



Legal Profession
Admission Board
of New South Wales

Legal Profession Admission Board

Annual Report
2018-19

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Letter to the Attorney General

The Hon Mark Speakman, SC MP
Attorney General
GPO Box 5341
SYDNEY NSW 2001

Dear Attorney General

We are pleased to present you with the Annual Report of the Legal Profession Admission Board for the year ended 30 June 2019, 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.

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

18 September 2019

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 2018-19 is at Appendix A.

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

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

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

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



Review of Operations

Admission of lawyers

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, 2,356 people were admitted as lawyers in NSW. The number is quite consistent with the number of admissions in the previous financial years. 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 six 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 653 such applications during 2018-19, an increase of 30 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 ten were:

- United Kingdom (148)
- South Africa (94)
- India (41)
- United States of America (20)
- Hong Kong (24)
- China (19)
- Brazil (10)
- Pakistan, Ireland and Sri Lanka (7) each
- Nepal and Philippines (6)

Assessment of Practical Legal Training (PLT)

People who completed practical legal training (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 188 applications during 2018-19, an increase of 21 per cent compared with the previous year.

Assessment of stale learning

The LPAB determined 61 applications for assessment of stale academic qualifications. Around 28 per cent of those applicants were required to undertake further academic study. One application for assessment of stale PLT was received during 2018-19.

Early commencement of PLT

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

During 2018-19, the LPAB received 254 applications for permission to commence PLT early, and approved 253. One was refused 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 which could influence the assessment of their fitness and propriety to be admitted.

Around 38 per cent of applicants in 2018-19 made one or more disclosures. Around 8.0 per cent of applicants made a disclosure which 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, 48 admission applicants disclosed a mental health issue. The LPAB issued a compliance certificate in respect of all applicants except one, which was still under review as at 30 June 2019.

In each approved case, the LPAB was satisfied that the conditions disclosed would not affect the capacity of the applicants to satisfactorily carry out the inherent requirements of practice as an Australian legal practitioner. The LPAB relied on recent medical evidence that the applicant's condition is appropriately

monitored, treated and managed, or that the applicant had not been symptomatic for an extended period of time.

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 name 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 application is yet to be determined.

Refusals of compliance certificates

In 2018-19, the LPAB declined to issue a compliance certificate for admission for 6 applicants. The reasons for refusal include the following: that the applicant:

- was not a fit and proper person to be admitted,
- breached bond conditions,
- was on a good behaviour bond,
- was on a conditional release order or
- failed to disclose a serious matter.

Table 1: Statistics regarding admission as a lawyer

	2016-17	2017-18	2018-19
Applicants for admission as a lawyer	2,358	2,352	2,628
Applicants previously admitted overseas	119	141	154
Applicants disclosing a fitness and propriety matter	668	746	1,019
Applicants with significant disclosures	178	181	210
Applicants with minor disclosures	524	617	854
Applications refused a compliance certificate	16	9	6
Number admitted to the legal profession	2,386	2,364	2,356
Admittees who were previously admitted overseas	116	129	137
Number admitted under mutual recognition	38	52	73
Assessments of academic qualifications	557	501	653
Assessments of practical legal training	141	155	188

Five of the refused admission applicants were notified that they may consider re-applying after a specified period of time had elapsed. Those were applicants who were subject to a bond or an order, breached conditions of a bond, or did not disclose a serious matter.

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'. Law schools which conduct a course that is not the accredited course will be in breach of its accreditation status

The Board developed a Framework for the Accreditation of Law courses. This is a policy and set of procedures to monitor and review law courses. It is being used to accredit or reaccredit a law course in accordance with Rule 7 of the Legal Profession Uniform Admission Rules 2015 (UAR).

During 2018-19, the LPAB approved Top Education Institute's application for accreditation of its Bachelor of Laws subject to certain conditions.

As at 30 June 2019, 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 from institutions which offer courses of practical legal training (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.

The LPAB also proposes to review the accreditation framework for PLT courses.

During the year under review, the LPAB received one application for accreditation of a new PLT course from the University of New South Wales. UNSW was approved as a PLT provider in February 2019.

As at 30 June 2019, there were 4 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.

Table 2: Statistics regarding the Diploma in Law course

	2016-17	2017-18	2018-19
Applications for registration as a student-at-law	472	491	512
Students enrolled in Term 1	1,050	1,056	1,018
Students enrolled in Term 2	1,022	1,027	1,027
Number of enrolments in all subjects	3,995	4,050	3,901
Examinations sat	3,338	3,385	3,456
Students graduated	113	130	123

Orientation Days

Orientation for new students is held twice a year, at the beginning of each semester. This year the Orientation was held on 2 November 2018 and again on 3 May 2019 at the University of Sydney. The LPAB's Presiding Member, the Hon Acting Justice Emmett AO, gave the welcome address to new students. The Law Extension Committee and LPAB staff delivered presentations about the tuition arrangements and the course rules, and the pathway to future admission as a lawyer.

