is necessary in order to be eligible for admission.

The LPAB received 191 applications during 2019-20, an increase of 1.6 per cent compared with the previous year.

Assessment of stale learning

The LPAB determined 68 applications for assessment of stale academic qualifications. Around 19 per cent of those applicants were required to undertake further academic study. No applications for assessment of stale PLT were received during 2019-20.

Early commencement of PLT

Law students must not commence their PLT until after completing their academic qualifications in law, unless the PLT course is integrated with the qualification or the prior permission of the LPAB has been obtained.

¹ This includes 47 New Zealand lawyers who were admitted pursuant to the *Trans-Tasman Mutual Recognition Act 1997* (Cth).

During 2019-20, the LPAB received 254 applications for permission to commence PLT early, and the Board's delegate approved 253. One was refused by the delegate and the refusal was upheld by the Board on appeal.

Assessment of fitness and propriety

Applicants for admission must disclose to the LPAB any matter that could influence the assessment of their fitness and propriety to be admitted.

Around 41 per cent of applicants in 2019-20 made one or more disclosures. Around 8 per cent of applicants made a disclosure that was categorised as potentially significant to the assessment of their fitness and propriety.

The LPAB carefully reviews all disclosures and gives particular focus to those considered significant, often requiring the applicant to provide further information, and/or the Office of the LPAB to obtain independent verification of the facts.

During the year under review, 49 admission applicants disclosed a mental health issue. The LPAB issued a compliance certificate in respect of all applicants except one (as at 30 June 2020 the application was under review).

In each approved case, the LPAB was satisfied that the conditions disclosed would not affect the capacity of the applicant to carry out satisfactorily the inherent requirements of practice as an Australian legal practitioner.

The LPAB relied on recent medical evidence that the applicant's condition was being appropriately monitored, treated and managed, or that the applicant had not been symptomatic for an extended period of time.

Conditional admission

During 2019-20, the LPAB determined four applications by foreign lawyers for conditional admission in accordance with section 20 of *Legal Profession Uniform Law (NSW)*. Two of the applications were approved and two were refused.

Objections to issue of compliance certificates

The LPAB is required to give notice of admission applications on its website, and does so by publishing the full names of applicants and their proposed dates of admission. The LPAB is not to issue a compliance certificate in respect of an applicant until it has afforded a reasonable opportunity for persons to object to the issue of a certificate. One objection was received during the year under review. The applicant has since been admitted.

Refusals of compliance certificates

In 2019-20, the LPAB refused to issue a compliance certificate in respect of the admission of seven applicants. The most common reason for refusal was that the applicant was not a fit and proper person to be admitted.

Table 1: Statistics regarding admission as a lawyer

	2017-18	2018-19	2019-20
Applicants for admission as a lawyer	2,352	2,628	2,631
Applicants previously admitted overseas	141	154	155
Applicants disclosing a fitness and propriety matter	746	1,019	1,094
Applicants with significant disclosures	181	210	221
Applicants with minor disclosures	617	854	908
Applications refused a compliance certificate	9	6	7
Number admitted to the legal profession	2,364	2,356	2,593
Number previously admitted overseas	129	137	155
Number admitted under mutual recognition	52	73	48
Assessments of academic qualifications	501	653	617
Assessments of practical legal training	155	161	191

Two of the applicants refused admission were notified that they may consider re-applying after a specified period of time had elapsed, and one applicant was notified that the applicant could re-apply subject to compliance with the rules.

Accreditation of law courses

The LPAB determines applications from law schools in NSW for accreditation or reaccreditation of law courses that provide the academic qualifications prerequisite. Accreditation or reaccreditation requires that the course:

- includes the equivalent of at least three years' full-time study of law; and
- provides for a student to acquire and demonstrate appropriate understanding and competence in each element of the academic areas of knowledge set out in Schedule 1 of the Legal Profession Uniform Admission Rules 2015.

The Uniform Admission Rules provide that the LPAB 'must monitor and may review any aspect of the performance of accredited law courses'. This function is undertaken subject to the LPAB's Framework for the Accreditation of Law Courses.

During 2019-20 the LPAB:

- reaccredited the University of Wollongong's Bachelor of Laws degree
- reaccredited Australian Catholic University's Bachelor of Laws degree
- accredited a new Bachelor of Philosophy/Bachelor of Laws degree to be offered by Australian Catholic University.

In April 2020 the LPAB wrote to all law schools about emergency temporary changes the schools needed to make in response to the COVID-19 pandemic, such as replacing face-to-face classes with online learning. Law schools were notified that such changes would be treated as continuing to comply with the terms of their existing course accreditations, subject to certain conditions and limitations.

The LPAB also resolved it would not accredit any further new law courses in 2020 and that

reaccreditations scheduled for 2020 would be postponed until 2021.

As at 30 June 2020, apart from the LPAB's Diploma in Law course, there were 20 accredited law courses being offered in NSW by 13 institutions:

- Australian Catholic University (LLB)
- Charles Sturt University (LLB and LLB/CrimJustice)
- Macquarie University (LLB and JD)
- Southern Cross University (LLB)
- Top Education Institute (LLB)
- University of New England (LLB and JD)
- University of Newcastle (LLB and JD)
- University of Notre Dame (LLB)
- University of NSW (LLB and JD)
- University of Sydney (LLB and JD)
- University of Technology Sydney (LLB and JD)
- University of Wollongong (LLB)
- Western Sydney University (LLB).

Accreditation of PLT providers

The LPAB also determines applications for accreditation from institutions which offer courses of PLT. Accreditation or reaccreditation recognises that successful completion of the course provides the required competencies for entry-level lawyers set out in Schedule 2 of the Legal Profession Uniform Admission Rules 2015.

During the year under review, the LPAB did not accredit or reaccredit any PLT courses. Existing providers of PLT courses were notified in April 2020 that emergency temporary changes made in response to the COVID-19 would be treated as continuing to comply with the terms of their existing course accreditations, subject to certain conditions and limitations.

As at 30 June 2020, there were four providers of Practical Legal Training courses accredited in NSW:

- The College of Law
- University of Newcastle
- University of New South Wales
- University of Technology Sydney

Diploma in Law course

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

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

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

In response to the COVID-19 pandemic, the LPAB and the LEC rapidly introduced a series of emergency changes to tuition and assessment practices, in order to comply with Government health advice and keep students, lecturers and staff safe. The changes for Semester 2 of 2020 included:

- providing all lectures online with each recorded version available for a two-week period
- converting weekend schools into online tutorial groups
- introducing a temporary scheme where students whose financial circumstances had been significantly negatively affected by the COVID-19 pandemic could apply to postpone the payment of enrolment fees
- staging examinations in all subjects in September 2020 in the form of an online take-home exam
- implementing a Supplementary Policy on Special Examination Arrangements to assist students who faced technological or accommodation barriers to sitting an online exam.

