Contents

Annual General Meeting - Notice of Meeting ........................................ 4
Minutes of previous Annual General Meeting .................................... 5
Office Bearers, Councillors ................................................................. 7
Law Society Staff ............................................................................ 7
President's Report ........................................................................... 8
Committee Membership & Reports
  ACT Pro Bono Clearing House ....................................................... 10
  Church ....................................................................................... 10
  Civil Litigation ........................................................................... 11
  Collaborative Law ...................................................................... 11
  Commercial & Business Law ....................................................... 11
  Complaints ................................................................................ 12
  Continuing Legal Education ....................................................... 12
  Criminal Law ............................................................................. 13
  Equal Opportunities in the Law .................................................. 13
  Family Law ................................................................................ 14
  Functions & Law Week ............................................................... 15
  Industrial Relations .................................................................... 15
  Law Office Managers Forum ....................................................... 15
  Legal Profession Act & Ethics ...................................................... 16
  Mental Health & Children's Services ............................................. 16
  Practice Management .................................................................. 16
  Property Law ................................................................................ 16
  Young Lawyers ............................................................................ 17
Treasurer's Report ........................................................................ 19
Financial Statements as at 30 June 2008 .......................................... 20
NOTICE CONVENING THE
ANNUAL GENERAL MEETING

The Annual General Meeting of the Society will be held on
Thursday, 18 September 2008 commencing at 5.00 pm
Molonglo Room, Canberra Club

Business

1. To receive the Annual Report
2. To receive the Audited Financial Statements
3. To declare the results of the election of office-bearers for the ensuing year
4. To appoint an auditor
5. To consider general business

5.1 Mandatory Continuing Professional Development – Agenda paper attached.

Complimentary drinks and nibbles will follow the Annual General Meeting at the same venue.

For catering purposes please register your attendance to Ms Yvette De Paoli at the Society by email yvette.depaoli@actlawsociety.asn.au or phone (02) 6247 5700.

L Vardanega
Secretary

18 August 2008

In attendance: Messrs King and MacArthur, and Mss Sims, Clay and de Paoli

The meeting opened at 12.40pm.

The President, Mr Walker, welcomed all members to the Annual General Meeting.

1. **APOLOGIES:**
   Mss Kay Barralet, Thena Kyprianou, Louise Vardanega, Messrs Ian Campbell, Robert Coen, Graeme Finlayson, Hugh Jorgenson, Fred Lester and David Mitchell.

2. **MINUTES**
   The minutes of the Annual General Meeting held on 21 September 2006 were previously circulated to all members as part of the Annual Report.
   It was **resolved** (Hatch/Watch) that the Minutes be accepted.

3. **PRESIDENT’S REPORT**
   The President noted that his written report was previously circulated to all members as part of the Annual Report.
   The President noted that after a long and difficult time the Model Law Project is coming to an end. The final provisions of the *Legal Profession Act 2006* (costs disclosures and trust accounting) will be debated on 25 September 2007 and come into operation on 1 October 2007. He said that the Executive Committee has authorised him to speak with the ACT Attorney-General, Mr Simon Corbell MLA, seeking a one month delay in the implementation of the costs agreement provisions. He said the Society had prepared a number of documents, which are now available on the Society’s website, to assist members in costs disclosures.
   The President said the Society had recently conducted a second seminar in respect of trust accounting and that there will be a second seminar held in respect to costs disclosures on 11 October 2007. The President thanked Vice-President Athol Opas, the Executive Director, Project Officer and Mr Bryan Meagher (President, ACT Bar Association) for their work on the project. He said that a number of the provisions in the Act had been thrust upon the profession, but he believed the Society had achieved the best outcome for the profession as it could expect.
   The President said another issue of interest to the profession was the proposal by the Department of Justice & Community Safety (JACS) to restructure ACT tribunals. He said that the Department is looking at a number of options with the preferred option being the amalgamation of the current 18 tribunals into one super tribunal with one presiding officer and registry. The President said that the Society had held a Members’ Forum on 11 September 2007 at which Mr Peedom (AAT) and Mr Quinton (JACS) attended. He said the Society is now in the process of putting together a paper which will go to the Department within the next few weeks.
   In conclusion, the President said that this was the end of his two terms as President and it had been a privilege to have fulfilled the position. It has been a hectic two years but thoroughly rewarding. He said the highlight was working with the Council, Executive, Secretariat, committees, PBCH and LAB. It has been a pleasure to be part of a profession that had such a strong community focus.
   It was **resolved** (Watch/Hatch) that the President’s report be accepted.