Graduation

The LPAB and the LEC organises the graduation ceremony at the Great Hall of the University of Sydney once in each calendar year.

The ceremony for the previous year was held on 20 July 2018. The Honourable Dr Annabelle Bennett AO SC delivered the occasional address.

This year, the graduation ceremony was held on 28 June 2019. The Honourable Justice Bell, President of the Court of Appeal, delivered the occasional address.

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 2018-19, the LPAB administered the appointment of 35 new public notaries. The LPAB was notified that 42 public notaries had either retired or not renewed their practising certificates. This brings the total number registered in NSW to 1,073.

Table 3: Statistics regarding Public Notaries

	2016-17	2017-18	2018-19
New public notaries appointed	50	51	35
Public notaries not renewing		47	42
Total number of public notaries on Roll	1,076	1080	1,073

Highlights in 2018-19

Policy Review

During this year the LPAB has developed and adopted policies in the following areas:

Special Examination Arrangements Policy

A special examination arrangements policy was approved in July 2018. Students-at-law can apply for special examination arrangements if they provide medical documentation in the prescribed format which is then assessed by the Office of the Board.

Admission Ceremony – Late Attendance policy

This policy outlines procedures relating to lateness of attendance to a ceremony of admission as a lawyer in the Supreme Court of New South Wales. This policy was adopted in September 2018.

Amendment of Name policy

This policy outlines the procedures relating to the notification and notation of names contained within the Roll of Lawyers and was approved in November 2018.

Communications

The Office of the Board will continue to investigate how it can clearly communicate the work of the Board to the broader community. A successful LinkedIn presence has been established which facilitates contact with alumni of the Board's course.

The website is continuously monitored and modifications and improvements implemented.

Graduate Program

Commencing at the beginning of 2018, the LPAB was part of the NSW Government's Graduate program. The program runs for 18 months and 3 graduates rotate through the Office of the Board for a period of rotation each.

Conditional admission

Section 20 of the *Legal Profession Uniform Law (NSW)* provides for the LPAB to recommend in a compliance certificate in respect of a foreign lawyer that the foreign lawyer be admitted subject to conditions.

A 'foreign lawyer' means an individual who is properly registered or authorised to engage in legal practice in a foreign country by the foreign registration authority for the country.

During 2018-19, the LPAB determined four applications by foreign lawyers for conditional admission in accordance with section 20 of the Uniform Law. All four applications were approved.

The Year Ahead

Digitisation renewal program

The Office of the Board will continue to research digital initiatives to enhance the delivery of services to its clients and students. Over the past year the Board has reviewed its existing business systems, developed specifications for replacements and investigated the viability of a range of software solutions. The particular focus of the next 12 months will be the replacement of the existing student records system.

Mental Health Initiatives

Under rule 23 of the Legal Profession Uniform Admission Rules 2015 the Board is required to be satisfied that applicants for admission are satisfactorily able to carry out the inherent requirements of an Australian legal practitioner.

The Office of the Board intends to undertake research and consultation with a number of mental health specialists for the purpose of ensuring that applicants for admission are assessed consistently and fairly in respect of whether they are able to carry out the inherent requirements of a legal practitioner. A mental health disclosure directive is to be drafted to assist the Board in relation to the assessment and categorisation of disclosures

provided in applications for admission as a lawyer.

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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Hours: 9:00am to 5:00pm

Monday to Friday

(excluding public holidays)

Appendix A: Legal Profession Admission Board

Member	Qualification and method of appointment	Term	Attendance
The Hon T F Bathurst AC	Chief Justice of the Supreme Court of NSW, pursuant to Schedule 3 of the <i>Legal Profession Uniform Law Application Act 2014</i>	1 July 2018 to 30 June 2019	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 2018 to 30 June 2019	6
The Hon Justice G Lindsay	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2018 to 30 June 2019	4
The Hon Justice A Payne	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2018 to 30 June 2019	5
Ms Margaret Allars SC	Barrister, nominated by the Bar Council	1 July 2018 to 30 June 2019	6
Dr Jacob Campbell	Department of Justice officer, nominated by the Attorney General	1 July 2018 to 30 June 2019	5
Mr John Dobson	Solicitor, nominated by the Law Society Council	1 July 2018 to 30 June 2019	6
Professor Lesley Hitchens	Dean of Law School, nominated by New South Wales law deans	1 July 2018 to 30 June 2019	5
Mr Wen-Ts'ai Lim	Solicitor, nominated by the Law Society Council	1 July 2018 to 30 June 2019	5
Mr Garry McGrath SC	Barrister, nominated by the Bar Council	1 July 2018 to 30 June 2019	5
Professor Michael Quinlan	Dean of Law School, nominated by New South Wales law deans	1 July 2018 to 30 June 2019	6

During 2018-19, the LPAB held six scheduled meetings.