Table 2: Statistics regarding the Diploma in Law course

	2017-18	2018-19	2019-20
Applications for registration as a student-at-law	491	512	541
Students enrolled in Term 1	1,056	1,018	1,096
Students enrolled in Term 2	1,027	1,027	1,140
Number of enrolments in all subjects	4,050	3,901	4,298
Examinations sat	3,385	3,456	3,431
Students graduated	130	123	108

Orientation Days

Orientation for new students is held twice a year at the beginning of each semester, in November and May. This year a new format of orientation was developed for overseas legal practitioners who will be studying selected subjects in the Diploma in Law course. The new format involved an orientation over two days instead of one, and was conducted separately from students who intend to complete all subjects required for the Diploma qualification.

Graduation

The LPAB and the LEC usually host the Diploma in Law graduation ceremony at the Great Hall of the University of Sydney once in each calendar year.

Regrettably the graduation ceremony scheduled that had been scheduled for 26 June 2020 was cancelled due to the COVID-19 pandemic.

Public Notaries

Public notaries are appointed by the Supreme Court, pursuant to the *Public Notaries Act 1997* and the Public Notaries Appointment Rules. Applicants must have completed the Notarial Practice Course offered by The College of Law, and be lawyers of at least five years standing.

The LPAB administers the appointment process and maintains the Roll of Public Notaries, including an annual update of the particulars on record for all notaries.

Common functions of notaries include authenticating official and personal documents for use overseas, witnessing the signatures of individuals on documents and authenticating identity by affixing an official seal.

During 2019-20, the LPAB administered the appointment of 33 new public notaries. The LPAB was notified that 29 public notaries had either retired or not renewed their practising certificates. This brings the total number registered in NSW to 1,077.

Table 3: Statistics regarding Public Notaries

	2017-18	2018-19	2019-20
New public notaries appointed	51	35	33
Public notaries not renewing	47	42	29
Total number of public notaries on Roll	1080	1,073	1,077

Highlights in 2019-20

Policy Review

During the year the LPAB developed and adopted the following new policy and guideline documents:

- a Refund Policy, which sets out the limited circumstances in which the LPAB may refund, remit, or grant financial relief in respect of a fee payment
- a fact sheet on Applying for Relaxation of the Progression Rules (in the Diploma in Law course), which provides guidance on the factors which the LPAB will take into account when determining a Student Course Application under Rule 59(4) of the NSW Admission Board Rules 2015
- a Supplementary Policy on Special Examination Arrangements, as described on page 9.

COVID-19 Pandemic

Throughout the COVID-19 pandemic, the LPAB continued to provide services in all the areas of its operations. This was achieved by the rapid substitution of existing application forms and evidentiary requirements with fully-digital alternatives, and through adaptation to remote working.

In addition to the initiatives outlined on previous pages, in response to the pandemic the LPAB:

- resolved not to implement a scheduled annual increase to its fees on 1 July 2020
- developed a 'remote' admission process to enable the admission of lawyers to continue without any delays, despite the cancellation of all admission ceremonies from March 2020
- amended its online Admission Portal and Guide for Applications for Admission to align with the remote admission process

- commenced acceptance of digital academic transcripts and PLT certificates issued in Australia, provided the documents were received directly from the issuing institutions or were verified via the 'My eEquals' digital credentials platform
- reviewed all its application forms to enable them to be lodged entirely in digital format
- amended all forms that require a signature to be witnessed reflected the temporary changes in regulations governing the witnessing of documents during the pandemic
- reviewed its requirements for information to be provided by way of statutory declaration, and suspended selected requirements
- implemented various digital strategies to enable LPAB staff to work from home
- provided regular 'Status of LPAB Services' updates on its website.

The Year Ahead

Digitisation program

After a review of its technology needs, the LPAB has adopted a Technology Roadmap covering three key streams of its operations. During 2020-21 the LPAB will commence procurement and implementation of the required digital solutions identified in the Technology Roadmap.

Diploma in Law course

The LEC plans to trial enhancements to the teaching program for the Diploma in Law course, and the LPAB and the LEC will review and expand the suite of policies which govern the course.

Acronym Glossary

JD	Juris Doctor degree
LACC	Law Admissions Consultative Committee
LEC	Law Extension Committee (of the University of Sydney)
LLB	Bachelor of Laws degree
LPAB	Legal Profession Admission Board
NSW	New South Wales
PLT	Practical Legal Training

Contact Details

Legal Profession Admission Board of NSW

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Sydney NSW 2001
Australia

Street: Level 4
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Sydney NSW 2000
Australia

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

Appendix A: Legal Profession Admission Board

During 2019-20, the members of the LPAB were as set out below. The LPAB held six scheduled meetings, which were attended as indicated.

Member	Qualification and method of appointment	Term	Attendance
The Hon T F Bathurst AC	Chief Justice of the Supreme Court of NSW, pursuant to Schedule 3 of the <i>Legal Profession Uniform Law Application Act 2014</i>	1 July 2019 to 30 June 2020	N/A*
The Hon Acting Justice A R Emmett AO (Presiding Member)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	6
The Hon Justice G Lindsay	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	5
The Hon Justice A Payne	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	6
Ms Margaret Allars SC	Barrister, nominated by the Bar Council	1 July 2019 to 30 June 2020	6
Dr Jacob Campbell	Department of Justice officer, nominated by the Attorney General	1 July 2019 to 1 October 2019	1
Mr John Dobson	Solicitor, nominated by the Law Society Council	1 July 2019 to 30 June 2020	6
Ms Phillipa Hetheron	Department of Justice officer, nominated by the Attorney General, replacing Dr Campbell	13 November 2019 to 30 June 2020	3
Professor Lesley Hitchens	Dean of Law School, nominated by New South Wales law deans	1 July 2019 to 30 June 2020	5
Mr Wen-Ts'ai Lim	Solicitor, nominated by the Law Society Council	1 July 2019 to 30 June 2020	6
Mr Garry McGrath SC	Barrister, nominated by the Bar Council	1 July 2018 to 3 December 2019	2
Professor Michael Quinlan	Dean of Law School, nominated by New South Wales law deans	1 July 2019 to 30 June 2020	5
Mr Julian Sexton SC	Barrister, nominated by the Bar Council, replacing Mr McGrath	25 February 2020 to 30 June 2020	2

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

Appendix B: Legal Qualifications Committee

During 2019-20, the members of the Legal Qualifications Committee were as set out below. The Legal Qualifications Committee held six scheduled meetings, which were attended as indicated.

Member	Qualification and method of appointment	Term	Attendance
The Hon Justice S Robb (Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	4
The Hon Justice Button	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	3
The Hon Justice McCallum	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	4
Mr Edward Muston SC	Barrister, nominated by the Bar Council	1 July 2019 to 30 June 2020	5
Mr Yaseen Shariff	Barrister, nominated by the Bar Council	1 July 2019 to 30 June 2020	3
Ms Sonia Tame	Barrister, nominated by the Bar Council	1 July 2019 to 30 June 2020	5
Mr Thomas Spohr	Solicitor, nominated by the Law Society Council	1 July 2019 to 30 June 2020	5
Mr Richard Flitcroft	Solicitor, nominated by the Law Society Council	1 July 2019 to 30 June 2020	6
Professor Andrew Lynch	Head of School, nominated by the New South Wales law deans	1 July 2019 to 10 March 2020	1
Ms Maxine Evers	Law lecturer, nominated by New South Wales law deans	1 July 2019 to 30 June 2020	5
Mr Prasan Ulluwishewa	Assistant Dean, nominated by New South Wales law deans	1 July 2019 to 30 June 2020	3
Professor Theunis Roux	Law lecturer, nominated by New South law deans	11 March 2020 to 30 June 2020	1
Dr Gordon Elkington	Barrister, appointed by co-option	1 July 2019 to 30 June 2020	6
Mr Greg Ross	Solicitor, appointed by co-option	1 July 2019 to 30 June 2020	5
Mr Peter Underwood	Lawyer, appointed by co-option	1 July 2019 to 30 June 2020	5

Appendix C: Examinations Committee

During 2019-20, the members of the Examinations Committee were as set out below. The Examinations Committee held six scheduled meetings, which were attended as indicated.