4. **FINANCIAL STATEMENTS**
   The 2006-07 Financial Statements were previously circulated to all members as part of the Annual Report.
   Ms Crebbin reported that the bottom line had been a good result for an organisation with a small income. Ms Crebbin acknowledged the work of the Executive Director and the Secretariat and moved a vote of thanks for the work of the Society’s Accountant, Mr Stewart MacArthur. This was carried by acclamation.
   It was **resolved** (Hatch/Watch) that the Financial statements for 2006-07 be accepted.
5. **ELECTION OF COUNCIL**

The Executive Director noted that the Returning Officers appointed by Council, Mr Trevor Barker and Mr Robert Reis, had reported to the Society on the results of the election. The Executive Director announced the results as follows:

- 1232 members were eligible to vote – 329 votes were received representing 26% of the membership.
- **President:** Mr Rod Barnett
- **Vice Presidents:**
  - Mr Athol Opas
  - Mr Bill Coombes
- **Secretary:** Ms Louise Vardanega
- **Treasurer:** Mr Brian Hatch
- **Councillors:**
  - Ms Kay Barralet
  - Mr Ben Biddington
  - Mr Ian Campbell
  - Mr Chris Donohue
  - Mr Martin Hockridge
  - Mr Don Malcolmson
  - Mr Matt O’Brien
  - Ms Jayne Reece
  - Ms Amber Sullivan
  - Mr Paul Vane-Tempest

It was noted that Mr Walker would become the Immediate Past President.

It was **resolved** (Watch/Hatch) that the Returning Officers’ report be accepted.

It was also **resolved** (Worth/Noor Blumer) that the ballot papers for the 2007-08 Annual General Election be destroyed pursuant to Clause 17 of the Society’s Constitution.

Mr Walker congratulated the successful candidates. He noted that Ms Vardanega had been returned for a successive 20th year. Mr Walker thanked Ms Crebbin, Falvi and Purcell for their contribution to Council. He said that Mr Redpath had served on the Council for 8 continuous years and thanked him for his contribution to the Council and Society. Mr Walker then thanked those members who stood for election unsuccessfully and moved a vote of thanks to the Returning Officers. This was carried by acclamation.

6. **APPOINTMENT OF AN AUDITOR**

Members noted that Duesburys Nexia had indicated their willingness to accept appointment for 2007-08.

It was **resolved** (Watch/Hatch) that Duesburys Nexia be appointed as Auditors for 2007-08.

7. **OTHER BUSINESS**

a) **Legal Profession (Solicitors) Rules.**

Mr Walker said that with the passage of the Legal Profession Act 2006 the Society was now required to consider amendments to the Legal Profession (Solicitors) Rules. He said a discussion paper had been circulated to members on 23 August 2007 and on 30 August 2007 the Society had circulated an advice from Michael Phelps whom the Society had engaged to look at amendments and provide guidance to the Society. He said that Council had met on 17 September 2007 and resolved, subject to any views expressed at the Annual General Meeting, to accept the views set out in the Discussion Paper. No views were expressed. He said that the Society would, in accordance with Council’s resolution, have the changes notified.

8. **INCOMING PRESIDENT**

Mr Barnett acknowledged the sacrifice that Mr Walker had made on behalf of the Society. He said that Mr Walker was a quiet achiever and was able to get across the issues very quickly. In particular, he exhibited those skills when dealing with the Model Law Project. He said the new legislation had an element of consumerism as the Government strongly pushed a number of provisions to protect the client which places a further burden upon practitioners. The President said that have provided a platform to go forward and concentrate more on member services. He said he was looking at setting up a Costs Committee to assist practitioners in relation to disputes they may have with clients, as practitioners must abide strictly to the provisions of the Act. He raised the Possibility of having some professional Costs Assessors assist in such disputes.

The President said that Mr Walker had facilitated the steps forward and throughout his time as President, he had overcome many personal challenges. He said the Society’s relationship with the Government is good and the relationship with the Bar is excellent. Mr Barnett said he would work with an open door policy and assist members where possible.