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

Appendix B: Legal Qualifications Committee

Member	Qualification and method of appointment	Term	Attendance
The Hon Justice S Robb (Chairperson)	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2018 to 30 June 2019	5
The Hon Justice Button	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2018 to 30 June 2019	4
The Hon Justice Natalie Adams	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2018 to 30 June 2019	3
Mr Richard Weinstein SC	Barrister, nominated by the Bar Council	1 July 2018 to 29 January 2019	2
Mr Edward Muston SC	Barrister, nominated by the Bar Council	18 February 2019 to 30 June 2019	2
Mr Yaseen Shariff	Barrister, nominated by the Bar Council	1 July 2018 to 30 June 2019	5
Ms Sonia Tame	Barrister, nominated by the Bar Council	1 July 2018 to 30 June 2019	4
Mr Thomas Spohr	Solicitor, nominated by the Law Society Council	1 July 2018 to 30 June 2019	5
Mr Richard Flitcroft	Solicitor, nominated by the Law Society Council	1 July 2018 to 30 June 2019	5
Professor Andrew Lynch	Head of School, nominated by the New South Wales law deans	1 July 2018 to 30 June 2019	3
Ms Maxine Evers	Law lecturer, nominated by New South Wales law deans	1 July 2018 to 30 June 2019	3
Mr Prasan Ulluwishewa	Assistant Dean, nominated by New South Wales law deans	1 July 2018 to 30 June 2019	4
Dr Gordon Elkington	Barrister, appointed by co-option	1 July 2018 to 30 June 2019	6
Mr Greg Ross	Solicitor, appointed by co-option	1 July 2018 to 30 June 2019	6
Mr Peter Underwood	Lawyer, appointed by co-option	1 July 2018 to 30 June 2019	6

During 2018-19, the Legal Qualifications Committee held six scheduled meetings.

Appendix C: Examinations Committee

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 2018 to 30 June 2019	2
The Hon Justice R Darke	Judge of the Supreme Court of NSW, nominated by the Chief Justice	1 July 2018 to 30 June 2019	5
Mr Ross Anderson	Examiner, appointed by the Chairperson of the Committee	1 July 2018 to 30 June 2019	4
Mr Andrew Boog	Solicitor, nominated by the Law Society Council	1 July 2018 to 30 June 2019	4
Ms Susan Carter	Examiner, appointed by the Chairperson of the Committee	1 July 2018 to 30 June 2019	5
Mr Michael Christie SC	Barrister, nominated by the Bar Council	1 July 2018 to 30 June 2019	4
Mr John Dobson	Appointed by co-option by the Committee	1 July 2018 to 30 June 2019	5
Ms Maureen Noonan	Examiner, appointed by the Chairperson of the Committee	1 July 2018 to 30 June 2019	2

During 2018-19, the Examinations Committee held five of the six scheduled meetings; one meeting was cancelled as there were no significant agenda items.

Appendix D: Sub-Committees

Academic Exemptions Sub-Committee

The Academic Exemptions Sub-Committee, determines applications in relation to overseas and local academic qualifications. During 2018-19, 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 2018-19, 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 2018-19, 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 2018-19, 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 2018-19, 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 2018-19

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 2018-19.

Consumer response

The office monitors and investigates consumer responses received via the Feedback Assist portal and a Register of telephone and written consumer responses received by the office, as well as correspondence received by the Department of Justice or the Attorney General in respect of the LPAB's activities.

Feedback was received by the LPAB from 18 persons in the 2018/2019 financial year.

One item of feedback was favourable and three items were in respect of the Diploma in Law course, some of which were referred to the Law Extension Committee to be addressed. The remaining feedback raised a variety of issues including the content of the LPAB's annual reports, the timeliness of response to emails and the quality of customer service interactions with LPAB staff. Such complaints and issues were all investigated and, where necessary, escalated. Staff training and development is ongoing. Opportunities for service and process improvements are continuously monitored, identified and constructive changes put in place.

The office also uses Survey Monkey to survey applicants who have been admitted to the legal profession on their customer service experience. Service levels including use of the online admission portal were ranked generally positively, between 8-9 out of 10.

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

No economic factors affected the achievement of operational objectives during 2018-19.

Funds granted to non-government community organisations

The LPAB did not grant any funds to non-government community organisations during 2018-19.

Human resources

	2016-17		2017-18		2018-19	
	M	F	M	F	M	F
Senior Executive Band 1	1	0	0	0	0	0
Clerk 11/12	0	0	0	1	0	1
Legal Officer I-III	0	1.8	0	1	0	0.5
Clerk 7/8	0	1	0	1	0	1.7
Clerk 5/6	1	1	0	2	0	1.4
Clerk 3/4	2	1.8	2	1.8	2	1.8
Clerk 1/2	1	1	1	1	1	1.1
Total males and females	5	6.6	3	7.8	3	7.8
Total employees	11.6		10.8		10.8	

The Office of the LPAB is staffed by 10.8 full time equivalent employees of the Department of Justice. The LPAB also engages temporary and casual staff including examiners, revising examiners and examination invigilators. As at 30 June 2019, the Office of the LPAB was managed by the Acting Executive Officer, Ms Siew McKeogh.