Member	Qualification and method of appointment	Term	Attendance
The Hon Justice P Hamill (Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	5
The Hon Justice R Darke	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2019 to 30 June 2020	5
Mr Ross Anderson	Examiner, appointed by the Chairperson of the Committee	1 July 2019 to 30 June 2020	5
Mr Andrew Boog	Solicitor, nominated by the Law Society Council	1 July 2019 to 30 June 2020	5
Ms Susan Carter	Examiner, appointed by the Chairperson of the Committee	1 July 2019 to 30 June 2020	6
Mr Michael Christie SC	Barrister, nominated by the Bar Council	1 July 2019 to 30 June 2020	5
Mr John Dobson	Appointed by co-option by the Committee	1 July 2019 to 30 June 2020	6
Ms Maureen Noonan	Examiner, appointed by the Chairperson of the Committee	1 July 2019 to 30 June 2020	6

Appendix D: Sub-Committees

Academic Exemptions Sub-Committee

The Academic Exemptions Sub-Committee, determines applications in relation to overseas and local academic qualifications. During 2019-20, members of the Sub-Committee were:

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

Curriculum Sub-Committee

The Curriculum Sub-Committee oversees the planning and review of the curriculum and syllabi for the LPAB's examinations. During 2019-20, members of the Sub-Committee were:

- Mr Ross Anderson
- Ms Susan Carter
- Ms Maureen Noonan

Performance Review Sub-Committee

The Performance Review Sub-Committee determines applications under Rule 67 in relation to exclusion from the LPAB's Diploma in law course. During 2019-20, members of the Sub-Committee were:

- Mr John Dobson
- Ms Susan Carter
- Mr Andrew Boog

Practical Training Exemptions Sub-Committee

The Practical Training Exemptions Sub-Committee determines applications in relation to overseas and local practical training experience and qualifications. During 2019-20, members of the Sub-Committee were:

- Ms Maxine Evers
- Mr Greg Ross
- Mr Richard Flitcroft

Quality Sub-Committee

The Quality Sub-Committee oversees the quality of the LPAB's examinations and the marking of examination papers. During 2019-20, members of the Sub-Committee were:

- Mr Ross Anderson
- Ms Susan Carter
- Mr Michael Christie SC.

Appendix E: Additional Reporting Matters

Annual report costs

The LPAB did not incur any external costs in producing the Annual Report for 2019-20.

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

Consultants

No consultants were engaged by or on behalf of the LPAB during 2019-20.

Consumer response

The LPAB responds to consumer feedback and complaints that are received via the NSW Government Feedback Assist portal as well as via email, telephone, and by referral from the Department of Communities and Justice or the Attorney General.

Feedback was received by the LPAB on 37 occasions in the 2019-20 financial year. It related primarily to customer service standards such as the timeliness of responses, and to the quality of information resources including the transparency of administrative procedures.

In response to client feedback in 2019-20, the LPAB implemented a new Refund Policy to clarify the exceptional circumstances in which a fee payment may be returned to the client once it has been received by the Office of the LPAB. Guidelines on how the LPAB determines applications for relaxation of the Diploma in Law progression rules were also introduced in response to feedback from students. Concerns expressed by some students about the financial impact of the COVID-19 pandemic prompted the development of a temporary scheme to enable postponement of the payment of enrolment fees.

The onset of the COVID-19 pandemic caused initial disruption to the LPAB's operations, including a short period where phone services could not be maintained due to staff working from home, and where the processing of incoming postal material was delayed. Although solutions were implemented as quickly as possible, the disruptions affected normal service standards and this was reflected in an increase in instances of clients expressing dissatisfaction.

Similarly the LPAB's rapid shift to digital document processing due to the COVID-19 pandemic meant that the online Admission Portal and its automated messaging was not completely aligned with new practices, which created some client confusion until the system could be re-programmed.

On a positive note, the LPAB received several compliments about the plain language of its written instructions on COVID-19 pandemic-related changes, and many expressions of appreciation that, despite the challenges of the COVID-19 pandemic, the Office of the LPAB was continuing to deliver all the services and outcomes that its clients need.

Controlled entities

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

Economic factors

Save for effect of the COVID-19 pandemic, no economic factors affected the achievement of operational objectives during 2019-20.

Funds granted to non-government community organisations

The LPAB did not grant any funds to non-government community organisations during 2019-20.

Human resources

	2017-18		2018-19		2019-20	
	M	F	M	F	M	F
Clerk 11/12	0	1	0	1	1	0
Legal Officer I-III	0	1	0	0.5	0	1
Clerk 7/8	0	1	0	1.7	0	2
Clerk 5/6	0	2	0	1.4	0	2
Clerk 3/4	2	1.8	2	1.8	2	1
Clerk 1/2	1	1	1	1.1	1	2
Total males and females	3	7.8	3	7.8	4	8
Total employees	10.8		10.8		12	

The Office of the LPAB is staffed by 12 full time equivalent employees of the Department of Communities and Justice. The LPAB also engages temporary and casual staff including examiners, revising examiners and examination invigilators. As at 30 June 2020, the Office of the LPAB was managed by the Executive Officer, Mr Christopher Banks.

Land disposal

The LPAB did not dispose of any land or properties during 2019-20.

Legal change

In 2019-20 there were no changes to legislation and no significant judicial decisions that affected the functions of the LPAB or users of its services.

As the LPAB did not increase its fees in 2019-20, there were no amendments to the fee schedules in the NSW Admission Board Rules 2015 or the Public Notaries Appointment Rules.

Multicultural policies and services

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

Promotion

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

Research and development

The LPAB did not undertake any research and development activities during 2019-20.

Risk management and insurance

The LPAB shares the Audit and Risk Committee of the NSW Department of Communities and Justice. All identified risks were assessed as having an overall risk rating of 'Low'. Information about the management of financial risk is contained in the notes to the financial statements.

The LPAB's insurance cover is arranged by the NSW Department of Communities and Justice and provided by the Treasury Managed Fund (**TMF**), a government-wide self-insurance scheme. The insurance program covers workers' compensation, public liability, motor vehicle accident, property, and miscellaneous liability. During 2019-20, the LPAB did not make any claims under this insurance cover.

Workforce diversity

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

Work health and safety

No employee made any claim for workers compensation for a work-related injury.