The President reminded Councillors that the next meeting of Council was scheduled for 15 October 2007. Photographs of the new Councillors will be taken at 5.00 pm prior to the meeting.

The Meeting closed at 1.05 pm.
### Office Bearers 2007-08

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>President</td>
<td>Mr Rod Barnett</td>
</tr>
<tr>
<td>Vice President</td>
<td>Mr Athol Opas</td>
</tr>
<tr>
<td>Vice President</td>
<td>Mr Bill Coombes</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ms Louise Vardanega</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Mr Brian Hatch</td>
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<tr>
<td>Executive Member</td>
<td>Mr Martin Hockridge</td>
</tr>
<tr>
<td>Immediate Past President</td>
<td>Mr Greg Walker</td>
</tr>
</tbody>
</table>

### Council Members 2007-08

- Ms Kay Barralet
- Mr Ben Biddington
- Commander Ian Campbell
- Mr Chris Donohue
- Mr Don Malcolmson
- Mr Matt O’Brien
- Ms Jayne Reece
- Ms Amber Sullivan
- Mr Paul Vane-Tempest

### Society Secretariat

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Executive Director</td>
<td>Mr Larry King</td>
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<tr>
<td>Professional Standards Director</td>
<td>Mr Rob Reis</td>
</tr>
<tr>
<td>Accountant</td>
<td>Mr Stewart MacArthur</td>
</tr>
<tr>
<td>Executive Secretary</td>
<td>Ms Debbie Sims</td>
</tr>
<tr>
<td>Member Services Officer</td>
<td>Ms Yvette De Paoli</td>
</tr>
<tr>
<td>Committee Administrator</td>
<td>Mrs Jan Dutton</td>
</tr>
<tr>
<td>Bookkeeper</td>
<td>Mrs Kathleen Lui</td>
</tr>
<tr>
<td>Complaints Secretary</td>
<td>Mrs Linda Mackay</td>
</tr>
<tr>
<td>Project Officer</td>
<td>Ms Jo Clay</td>
</tr>
<tr>
<td>Receptionist</td>
<td>Ms Jocelyn Campbell</td>
</tr>
</tbody>
</table>
Finances

The Society's funds are in healthy position, primarily due to more than expected income from practising certificate fees. This reflects growth in the numbers of our private and government sector members. Statutory funds have once again increased due to good interest rates, the continued strength of turnover in practitioner trust accounts and a good rate of recovery on legal costs from disciplinary matters. Legal Aid and community legal centres have benefited from this sound state of affairs. The trend may not continue if there is a downturn in the economy.

New compliance obligations

The regulation of the profession has changed drastically over the last few years. Costs disclosure and trust accounting provisions in the Legal Profession Act 2006 (the Act) commenced on 1 October 2007. The Legal Profession (Solicitors) Rules 2007 were amended on the same day to remove inconsistencies. Now that the Family Law Rules dealing with costs disclosure have been removed (as of 1 July 2008, the costs disclosure provisions in the Act cover the field. Other minor amendments were made to tidy up the Act and a few more are pending.

The Society has prepared standard costs documents for modification and use by practitioners, and has received a steady flow of queries about how costs and trust accounting provisions work. I am always happy to hear from members of the profession about 'problem areas' and how the Society can assist.

There are more compliance changes on the horizon.

ACAT

The ACT Legislative Assembly has just passed a series of bills to establish the consolidated 'ACT Civil and Administrative Tribunal'. This will affect those who deal with tribunal matters, as well as the Society and the profession generally. The Disciplinary Tribunal that hears conduct matters for legal practitioners has now become part of that broader Tribunal. I congratulate the recently appointed presidential members, former Law Society Councillor and Treasurer Linda Crebbin and a former Attorney-General, Bill Stefaniak MLA.

AML/CTF

Stage Two of the Anti-Money Laundering and Counter-Terrorism Financing law will create new compliance obligations for law firms when it commences. The Law Council of Australia has been handling negotiations with Austrac and Federal Government on our behalf, and will assist the profession to comply with Stage Two obligations. I will keep members informed of progress.

MCPD

Mandatory Continuing Professional Development for ACT solicitors may commence in 2009, depending on the will of the profession and decisions made at the national political level. If introduced, each practitioner who holds a restricted or unrestricted practicing certificate will be required to complete 10 units of continuing professional development each year.