Land disposal

The LPAB did not dispose of any land or properties during 2018-19.

Legal change

In 2018-19 the functions of the LPAB and users of its services were affected by the following significant judicial decisions:

Judgment /Legislation	Purpose	Date
Public Notaries Appointment Rules Second Schedule	To amend the fee schedule with effect from 1 July 2017.	4 June 2019
NSW Board Admission Rules 2015 Third Schedule	To amend the fee schedule with effect from 1 July 2017.	4 June 2019

Multicultural policies and services

Information about multicultural policies and services is reported in the Annual Report of the NSW Department of 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 2018-19.

Risk management and insurance

The LPAB shares the Audit and Risk Committee of the NSW Department of Justice. All identified risks were assessed as having either an overall risk rating of 'Moderate' or could be reduced to a 'Low' rating with appropriate strategies and controls. Information about the management of financial risk is contained in the notes to the financial statements.

The LPAB's insurance cover is arranged by the NSW Department of Justice and provided by the Treasury Managed Fund (TMF), a government-wide self-insurance scheme. The insurance program covers workers' compensation, public liability, motor vehicle accident, property, and miscellaneous liability. During 2018-19, the LPAB did not make any claims under this insurance cover.

Workforce diversity

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

Work health and safety

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 2018-2019 Financial Year for the Legal Profession Admission Board

I, Siew McKeogh, 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

Exceptions or Transitional Arrangements

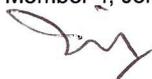
Nil.

Membership

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

- Chair, Carolyn Burlew, October 2015 – September 2019
- Independent Member 1, David Antaw, November 2015 – September 2019
- Independent Member 2, Leah Fricke, November 2015 – September 2019
- Independent Member 3, Ralph Kelly, November 2015 – September 2019
- Independent Member 4, John Pearson, March 2016 – March 2019

Siew McKeogh



A/Executive Officer, Legal Profession Admission Board

Appendix G: Digital Information Security

Digital Information Security Annual Attestation Statement for the 2018-19 Financial Year for the Legal Profession Admission Board

I, Siew McKeogh, A/Executive Officer on behalf of the Legal Profession Admission Board, am of the opinion that the Legal Profession Admission Board:

1. had an Information Security Management System in place during the 2018-19 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy
2. the controls in place to mitigate identified risks to the digital information and digital information systems of the Legal Profession Admission Board are adequate
3. there is no agency under the control of the Legal Profession Admission Board which is required to develop an independent ISMS in accordance with the NSW Government Digital Information Security Policy
4. where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, the Legal Profession Admission Board has maintained certified compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements by an accredited third party during the 2018-19 financial year.
5. had an Information Security Management System (ISMS) during the reported financial year, that is consistent with the Core Requirements of the Policy • taking into account business requirements of the agency, adequate security controls are in place to mitigate identified risks to digital information and systems for the foreseeable future • all public sector agencies under the control of the agency, with a risk profile sufficient to warrant an independent ISMS, have developed an ISMS in accordance with the Policy, and • where applicable, certified compliance with ISO/IEC 27001 by an accredited third party has been obtained and maintained.



Siew McKeogh

A/Executive Officer, Legal Profession Admission Board

Legal Profession Admission Board

Financial Statements

for the year ended 30 June 2019



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Legal Profession Admission Board
Statement by members of the Board
for the year ended 30 June 2019

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 2019 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 provisions 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: 18 September 2019



Board Member



Board Member

Legal Profession Admission Board
Statement of comprehensive income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Expenses excluding losses			
Personnel services expenses	2(a)	1,304,154	773,144
Operating expenses	2(b)	598,037	640,503
Depreciation and amortisation	2(c)	239,788	253,436
Total expenses excluding losses		2,141,979	1,667,083
Revenue			
Sale of goods and services	3(a)	3,045,336	2,787,937
Investment revenue	3(b)	97,455	78,790
Rental income	3(c)	14,673	20,249
Total revenue		3,157,464	2,886,976
Net result		1,015,485	1,219,893
Other comprehensive income			
<i>Items that will not be reclassified to net result in subsequent periods</i>			
Changes in revaluation surplus of property, plant and equipment		-	1,692,708
Total other comprehensive income		-	1,692,708
TOTAL COMPREHENSIVE INCOME		1,015,485	2,912,601