Appendix F: Internal Audit and Risk Management

Internal Audit and Risk Management Attestation Statement for the 2019-2020 Financial Year for the Legal Profession Admission Board

I, Christopher Banks, am of the opinion that the Legal Profession Admission Board has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent and Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The current chair and members of the Audit and Risk Committee are:

- Independent Chair, Carolyn Burlew, 1 August 2019 to 31 July 2022
- Independent Member 1, Christine Feldmanis, 1 August 2019 to 31 July 2022
- Independent Member 2, Denise Aldous, 1 August 2019 to 31 July 2022
- Independent Member 3, Abby Bloom, 1 August 2019 to 31 July 2022
- Independent Member 4, John Hunter, 25 October 2019 to 24 October 2022
- Independent Member, Ralph Kelly, 1 August 2019 to 15 September 2019.

Christopher Banks
Executive Officer, Legal Profession Admission Board

Appendix G: Cyber Security

Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for the Legal Profession Admission Board

I, Christopher Banks, Executive Officer of the Legal Profession Admission Board, am of the opinion that the Legal Profession Admission Board has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Digital information and services for the Legal Profession Admission Board (the Board) are provided by the NSW Department of Communities and Justice (the Department). The Board relies on the cyber security strategies and responses of the Department.

Governance is in place within the Department and the Board to manage the cyber security maturity and initiatives of the Board.

Risks to the information and systems of the Legal Profession Admission Board have been assessed by and are managed by the Department and the Board.

There exists an appropriate cyber incident response plan for the Department which has been tested logically and technically during the reporting period.

The Department has an Information Security Management System (ISMS) in place.

This attestation covers the Legal Profession Admission Board.

Christopher Banks
Executive Officer, Legal Profession Admission Board

Appendix H: Financial Statements



INDEPENDENT AUDITOR'S REPORT

Legal Profession Admission Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Legal Profession Admission Board (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Board's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of the Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'CHarper', with a long horizontal flourish extending to the right.

Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

14 October 2020
SYDNEY

Legal Profession Admission Board

Financial Statements

for the year ended 30 June 2020

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Legal Profession Admission Board
Statement by members of the Board
for the year ended 30 June 2020

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:

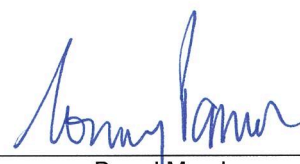
1. The accompanying financial statements exhibit a true and fair view of the financial position as at 30 June 2020 and financial performance of the Legal Profession Admission Board for the year then ended.
2. The financial statements have been prepared in accordance with the provision of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015*, applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and Treasurer's Directions issued under the Act.

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

Dated: 14 October 2020



Board Member



Board Member

Legal Profession Admission Board
Statement of comprehensive income

for the year ended 30 June 2020

	Notes	Actual 2020 \$	Actual 2019 \$
Expenses excluding losses			
Personnel services expenses	2(a)	1,731,892	1,348,018
Operating expenses	2(b)	610,300	598,037
Depreciation and amortisation	2(c)	244,442	239,788
Total expenses excluding losses		2,586,634	2,185,843
Revenue			
Sale of goods and services	3(a)	-	3,045,336
Revenue from contracts with customers	3(a)	3,287,644	-
Investment revenue	3(b)	51,375	97,455
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	40,564	43,864
Rental income	3(d)	721	14,673
Total revenue		3,380,304	3,201,328
Net result		793,670	1,015,485
Other comprehensive income			
Changes in revaluation surplus of property, plant and equipment		521,333	-
Total other comprehensive income		521,333	-
TOTAL COMPREHENSIVE INCOME		1,315,003	1,015,485

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of financial position

as at 30 June 2020

	Notes	Actual 2020 \$	Actual 2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	8,942,056	6,155,042
Receivables	5	558,604	562,186
Total current assets		9,500,660	6,717,228
Non-current assets			
Receivables	6	42,800	36,960
Property, plant and equipment			
Buildings	8	4,459,528	4,072,916
Plant and equipment	8	3,058	6,118
Total property, plant and equipment		4,462,586	4,079,034
Intangible assets	9	118,827	213,888
Total non-current assets		4,624,213	4,329,882
Total assets		14,124,873	11,047,110
LIABILITIES			
Current liabilities			
Payables	11	1,856,899	803,877
Contract liabilities	7	564,000	-
Provisions	12	707,437	568,494
Total current liabilities		3,128,336	1,372,371
Non-current liabilities			
Provisions	13	49,798	43,003
Total non-current liabilities		49,798	43,003
Total liabilities		3,178,134	1,415,374
Net assets		10,946,739	9,631,736
EQUITY			
Reserves		3,007,400	2,486,067
Accumulated funds		7,939,339	7,145,669
Total equity		10,946,739	9,631,736

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of changes in equity

for the year ended 30 June 2020

	Accumulated funds \$	Asset revaluation surplus \$	Total equity \$
Balance at 1 July 2019	7,145,669	2,486,067	9,631,736
Net result for the year	793,670	-	793,670
Other comprehensive income			
Net change in revaluation surplus of property, plant and equipment	-	521,333	521,333
Total other comprehensive income	-	521,333	521,333
Total comprehensive income for the year	793,670	521,333	1,315,003
Balance at 30 June 2020	7,939,339	3,007,400	10,946,739
Balance at 1 July 2018	5,377,107	2,486,067	7,863,174
Net result for the year	1,015,485	-	1,015,485
Total comprehensive income for the year	1,015,485	-	1,015,485
Transactions with owners in their capacity as owners			
Increase in net assets from equity transfers	753,077	-	753,077
Balance at 30 June 2019	7,145,669	2,486,067	9,631,736

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of cash flows

for the year ended 30 June 2020

	Notes	Actual 2020 \$	Actual 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(1,600,884)	(1,435,708)
Tuition Fee - University of Sydney		-	(1,395,239)
Other		(781,256)	(426,786)
Total payments		(2,382,140)	(3,257,733)
Receipts			
Admission	3(a)	1,603,641	1,495,110
Diploma Course		1,309,759	1,115,785
Public Notary	3(a)	118,280	113,440
Interest received		51,375	97,455
Advanced fees/tuition fees		1,547,186	-
Other		550,513	284,018
Total receipts		5,180,754	3,105,808
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	2,798,614	(151,925)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, equipment and intangibles		(11,600)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(11,600)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,787,014	(151,925)
Opening cash and cash equivalents		6,155,042	6,306,967
CLOSING CASH AND CASH EQUIVALENTS	4	8,942,056	6,155,042

The accompanying notes form part of these financial statements.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Legal Profession Admission Board (the Board) is constituted under Division 1 of Part 3 of the *Legal Profession Uniform Law Application Act 2014 No. 16*. The Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Board is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent.

The financial statements for the year ended 30 June 2020 have been authorised for issue by the Board on the recommendation of the Audit and Risk Committee on 13 October 2020.

(b) Basis of preparation

The Board's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015*; and
- Treasurer's Directions issued under the Act.

Plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the financial statements. Costs incurred that are incremental and directly attributable to the Covid-19 pandemic have been disclosed. Refer Note 2 (b) and Note 19.