The new schedule of medico-legal fees agreed by the Society and the Australian Medical Association came into effect on 1 November 2007, and can be found on the Society’s website.

The Society has led a number of investigations, examinations and disciplinary matters under the Act this year. I urge you all to read the Complaints Committee report, to attend training as needed and to make sure you understand your obligations under the Act, regulations and rules. If you remain in doubt about an issue, please contact the Society. We would always prefer to assist members to comply than to sanction them when they do not.

People

The profession has lost a number of fine minds in recent times.

Justice Crispin, former judge of the ACT Supreme Court, retired on 3 October 2007.

We were devastated by the untimely death of the Late Justice Terry Connolly, former judge of the ACT Supreme Court. He is deeply missed by the profession and local community. We have decided to hold an annual Human Rights Memorial Lecture in his honour.

On a happier note, we welcomed Justices Hilary Penfold and Richard Refshauge to the ACT Supreme Court. Several members were recognised for their achievements this year, including Ms Elizabeth Lee, who won the inaugural ACT Law Society Young Lawyer of the Year Award, and Mr Brooke Horne, who won the ACT Golden Gavel for the second year running.

Operation of the Courts

I have met with representatives of the Department of Justice and Community Safety and participated in the Courts Stakeholders Forum to discuss courts
administration. Those discussions have resulted in including better signage in the courts and the introduction of Courts Assistants to direct litigants to the right court and advise about where legal advice can be obtained. I trust that further efficiencies will follow. I also met regularly with the judges of the Supreme Court this financial year to discuss issues of concern to the profession and to put forward ideas developed by our Civil Litigation Committee. I am hopeful that the addition of the ACAT into the administration of justice in the Territory will help streamline the operations of the Supreme and Magistrates Courts.

Road Transport (Third-Party Insurance) Bill 2007
This bill was in development in 2006 and passed on 21 August 2008. The Society had limited lead times to make submissions about the law and regulations under it. This is unfortunate given the affect this law will have on the rights of Canberrans.

National work
The local profession's national interests continue to be represented by the Law Council of Australia. Key areas of work for the Law Council this financial year were:

- the impact of Anti-Money Laundering and Counter-Terrorism Financing law on the legal profession;
- protecting client legal privilege;
- supporting the rule of law in Fiji and the South Pacific region;
- harmonizing the regulation of the national profession, including agreeing to national minimum standards regarding professional indemnity insurance and mandatory continuing professional development; and
- preliminary policy work towards a national bill or charter of rights.

Mr Bill Grant OAM, former CEO of the NSW Legal Aid, was appointed as Secretary-General to the Law Council in December 2007 and has embraced the challenges of the job.

Events
The Legal Profession once again celebrated a successful Law Week in May 2008. Our Law Week charity was the Snowy Hydro SouthCare Helicopter Service. Highlights of the week included Justice Ken Crispin's Blackburn lecture on 'Law and Liberty' and the 75th Anniversary Dinner at the High Court of Australia. Happy birthday to the Society!

We have appointed Mr Bill Coombes to curate a collection of memorabilia in honour of our anniversary. Bill would love to hear from anyone who has interesting documents, artifacts or anecdotes about the Society's history.

Other services
The Society has had a busy year in terms of member services. I urge you to read the Committee reports to see the high volume and quality of work performed by our generous committee volunteers. We have delivered a number of quality seminars under our continuing legal education programme. Our Young Lawyers have piloted a number of new and successful events. We have also nearly completed the upgrade for our member database and website, and I trust the new versions will be more user-friendly.

Submissions
- Workers Compensation
- Stamp Duty Office Protocol
- Electronic Conveyancing
- Planning & Development Act
- Unit Titles
- Civil Law (Sale of Residential Premises) Act
- Role of the National Capital Authority
- Sexual and Violent Offences Legislation Amendment Bill 2008
- Reforms to court jurisdiction, committal processes and the election for judge alone trials
- Road Transport (Third Party Insurance) Act 2008 and Regulation
- Access to the Alexander Maconochie Centre
- Other planning and development issues including concessional leases, Crown Lease Extension of time and Building Development Covenants.

And finally…
I look forward to commencing my second term as President and intend to continue serving the profession to the best of my abilities. Please let me know how the Society can help you.