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of financial position
as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	6,155,042	6,306,967
Receivables	5	562,186	512,835
Total current assets		6,717,228	6,819,802
Non-current assets			
Receivables	6	36,960	33,040
Property, plant and equipment			
Land and buildings	7	4,072,916	4,214,583
Plant and equipment	7	6,118	9,177
Total property, plant and equipment		4,079,034	4,223,760
Intangible assets	8	213,888	308,950
Total non-current assets		4,329,882	4,565,750
Total assets		11,047,110	11,385,552
LIABILITIES			
Current liabilities			
Payables	10	803,877	2,181,418
Provisions	11	568,494	547,652
Total current liabilities		1,372,371	2,729,070
Non-current liabilities			
Provisions	12	43,003	793,308
Total non-current liabilities		43,003	793,308
Total liabilities		1,415,374	3,522,378
Net assets		9,631,736	7,863,174
EQUITY			
Reserves		2,486,067	2,486,067
Accumulated funds		7,145,669	5,377,107
Total equity		9,631,736	7,863,174

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of changes in equity
for the year ended 30 June 2019

	Accumulated funds \$	Asset revaluation surplus \$	Total equity \$
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
Other comprehensive income			
Net change in revaluation surplus of property, plant and equipment	-	-	-
Total other comprehensive income	-	-	-
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
Balance at 1 July 2017	4,157,214	793,359	4,950,573
Net result for the year	1,219,893	-	1,219,893
Other comprehensive income			
Net change in revaluation surplus of property, plant and equipment	-	1,692,708	1,692,708
Total other comprehensive income	-	1,692,708	1,692,708
Total comprehensive income for the year	1,219,893	1,692,708	2,912,601
Balance at 30 June 2018	5,377,107	2,486,067	7,863,174

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Statement of cash flows
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(1,435,708)	(1,810,265)
Tuition Fee - University of Sydney	2(b)	(2,746,046)	(1,375,511)
Other		(426,786)	(387,422)
Total payments		(4,608,540)	(3,573,198)
Receipts			
Admission		1,495,110	1,362,328
Diploma Course		1,115,785	1,098,576
Public Notary		113,440	114,370
Interest received		97,455	123,790
Advanced fees/tuition fees		1,350,807	1,279,680
Other		284,018	213,469
Total receipts		4,456,615	4,192,213
NET CASH FLOWS FROM OPERATING ACTIVITIES	13	(151,925)	619,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant, equipment and intangibles		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(151,925)	619,015
Opening cash and cash equivalents		6,306,967	5,687,952
CLOSING CASH AND CASH EQUIVALENTS	4	6,155,042	6,306,967

The accompanying notes form part of these financial statements.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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*. 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 2019 have been authorised for issue by the Board on the recommendation of the Audit and Risk Committee on 12 September 2019.

(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.

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) Property, plant and equipment

(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.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

(i) Acquisition of Assets (cont'd)

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.

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 9 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 2019, there were no indicators to suggest fair value had differed materially from carrying value. Therefore an interim revaluation was not conducted. 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.

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

(e) Property, plant and equipment (cont'd)

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

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.

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.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

(f) 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 at valuation	2.5%
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%

(g) Maintenance expense

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.

(h) Intangible Assets

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

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.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

(i) 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 9 and Note 14 for further disclosures regarding fair value measurements of financial and non-financial assets.

(j) Financial Instruments

i. Financial assets

- Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.'

Subsequent measurement under AASB 9 (from 1 July 2018)

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.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is 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 of financial assets

Impairment under AASB 9 (from 1 July 2018)

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.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

(j) Financial Instruments (cont'd)

i. Financial assets (cont'd)

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.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Board first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

ii. Financial liabilities at amortised cost

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 Justice to fund the operation of the Legal Services Council in regulating the Legal Profession Uniform Framework (Note 10).

iii. 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:

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

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2019

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

(j) Financial Instruments (cont'd)

iii. Derecognition of financial assets and financial liabilities (cont'd)

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.

iv. 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.

(k) 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.

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.

(l) Personnel services

The Department of 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.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

(I) Personnel services (cont'd)

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 Justice for costs arising from personnel services rendered by the Department of 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.

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(o)(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 of Justice 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).

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2019

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

(m) 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.

(n) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

Rendering of services

Revenue from rendering of services comprises 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.

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.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Other revenue

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

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

(o) 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 1(e)(iii).

(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*.

(p) Comparative information

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

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

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-2019 are consistent with those of the previous financial year except as a result of new or revised accounting standards that have been applied for the first time in 2018-19.

The Board has adopted AASB 9 *Financial Instruments* (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 *Financial Instruments: Disclosures* (AASB 7R).

The Board applied AASB 9 retrospectively but has not restated the comparative information, which is reported under AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139). Had any adjustments arisen from the adoption of AASB 9 these would have been recognised directly in accumulated funds and other components of equity. There was no effect of adopting AASB 9 on the Board's statement of financial position as at 1 July 2018.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

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

(i) Effective for the first time in 2018-19 (cont'd)

a) Classification and measurement of financial instruments

Under AASB 9, classification and subsequent measurement of financial assets is based on assessing whether the contractual cash flows are of solely principle and interest and the Board's business model for collecting those cash flows.