All amounts are rounded to the nearest dollar and are expressed in Australian currency, which is the Board's presentation and functional currency.

The financial statements have been prepared on a going concern basis.

(c) Statement of compliance

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

(d) Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(e) Accounting for 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 Board 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 expense; and
- Receivables and payables are stated with the amount of GST included.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

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

(e) Accounting for Goods and Services Tax (GST) (cont'd)

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 are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) 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. When the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

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

(g) Income Recognition

Until 30 June 2019, income is recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*.

Rendering of services

Until 30 June 2019

Revenue from rendering of services comprised revenue earned from the provision of services to clients and other entities. Sales revenue from clients is generally recognised upon receipt of applications for admission as a lawyer, registration of students at law and other services.

From 1 July 2019

Revenue from rendering of services is recognised when the Board satisfies the performance obligation by transferring the promised services. The Board provides the service of admission of lawyers in New South Wales, diploma courses to law students, public notary and other academic related services. The Board typically satisfies its performance obligations when the services are provided to the customers either at the point in time or over time. For performance obligation that the Board satisfies at a point in time, the Board recognises the revenue when the admission application and payment are received. For the performance obligations satisfied over time, because the students simultaneously receive and consume the benefits of the courses as the Board performs its obligations, the revenue is recognised when the students complete the subjects. The Board receives enrolments fees comprising of tuition fees and examinations fees from students for the Diploma in Law Course taught by the University of Sydney. The transaction price is the amount of the consideration to the Board is entitled

to in exchange for the services to the students (examination fees) excluding the amounts collected on behalf of the University of Sydney (tuition fees). Revenue is only recognised at the transaction price at the completion of exams.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

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

Investment revenue

Variable interest earned on cash balances is recognised when it is probable that the economic benefits will flow to the Board and the amount of interest income can be measured reliably. The interest income is accrued on a time basis, based on the applicable interest rate. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

Rental income

The Board's investment properties are leased to tenants under an operating lease with rentals payable monthly. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. The lease concluded in July 2019.

Other revenue

Other revenue comprises income received from non-core activities and is recognised when the fee in respect of these activities is receivable. The Board's liabilities for defined benefit superannuation are assumed by the Crown Entity. The Board accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'. Refer Note 3 (c).

(h) 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 Board's policy on the revaluation of property, plant and equipment as discussed in Note 9.

(ii) Accumulated funds

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

(iii) Increase in net assets from Equity transfers

The transfer of the personnel services liability relating to the defined benefit superannuation assumed by the Crown on 1 July 2018 is designated as a contribution by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

(i) Contract assets and liabilities

Contract assets relate to the Board's right to consideration in exchange for goods transferred to customers/works completed, but not billed at the reporting date. The Board does not have any contract assets as at 30 June 2020.

Contract liabilities relate to consideration received in advance from customer. The Board receives examination fees in advance from the students, refer to Note 7 for the disclosure of the adjusted contract liabilities balance as at 1 July 2019. The contract liability balance has increased during the year because the amount of the transaction price allocated to performance obligations have not all been satisfied.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

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

(j) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Refer to Note 20 for changes in the presentation of prior year information.

(k) Change in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2019-20

The Board applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in the financial year 2019-20, but do not have an impact on the financial statements of the Board.

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Board to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, the Board has adopted AASB 15 retrospectively with the cumulative effect of initially adopting the standard recognised at the date of initial application on 1 July 2019.

The effect of adopting AASB 15 is as follows:

Impact on Statement of Financial Position (increase / (decrease)):

		30 June 2020 \$	30 June 2020 \$
	Notes	AASB 15	Without adoption of AASB 15
Assets		-	-
Liabilities	7	564,000	564,000
Total adjustment to equity		564,000	564,000

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

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

(k) Change in accounting policy, including new or revised Australian Accounting (cont'd)

(i) Effective for the first time in 2019-20 (cont'd)

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9 and AASB 137) to a transaction before recognising income.

The Board needs to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- When the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the entity.
- Immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Board has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application on 1 July 2019.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on balance sheet.

Lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the entity is the lessor.

Lessee accounting

AASB 16 requires the Board to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the entity recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Board has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

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

(k) Change in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(i) Effective for the first time in 2019-20 (cont'd)

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

The Board elected to use the practical expedient to expense lease payments for lease contracts that at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

The adoption of AASB 16 did not have an impact on the Statement of Financial Position.

(i) Issued but not yet effective

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

The following new Accounting Standards have not been applied and are not yet effective as per NSW Treasury Circular NSW TC 20/01

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-5 Amendments to Australian Accounting Standards – *Deferral of AASB 1059*
- AASB 2018-7 Amendments to Australian Accounting Standards – *Definition of Material*
- AASB 2019-1 Amendments to Australian Accounting Standards – *References to the Conceptual Framework*
- AASB 2019-2 Amendments to Australian Accounting Standards – *Implementation of AASB 1059*
- AASB 2019-7 Amendments to Australian Accounting Standards – *Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations.*

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

2. EXPENSES EXCLUDING LOSSES

(a) Personnel service expenses

The expenses below relate to personnel services provided by the Department of Communities and Justice.

	2020	2019
	\$	\$
Salaries and salaries related (a)	1,357,172	1,102,318
Recreation leave and other	102,412	68,818
Payroll tax and fringe benefits tax	105,739	54,486
Worker's compensation insurance	10,994	234
Superannuation - defined benefit plans (b)	40,760	43,876
Superannuation - defined contribution plan	114,815	78,286
Total	1,731,892	1,348,018

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

2. EXPENSES EXCLUDING LOSSES (CONT'D)

(a) Personnel service expenses (cont'd)

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

(b) The Board's liability for the defined benefit scheme has been assumed by the Crown as at 1 July 2018.

(c) No employee related costs have been capitalised in particular property, plant and equipment or intangible assets accounts.

Recognition and measurement

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

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.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

The Board has assessed the actuarial advice based on the Board's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Board does not expect to settle the liability within 12 months as the Board does not have an unconditional right to defer settlement.

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.

On-costs, such as payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

Long service leave liability comprises the Legal Admission Profession Board's liability to the Department of Communities and Justice for costs arising from personnel services rendered by the Department of Communities and Justice to balance date. Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

From 1 July 2018, the Board accounts for personnel services relating to the defined benefit superannuation liability assumed by the Crown as a non-monetary revenue item described as 'Acceptance by the Crown Entity of personnel services liabilities'.

Prior to 1 July 2018, the personnel services liability relating to the defined benefit superannuation was actuarially assessed at each reporting date, and was measured at the present value of the estimated future payments. The amount recognised was the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any defined benefit plan assets, out of which the obligation was to be settled directly.

Legal Profession Admission Board
Notes to the financial statements

for the year ended 30 June 2020

2. EXPENSES EXCLUDING LOSSES (CONT'D)

(a) Personnel service expenses (cont'd)

As the Department provides personnel services to the Board, defined benefit superannuation liabilities were recognised within personnel services provisions. All re-measurements arising from defined benefit plans were recognised as personnel services expenses in the year in which they occurred.

The Board's net defined benefit superannuation liabilities of \$753,077 were transferred to the Crown on 1 July 2018. The transfer was accounted for as an equity transfer (refer Note 1 (n) (iii)).

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. 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 Mercer Administration Services.

The Board is a member of the Agency Funded Crown Long Service Leave Pool (the Pool). Personnel services receivable comprises the Board's receivable from the Department for long service leave reimbursements from the Crown Entity. The amount expected to be reimbursed by the Crown Entity is recognised as personnel services receivable (Note 5).

(b) Operating expenses

	2020	2019
	\$	\$
Department of Communities and Justice - administrative fees	137,264	63,160
Exam related - Rental for venue and computer	68,460	69,643
Rates	68,590	69,446
Police checks	62,605	64,735
Printing	36,383	36,887
Postage and freight (incl. \$5,000 Covid-19 expenses)	26,851	22,603
Bank charges	33,492	23,583
Legal services	23,414	-
Archive fees - State Archives and Records	24,604	24,383
Land tax	9,227	7,132
Computer expenses	17,027	7,486
Stores and stationary cost	11,163	9,412
Marketing	16,259	14,960
Agency staff fees	6,774	72,408
Internal auditor fee	8,400	8,400
Telephone (incl. \$1,816 Covid-19 expenses)	7,060	1,962
Repairs and maintenance	4,390	7,461
Electricity	3,896	4,505
Auditor's remuneration - audit of the financial statements	28,900	26,250
Graduate placement contribution	1,182	11,875
Minor equipment	266	6,533
Consultants	-	645
Insurance	-	5,726
Security (office)	-	12,960
Graduation ceremony expense	-	10,184
Others (incl. \$706 Covid-19 expenses)	14,093	15,698
Total	610,300	598,037
<i>* Reconciliation - Total maintenance</i>		
Maintenance expense - contracted labour and other (non-employee related), as above	4,390	7,461
Total maintenance expense included in Note 2(b)	4,390	7,461

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

2. EXPENSES EXCLUDING LOSSES (CONT'D)

(b) Operating expenses (cont'd)

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

(c) Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation		
- Building	146,321	141,667
- Plant and Equipment	3,060	3,059
	<u>149,381</u>	<u>144,726</u>
Amortisation		
- Intangible (software)	95,061	95,062
	<u>95,061</u>	<u>95,062</u>
Total Depreciation and Amortisation expenses	<u>244,442</u>	<u>239,788</u>

3. REVENUE

(a) Revenue from contracts with customers / Sale of goods and services

	2020	2019
	\$	\$
Admission	1,602,675	1,495,110
Diploma Course	1,195,844	1,101,080
Public Notary	118,280	113,440
Academic fees ¹	370,845	335,706
Total	<u>3,287,644</u>	<u>3,045,336</u>

¹ 2020 year: Academic fees consist of Academic Exemptions \$203,190, Practical Legal Training Exemptions \$66,902, other academic fees \$93,959, Late applications \$6,270, Section 21 applications \$524.

2019 year: Academic fees consist of Academic Exemptions \$193,000, Practical Legal Training Exemptions \$50,370, other academic fees \$85,917, Late applications \$4,020, Section 21 applications \$2,400.

(b) Investment revenue

	2020	2019
	\$	\$
Interest Income	51,375	97,455
Total	<u>51,375</u>	<u>97,455</u>

(c) Acceptance by the Crown Entity of employee benefits and other liabilities

	2020	2019
	\$	\$
The following liabilities and expenses have been assumed by the Crown Entity:		
Superannuation - defined benefit ²	40,564	43,864
	<u>40,564</u>	<u>43,864</u>

² The liabilities and expenses have been disclosed for the first time as the defined benefit transactions are in the Department of Communities and Justice's accounts. From 1 July 2018 Crown assumed the Superannuation defined benefit of the Board. As a result a notional amount equivalent to defined benefit super expense the Board would have otherwise incurred is recognised as expense and revenue. Refer Note 2 (a).

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2020

3. REVENUE (CONT'D)

(d) Rental income

	2020	2019
	\$	\$
Rent	721	14,673
Total	721	14,673

(e) Deemed Appropriation

Deemed appropriation money is government money that the Council receives or recovers (including from the Commonwealth or another entity) or a kind prescribed by the regulation that is not appropriated under the authority of an Act.

Section 4.7 GSF Act - deemed appropriations:

	2020	2019
	\$	\$
Opening Balance at 1 July 2019	4,613,142	4,765,067
Add: additions of deemed appropriations	4,778,302	3,105,808
Less: expenditure charged against deemed appropriations	(1,993,482)	(3,257,733)
Closing Balance at 30 June 2020	7,397,962	4,613,142

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	8,941,556	6,154,542
Cash on hand	500	500
Total	8,942,056	6,155,042

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. Cash and cash equivalent assets recognised in the statement of financial position are the closing cash and cash equivalents in the statement of cash flows.

Cash at bank includes \$1,539,706 (2019: \$1,541,900) that is restricted for payment to the University of Sydney.

Refer Note 15 for details regarding credit risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2020	2019
	\$	\$
Current receivables		
Personnel services (a)	492,200	425,040
GST receivable	7,394	137,146
Others	59,010	-
Total	558,604	562,186

(a) The Board is a member of the Agency Funded Crown Long Service Leave (LSL) Pool. The Department contributes to the LSL Pool on behalf of the Board. The amount expected to be reimbursed by the Crown Entity is recognised as personnel services receivable, current and non-current. Refer to Note 2 (a).

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

5. CURRENT ASSETS – RECEIVABLES (cont'd)

Subsequent measurement

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Board recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Board expects to receive, discounted at the original effective interest rate.

For trade receivables, the Board applies a simplified approach in calculating ECLs. The Board recognises a loss allowance based on lifetime ECLs at each reporting date. The Board has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Refer Note 15 for details regarding credit risk of trade debtors that are neither past due nor impaired.

6. NON-CURRENT ASSETS - RECEIVABLES

	2020	2019
	\$	\$
Personnel services		
Personnel service (a)	42,800	36,960
Total	42,800	36,960

(a) Refer Note 5 for details

Refer Note 15 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CONTRACT LIABILITIES

	2020	1 July 2019 adjusted for AASB 15
	\$	\$
Contract liabilities - current	564,000	450,085
Contract liabilities - non-current	-	-
	564,000	450,085

	2020
	\$
Revenue recognised that was included in the contract liability balance (adjusted for AASB 15) at the beginning of the year	450,085
Revenue recognised from performance obligations satisfied in previous periods	-
Transaction price allocated to remaining performance obligations from contracts with customers	450,085

The Board charges examination fees at the beginning of each semester. The Board recognises revenue from examination fees once it satisfies its performance obligation in regards to these fees received.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

8. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Buildings \$	Total \$
At 1 July 2019 - fair value					
Gross carrying amount	46,520	177,489	224,009	4,250,000	4,474,009
Accumulated depreciation and impairment	(40,402)	(177,489)	(217,891)	(177,084)	(394,975)
Net carrying amount	6,118	-	6,118	4,072,916	4,079,034
At 30 June 2020 - fair value					
Gross carrying amount	45,058	177,489	222,547	4,499,599	4,722,146
Accumulated depreciation and impairment	(42,000)	(177,489)	(219,489)	(40,071)	(259,560)
Net carrying amount	3,058	-	3,058	4,459,528	4,462,586