The assessment of the Board's business model was made as of the date of initial application of AASB 9, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

On 1 July 2018, the Board assessed the terms of the contractual cash flows and business models that apply to its financial assets resulting in the classification of some financial assets changing to conform with the new categories specified in the standard. Practically the basis for subsequent measurement has remained the same as under AASB 139 and therefore there has been no material impact to the carrying values of financial assets upon transition.

The following are the changes in the classification of the Board's financial assets:

- Trade receivables classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost;

The table below summarises the changes in classification and measurement upon adoption of AASB 9:

	Measurement category		Carrying amount		
	AASB 139	AASB 9	Original \$	New \$	Difference \$
Trade receivables	L&R	Amortised cost	-	-	-

The Board has not designated any financial liabilities at fair value through profit or loss.

b) Impairment

The adoption of AASB 9 has changed the Board's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Board to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss. The Board re-performed its impairment of financial asset calculations using the new expected credit loss model and determined that a nil provision was appropriate upon transition at 1 July 2018. Thus the impact of transition to AASB 9 as a result of the new impairment model on financial assets, reserves and accumulated funds is nil.

Legal Profession Admission Board

Notes to the financial statements

for the year ended 30 June 2019

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

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

(ii) 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 19/04:

- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers* (Not for profits only)
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*
- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*

Assessment of the impact on adoption of AASB 15 *Revenue from Contracts with Customers* (not-for-profits only), AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* and AASB 1058 *Income of Not-for-Profits* on the Board:

AASB 15 *Revenue from Contracts with Customers* (AASB 15) is effective for reporting periods commencing on or after 1 January 2019. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Board expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 *Revenue* (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.

AASB 1058 *Income of Not-for-Profits* (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 *Contributions* (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners. Under AASB 1058, the Board will need to determine whether a transaction is consideration received below fair value principally to enable the Board to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).

The standards will result in the identification of separate performance obligations that will not change the timing of recognition for some revenues, including revenues relating to sales of goods and services and rental income.

The Board will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.

Based on the impact assessments the Board has undertaken on currently available information, the impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by the Board as not being significant.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

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

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

(ii) Issued but not yet effective (cont'd)

Assessment of the impact on adoption of AASB 16 Leases on the Board:

AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.

For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance.

The accounting for lessors under AASB 16 will not significantly change.

The Board will adopt AASB 16 on 1 July 2019 through application of the modified retrospective approach, where the cumulative effect of initially applying AASB 16 is recognised on the initial application date. Comparative information will not be restated. The Board will also adopt the practical expedient whereby the fair value of the right-of use asset will be the same as the lease liability at 1 July 2019.

Based on the impact assessments the Board has undertaken on currently available information, the Board estimates the impacts to additional lease liabilities and right-of-use assets from the adoption of AASB 16 to be not significant as it is not a lessee.

2. EXPENSES EXCLUDING LOSSES

(a) Personnel service expenses

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

	2019	2018
	\$	\$
Salaries and salaries related (a)	1,102,318	1,067,880
Recreation leave and other	68,818	71,914
Payroll tax and fringe benefits tax	54,486	57,458
Worker's compensation insurance	234	4,595
Superannuation - defined benefit plans (b)	12	(498,375)
Superannuation - defined contribution plan	78,286	69,672
Total	1,304,154	773,144

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

(b) In 2017-18, the defined benefit plan included a superannuation actuarial gain of \$570,294. 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 and therefore are excluded from the above.

Legal Profession Admission Board
Notes to the financial statements

for the year ended 30 June 2019

2. EXPENSES EXCLUDING LOSSES (CONT'D)

(b) Operating expenses

	2019	2018
	\$	\$
Graduation ceremony expense	10,184	7,492
Graduate placement contribution	11,875	7,605
Department of Justice - administration fees	63,160	83,000
Legal services	-	12,415
Auditor's remuneration - audit of the financial statements	26,250	25,600
Computer equipment - software	-	106,998
Exam related - Rental for venue and computer	69,643	63,650
Rates	69,446	58,645
Printing	36,887	43,251
Postage and freight	22,603	20,789
Telephone	1,962	6,506
Computer related expenses - network charges	7,486	12,000
Stores and stationary cost	9,412	6,166
Police checks	64,735	54,559
Repairs and maintenance	7,461	11,599
Minor equipment	6,533	2,004
Insurance	5,726	4,255
Agency staff fees	72,408	21,617
Consultants	645	-
Bank charges	23,583	33,681
Marketing	14,960	9,768
Security (office)	12,960	187
Archive fees – State Archives and Records	24,383	24,322
Internal auditor fee	8,400	6,300
Land tax	7,132	5,273
Electricity	4,505	4,539
Others	15,698	8,282
Total	598,037	640,503