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 out below:

	Computer Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Work in progress \$	Buildings \$	Total \$
Year ended 30 June 2020						
Net carrying amount at start of year	6,118	-	6,118	-	4,072,916	4,079,034
Additions	-	-	-	11,600	-	11,600
Net revaluation increments less revaluation decrements	-	-	-	-	521,333	521,333
Depreciation expense (Note 2(c))	(3,060)	-	(3,060)	-	(146,321)	(149,381)
Net carrying amount at end of year	3,058	-	3,058	11,600	4,447,928	4,462,586

	Computer Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Buildings \$	Total \$
At 1 July 2018 - fair value					
Gross carrying amount	46,520	177,489	224,009	4,250,000	4,474,009
Accumulated depreciation and impairment	(37,343)	(177,489)	(214,832)	(35,417)	(250,249)
Net carrying amount	9,177	-	9,177	4,214,583	4,223,760
At 30 June 2019 - fair value					
Gross carrying amount	46,520	177,489	224,009	4,250,000	4,474,009
Accumulated depreciation and impairment	(40,402)	(177,489)	(217,891)	(177,084)	(394,975)
Net carrying amount	6,118	-	6,118	4,072,916	4,079,034

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Reconciliation

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

	Computer Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Work in progress \$	Buildings \$	Total \$
Year ended 30 June 2019						
Net carrying amount at start of year	9,177	-	9,177	-	4,214,583	4,223,760
Depreciation expense (Note 2(c))	(3,059)	-	(3,059)	-	(141,667)	(144,726)
Net carrying amount at end of year	6,118	-	6,118	-	4,072,916	4,079,034

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 10.

The property, plant and equipment listed above are held and used by the Board. The Board was a lessor for an operating lease until July 2019.

(i) Acquisition of Assets

Property, plant and equipment are initially measured at cost, and subsequently revalued at fair value less accumulated depreciation and impairment. 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 recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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 over the period of credit.

(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* and *AASB 116 Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Revaluation of Property, Plant and Equipment (cont'd)

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

The Board revalues its building property at least every three years where the market or income approach is the most appropriate valuation technique. The last comprehensive revaluation was completed on 31 March 2018 and was based on an independent assessment. No other class of property, plant and equipment is subject to valuation.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. Based on an interim fair value assessment completed on 31 March 2020, there were indicators to suggest fair value had differed materially from carrying value. The Board used an external professionally qualified valuer to conduct the interim fair value assessment. A comprehensive valuation of the Board's property will next be performed for the year ending 30 June 2021.

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

For other assets valued using other valuation techniques, 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 recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is 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.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(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. Since property, plant and equipment is carried at fair value, or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. 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.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iv) Impairment of Property, Plant and Equipment (cont'd)

The Board assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

(v) Depreciation of Property, Plant and Equipment & Amortisation of 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 useful lives. Land is not a depreciable asset.

Intangible assets are also amortised using the straight line method.

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

Asset Class	Rate of Depreciation
Building	3.6%
Computer Equipment, Voice & data Communications	20%
Desktop PC	20%
Office Equipment	20%
Furniture & Fittings	10%
Intangible assets	
Software – Minor Projects	20%
Software – Major Projects	10%

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2020

9. INTANGIBLE ASSETS

Reconciliation

A reconciliation of the carrying amount of software at the beginning and end of the previous reporting period is set out below:

	Software
	\$
At 1 July 2019	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(621,981)</u>
Net carrying amount	213,888
At 30 June 2020	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(717,042)</u>
Net carrying amount	118,827
	Software
	\$
Year ended 30 June 2020	
Net carrying amount at beginning of year	213,888
Amortisation	<u>(95,061)</u>
Net carrying amount at end of year	118,827

Reconciliation

A reconciliation of the carrying amount of software at the beginning and end of the previous reporting period is set out below:

	Software
	\$
At 1 July 2018	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(526,919)</u>
Net carrying amount	308,950
At 30 June 2019	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(621,981)</u>
Net carrying amount	213,888
	Software
	\$
Year ended 30 June 2019	
Net carrying amount at beginning of year	308,950
Amortisation	<u>(95,062)</u>
Net carrying amount at end of year	213,888

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. 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 and impairment losses.

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

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2020

9. INTANGIBLE ASSETS (CONT'D)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(a) Fair value hierarchy

2020	Level 1 \$	Level 2 \$	Level 3 \$	Total fair value \$
Property, plant and equipment (Note 8)				
Buildings	-	4,447,928	-	4,447,928
	-	4,447,928	-	4,447,928
2019				Total fair value \$
Property, plant and equipment (Note 8)				
Buildings	-	4,072,916	-	4,072,916
	-	4,072,916	-	4,072,916

(b) Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principle market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 (unadjusted) prices in active markets for identical assets/liabilities that the Board 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 15 for further disclosures regarding fair value measurements of financial assets.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2020

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONT'D)

(c) Valuation techniques, inputs and processes

The Board's property has been valued using market evidence with adjustment for condition, location, comparability, etc. Level 2 inputs have been used in determining the fair value of the property since observable market data is readily available. There were no transfers between level 1 and 2 during the period.

The Board owns the office space at level 4, 37 Bligh Street, Sydney. It is a commercial strata plan that was purchased in 2004 through a loan from NSW Treasury. The loan was fully repaid in 2014.

The building and improvements are non-specialised assets, for which current market buying price can be observed. The property is valued having reference to current market transactions of comparable properties in the surrounding locality.

An interim valuation was performed by an independent registered valuer from CBRE as at 31 March 2020. This resulted in a revaluation increment of \$521,333 that is disclosed through Other Comprehensive Income in the year ending 30 June 2020.

11. CURRENT LIABILITIES – PAYABLES

	2020	2019
	\$	\$
Current payables		
Accrued salary and wages	13,937	3,644
Department of Communities and Justice	-	25,316
Examination fees received in advance (a)	-	450,085
Prizes	16,921	18,923
Sundry accruals (b)	286,335	125,468
Tuition fees (c)	1,539,706	180,441
Total	1,856,899	803,877

(a) The current year amount is disclosed in Note 7.

(b) Sundry accruals mainly comprise of amounts to be paid to the Department of Communities and Justice for payroll related costs.

(c) The Board collects the tuition fees on behalf of the University of Sydney, and remits the full amount of fee collections to the University at least twice a year. The tuition fees are not recognised as revenue by the Board.

Payables represent liabilities for goods and services provided to the Board and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

As per clause 63 of the Legal Profession Uniform Law Application Regulation 2015, the admission fee to the Australian legal profession in New South Wales is \$950.00. The Board is responsible for collecting the fees of which \$400 is payable to the Department of Communities and Justice to fund the operation of the Legal Services Council in regulating the Legal Profession Uniform Framework.

Details regarding liquidity risk are disclosed in Note 15.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2020

12. CURRENT LIABILITIES – PERSONNEL SERVICES PROVISIONS

The provisions below relate to recreation leave and long service leave for personnel services provided by the Department of Communities and Justice.