** Reconciliation - Total Maintenance*

Maintenance expense - contracted labour and other (non-employee related) as above	7,461	11,599
Total maintenance expenses included in Note 2(b)	7,461	11,599

(c) Depreciation and amortisation

	2019	2018
	\$	\$
Depreciation		
- Building	141,667	155,289
- Plant and Equipment	3,059	3,086
	144,726	158,375
Amortisation		
- Intangible (software)	95,062	95,061
	95,062	95,061
Total Depreciation and Amortisation expenses	239,788	253,436

Legal Profession Admission Board
Notes to the financial statements

for the year ended 30 June 2019

3. REVENUE

(a) Sale of goods and services

	2019	2018
	\$	\$
Admission	1,495,110	1,362,328
Diploma Course	1,101,080	1,074,170
Public Notary	113,440	114,370
Academic fees ¹	335,706	237,069
Total	3,045,336	2,787,937

¹ 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.

2018 year: Academic fees consist of Academic Exemptions \$155,960, Practical Legal Training Exemptions \$47,255, Other academic fees \$26,764, Late applications \$5,950, Section 21 applications \$1,140.

(b) Investment revenue

	2019	2018
	\$	\$
Interest from Westpac business account	97,455	78,790
Total	97,455	78,790

(c) Rental income

	2019	2018
	\$	\$
Rent	14,673	20,249
Total	14,673	20,249

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank	6,154,542	6,306,467
Cash on hand	500	500
Total	6,155,042	6,306,967

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.

Refer note 14 for details regarding credit risk and market risk arising from financial instruments.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

5. CURRENT ASSETS - RECEIVABLES

	2019	2018
	\$	\$
Current receivables		
Personnel services (a)	425,040	379,158
GST receivable	137,146	133,291
Others	-	386
Total	562,186	512,835

(a) The Board is a member of the Agency Funded Crown Long Service Leave (LSL) Pool. The Department of Justice 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 (Refer to Note 1(l)).

Refer Note 14 for details regarding credit risk of trade debtors that are neither past due nor impaired.

6. NON-CURRENT ASSETS - RECEIVABLES

	2019	2018
	\$	\$
Personnel services		
Long service leave provision	36,960	33,040
Total	36,960	33,040

Refer Note 14 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

7. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Land and 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

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 \$	Land and 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

	Computer Equipment \$	Furniture & Fittings \$	Total Plant & Equipment \$	Land and buildings \$	Total \$
At 1 July 2017 - fair value					
Gross carrying amount	46,520	177,489	224,009	2,717,123	2,941,132
Accumulated depreciation and impairment	(34,256)	(177,489)	(211,745)	(39,958)	(251,703)
Net carrying amount	12,264	-	12,264	2,677,165	2,689,429

At 30 June 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

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

7. 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 \$	Land and buildings \$	Total \$
Year ended 30 June 2018					
Net carrying amount at start of year	12,264	-	12,264	2,677,165	2,689,429
Net revaluation increment less revaluation decrements	-	-	-	1,692,708	1,692,708
Depreciation expense (note 2 (c))	(3,086)	-	(3,086)	(155,289)	(158,375)
Writeback on accumulated depreciation on disposals	(1)	-	(1)	(1)	(2)
Net carrying amount at end of year	9,177	-	9,177	4,214,583	4,223,760

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Notes 1(e) and 9.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

8. INTANGIBLE ASSETS

	Software
	2019
	\$
At 1 July 2018	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(526,919)</u>
Net carrying amount	<u>308,950</u>
At 30 June 2019	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(621,981)</u>
Net carrying amount	<u>213,888</u>
	\$
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	<u>213,888</u>
	2018
	\$
At 1 July 2017	
Cost (gross carrying amount)	843,909
Accumulated amortisation and impairment	<u>(431,858)</u>
Net carrying amount	<u>412,051</u>
At 30 June 2018	
Cost (gross carrying amount)	835,869
Accumulated amortisation and impairment	<u>(526,919)</u>
Net carrying amount	<u>308,950</u>
	\$
Year ended 30 June 2018	
Net carrying amount at start of year	412,051
Additions	-
Impairment losses	-
Amortisation	(95,061)
Other movements	<u>(8,040)</u>
Net carrying amount at end of year	<u>308,950</u>

Legal Profession Admission Board
Notes to the financial statements

for the year ended 30 June 2019

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total fair value
	\$	\$	\$	\$
2019				
Property, plant and equipment (Note 7)				
Land and buildings		4,072,916		4,072,916
	-	4,072,916	-	4,072,916
2018				
Property, plant and equipment (Note 7)				
Land and buildings	-	4,214,583	-	4,214,583
	-	4,214,583	-	4,214,583

(b) 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.