	2020	2019
	\$	\$
Recreation leave and related oncosts (a)	134,762	73,960
Long service leave and related oncosts	572,675	494,534
Total	707,437	568,494

(a) Recreation leave is expected to be taken within 12 months.

13. NON-CURRENT LIABILITIES – PERSONNEL SERVICES PROVISIONS

The provisions below relate to recreation leave and long service leave for personnel services provided by the Department of Communities and Justice.

	2020	2019
	\$	\$
Long service leave and oncosts	49,798	43,003
Total	49,798	43,003
Aggregate employee benefits and related on-costs		
Provisions - current	707,437	568,494
Provisions - non-current	49,798	43,003
Accrued salaries, wages and on-costs (Note 11)	13,937	3,644
Total	771,172	615,141

14. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2020	2019
	\$	\$
Net Cash Flows from Operating Activities	2,798,614	(151,925)
Depreciation and amortisation expenses	(244,442)	(239,788)
Increase in receivables and prepayments	2,258	53,271
(Increase) in provisions	(145,987)	(23,614)
(Increase) / decrease in payables and contract liabilities *	(1,616,773)	1,377,541
Net Result	793,670	1,015,485

* Increase in payables in 2020 is due to a timing of payments for the University of Sydney tuition fees.

15. FINANCIAL INSTRUMENTS

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

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

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

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15. FINANCIAL INSTRUMENTS (CONT'D)

(a) **Financial instrument categories**

Class	Note	Category	Carrying amount 2020 \$	Carrying amount 2019 \$
Financial assets				
Cash and cash equivalents	4	N/A	8,942,056	6,155,042
Receivables ¹	5	Amortised cost	59,010	-
Financial liabilities				
Payables ²	11	Financial liabilities measured at amortised cost	1,856,899	353,792

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

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

The Board determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

i. Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Board transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a. the Board has transferred substantially all the risks and rewards of the asset; or
- b. the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Board has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Board's continuing involvement in the asset. In that case, the Board also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

ii. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(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 credit losses or 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.

The Board considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Board may also consider a financial asset to be in default when internal or external information indicates that the Board is

15. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (cont'd)

unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Board.

Cash and cash equivalents

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

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Board has identified the unemployment rate, wages growth rate and CPI inflation to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments. There are no debtors which are currently past due and impaired. The loss allowance for trade debtors as at 30 June 2020 and 30 June 2019 was determined to be \$nil.

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2020.

(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.

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 Treasury Circular 11-12 *Payment of Accounts*. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the payment of simple interest is at the discretion of the Executive Officer.

The Board has financial liabilities of \$1,856,899 at 30 June 2020 (2019: \$353,792), all of which are non-interest bearing, with maturity dates of less than 1 year.

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Notes to the financial statements

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15. FINANCIAL INSTRUMENTS (CONT'D)

(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 cash at bank. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate 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 2019. The analysis assumes that all other variables remain constant.

(e) Interest rate risk

The Board does not have exposure to interest rate risk through interest bearing liabilities. The Board does not account for any fixed rate financial instruments at fair value through profit or loss. 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.

	2020		2019	
	\$	\$	\$	\$
Net Result	-1%	+1%	-1%	+1%
Equity	(89,421)	89,421	(61,550)	61,550

(f) Fair value measurement

(i) Fair value compared to carrying amount

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

The Board does not hold financial assets and financial liabilities where the fair value differs from the carrying amount.

(ii) Fair value recognised in the Statement of Financial Position

Management assessed that cash, trade receivables and trade payables approximate their fair values, largely due to the short-term maturities of these instruments.

The Board does not hold financial assets and liabilities that are valued at fair value using valuation techniques.

16. CONTINGENT ASSETS AND LIABILITIES

The Board's contingent liabilities are for estimated legal costs of \$52,750 (2019:\$nil) for matters where work was not performed.

17. COMMITMENT FOR EXPENDITURE

The Board does not have any commitment for expenditure as at 30 June 2020 (2019: \$nil).

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18. RELATED PARTY DISCLOSURES

The Board's key management personnel compensation are as follows:

	2020 \$	2019 \$
Short-term employee benefits:		
Salaries	111,101	103,510
Total remuneration	111,101	103,510

The Board did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

The Board entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Board's activities.

These transactions include:

- Long Service Leave assumed by the Crown
- Employer contributions paid to Defined Benefit Superannuation funds
- Payments for the provision of personnel and related services to the Department
- Payments into the Treasury Managed Fund for worker's compensation insurance and other insurances
- Admission fees collected by the Board on behalf of the Department for the NSW contribution to the Legal Profession Uniform Law Scheme.

19. COVID-19

The Board used an external professionally qualified valuer to conduct an impact assessment on the valuation of the building asset as at 30 June 2020 due to the outbreak of Covid-19. The carrying value of buildings did not alter materially from the fair value as at 30 June 2020. The pandemic may result in an interest rate change of +/- 1% in future years, however this change cannot be reasonably ascertained by the Board as at 30 June 2020. As at 30 June 2020, the pandemic has not prevented the Board from operating (due to the rapid re-design of its services) and there has not been any significant financial impact not already disclosed.

20. RECLASSIFICATION OF PRIOR YEAR INFORMATION

During the year ended 30 June 2020, the Board modified the comparatives with respect to:

- defined benefit superannuation scheme costs and associated acceptance by Crown revenue; and
- tuition fees collected from students and remitted to University of Sydney.

Comparative amounts in the Statement of Comprehensive Income and Statement of Cash Flows for financial year ended 30 June 2019 were updated. The update has no impact to comparative Statement of Financial Position. The result is as follows:

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20. RECLASSIFICATION OF PRIOR YEAR INFORMATION (CONT'D)

	Previously Reported \$	30 June 2019 Reclassification \$	Reclassified \$
Statement of Comprehensive Income			
Expenses excluding losses			
Personnel services expenses	1,304,154	43,864	1,348,018
Total expenses excluding losses	2,141,979	43,864	2,185,843
Revenue			
Acceptance by Crown Entity of employee benefits and other liabilities	-	43,864	43,864
Total revenue	3,157,464	43,864	3,201,328
	Previously Reported \$	30 June 2019 Reclassification \$	Reclassified \$
Statement of Cash Flows			
Cash flows from operating activities			
Payments			
Tuition fee - University of Sydney	(2,746,046)	1,350,807	(1,395,239)
Total payments	(4,608,540)	1,350,807	(3,257,733)
Receipts			
Advanced fees/tuition fees	1,350,807	(1,350,807)	-
Total receipts	4,456,615	(1,350,807)	3,105,808

21. EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Board, the results of those operations or the state of affairs of the Board in future financial years. The Personnel Services from the Department of Communities and Justice includes 2.5% for annual leave provisions at 30 June 2020. The NSW government initiated action to suspend the annual increase from 1 July 2020. A decision was made by the Industrial Relations Commission on 1 October 2020 that the wage rise rates will be revised to 0.3%. The impact of this change is not considered to be material.

End of audited financial statements.