The property was last revalued as at 31 March 2018 by an independent registered valuer from CBRE under the market approach. This resulted in a revaluation increment of \$1,692,708 that is disclosed through Other Comprehensive Income in the year ending 30 June 2018.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 7.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

10. CURRENT LIABILITIES – PAYABLES

	2019	2018
	\$	\$
Current payables		
Accrued salary and wages	3,644	23,703
Department of Justice	25,316	172,433
Examination fees received in advance (a)	450,085	435,380
Prizes	18,923	14,396
Sundry accruals (b)	125,468	128,826
Tuition fees (c)	180,441	1,406,680
Total	803,877	2,181,418

Details regarding liquidity risk are disclosed in Note 14.

(a) The Board charges examination fees at the beginning of each semester. The Board recognises revenue from examination fees once it is probable that the economic benefits associated with the fees will flow to the Board. Revenue is recognised five months in arrears when examinations are held.

(b) Sundry accruals mainly comprise of amounts to be paid to the Department of 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.

11. CURRENT LIABILITIES – PERSONNEL SERVICES PROVISIONS

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

	2019	2018
	\$	\$
Recreation leave and related oncosts (a)	73,960	89,853
Long service leave and related oncosts	494,534	457,799
Total	568,494	547,652

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

12. 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 Justice.

	2019	2018
	\$	\$
Long service leave and oncosts	43,003	40,231
Provision for superannuation *	-	753,077
Total	43,003	793,308

	2019	2018
	\$	\$
Aggregate personnel services and related oncosts		
Provisions - current	568,494	547,652
Provisions - non - current	43,003	793,308
Accrued salaries, wages and on-costs	3,644	23,703
Total	615,141	1,364,663

Note 10

*The Board's net defined benefit superannuation liabilities of \$753,077 were transferred to the Crown on 1 July 2018.

Legal Profession Admission Board
Notes to the financial statements

for the year ended 30 June 2019

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

	2019	2018
	\$	\$
Net Cash Flows from Operating Activities	(151,925)	619,015
Depreciation and amortisation expenses	(239,788)	(253,436)
Increase/(decrease) in receivables and prepayments	53,271	(55,956)
(Decrease)/increase in provisions	(23,614)	648,882
Decrease in payables *	1,377,541	261,388
Net Result	1,015,485	1,219,893

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

14. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial instrument categories

i. As at 30 June 2019 under AASB 9

Class	Note	Category	Carrying amount \$
Financial Assets			
Cash and cash equivalents	4	N/A	6,155,042
Receivables ¹	5	Amortised cost	-
Financial Liabilities			
Payables ²	10	Financial liabilities measured at amortised cost	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).

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

14. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial instrument categories (cont'd)

ii. As at 30 June 2018 under AASB 139 (comparative period)

Class	Note	Category	Carrying amount \$
Financial Assets			
Cash and cash equivalents	4	N/A	6,306,967
Receivables ¹	5	Receivables at amortised cost	-
Financial Liabilities			
Payables ²	10	Financial liabilities measured at amortised cost	1,615,618

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.

(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 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

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

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.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

14. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (cont'd)

There are no debtors which are currently past due and impaired. The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) 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 2019.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

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

For the comparative period 30 June 2018, no debtors were past due or impaired. The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018.

(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 TC11-12. 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 \$353,792 at 30 June 2019 (\$1,615,618 at 30 June 2018), all of which are non-interest bearing, with maturity dates of less than 1 year.

(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 2018. The analysis assumes that all other variables remain constant.

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

14. FINANCIAL INSTRUMENTS (CONT'D)

(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 or as at fair value through other comprehensive income or as available-for-sale (until 30 June 2018). 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.

	2019		2018	
	\$	\$	\$	\$
	-1%	+1%	-1%	+1%
Net Result	(61,550)	61,550	(63,070)	63,070
Equity	(61,550)	61,550	(63,070)	63,070

(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.

15. CONTINGENT ASSETS AND LIABILITIES

The Board is unaware of any matters that may lead to a contingent asset or liability (2018: \$nil).

16. COMMITMENT FOR EXPENDITURE

The Board does not have any commitment for expenditure as at 30 June 2019 (2018: \$nil).

Legal Profession Admission Board
Notes to the financial statements
for the year ended 30 June 2019

17. RELATED PARTY DISCLOSURES

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

	2019	2018
	\$	\$
Short-term employee benefits:		
Salaries	103,510	140,996
Other monetary allowances	-	-
Non-monetary benefits	-	-
Other long-term employee benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Total remuneration:	103,510	140,996

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 of Justice
- 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 of Justice for the NSW contribution to the legal profession uniform law scheme.

18. 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.

End of audited 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 2019, the Statement of financial position as at 30 June 2019, 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 2019, 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' (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 2019 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 and the draft annual report.

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, unless it is not appropriate to do so.

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.

My opinion does not provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- 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 stroke extending to the right.

Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

23 September 2019
SYDNEY