Rod J. Barnett
President
THE LAW SOCIETY OF THE
AUSTRALIAN CAPITAL TERRITORY
Committee’s Membership & Report’s

ACT PRO BONO CLEARING HOUSE
Geoff Adams
Genevieve Bolton
Jo Clay
James Dunn
Suzanne Falvi
Kathryn Grimes
Larry King
Jon Lovell
Bill Redpath
Svetlana Todoroski
Tessa Van Duyn
Chris Wheeler
Steven Whybrow
Heidi Yates
Debbie Sims (Executive Secretary)

The ACT Law Society, with the support of the ACT Bar Association and volunteers from law firms and Community Legal Centres, administers the Clearing House. The Clearing House aims to match up pro bono legal talent with clients in need of pro bono legal services.

Applications for assistance are received by the Society. They are then assessed against eligibility criteria by our volunteer Assessment Panels. Applicants are then referred out to a private practitioner, to a Community Legal Centre or Legal Aid, or found ineligible for assistance under the guidelines.

The Clearing House has had another successful year. Our Clearing House Administrator, Ms Sims, has provided the following statistics.

- 59 applications were received in 2007 and 31 as of 6 August 2008.
- 43 applications were successfully referred out to practitioners in 2007 and 31 as of 6 August 2008.
- Another 7 applicants were assisted in other ways, such as by referral to Legal Aid or to a practitioner on a deferred payment basis.

Interestingly, the rate of applications received and referred on has remained fairly constant since the Clearing House commenced in 2004. Areas of need have shifted slightly, although family law remains the biggest area of need. Key areas of need in 2007 were family law, administrative law, employment law, finance and debt matters and discrimination law. In the first half of 2008, key areas were family law, criminal law and employment law.

We thank all our volunteers and Community Legal Centres for their support and assistance, without which this service could not operate. We also thank our secondees and their firms - Karina Harvey and Garrick Larkin (from Australian Government Solicitor), Anthony Orford (from Clayton Utz), Mary Wignall and Katrina Mark (from DLA Phillips Fox) and Geoff Shaw (Minter Ellison).

The Clearing House is always looking for more volunteers. Practitioners may serve on an Assessment Panel, which is a Wednesday lunchtime commitment about once per month. Practitioners may also sign up to accept referrals. Family law practitioners are particularly needed. Volunteers may limit the amount of work they are prepared to do, and remember – the more people volunteering, the less work each will be asked to do!

If you would like to volunteer your services for the Clearing House, please contact our Administrator on Debbie.Sims@actlawsociety.asn.au / 6247 5700.

Jo Clay (ACT Law Society)

CHURCH
Lady Lorraine Bevan (Chair)
Barbara Campbell
Chris Erskine
Ken Hubert
Yvette De Paoli (Member Services Officer)

The Church Committee only meets 4 or 5 times from, end of July onwards. During these few months before Christmas, we have to move very expeditiously to send out the many various invitations and obtain the necessary approval for the date and venue.

The service this year was held at the Uniting Church, Pilgrim Place, Canberra City.

Again this year, as we always try to do, the Committee decided to be innovative.

The format, the participation of the many people involved in the service and speaker, Bishop George Browning, we wish to particularly thank.

We were happy as to the number of members who attended the service, which appears to be improving year after year. Again, I must thank Mr Ken Hubert for his efforts in promotion and advertising. I also wish to thank Ms Barbara Campbell for her participation and efforts in organising the recorder group. And, I also wish to thank the recorder group for their efforts and excellent contribution of such lovely music.

As stated previously, we are the only place in Australia,
apart from the Northern Territory which holds an Ecumenical Church Service, and again I re-iterate that as the Committee puts so much work into the service to ensure that all denominations are catered for, we would like to see more practitioners support the commencement of the legal year by attending the Church Service. The reason for this, is that the ACT is too small to hold separate services as seen in the much larger capital cities in other states.

I wish to thank all those clergy who have assisted, the organist, and the various members of the Courts and our House of Assembly for being involved.

I also wish to thank the Governor-General of the Commonwealth of Australia, His Excellency Major General Michael Jeffrey AC CVO MC for reading the First Lesson and attending.

Overall, we believe this year’s service was most successful, and of course, we will strive to improve the service each year.

It is always a pity that more practitioners do not attend. Even if they do not normally go to church, or even if they do not agree with God, or Christian principals, the address is always more than worthwhile.

It is, however, very unfortunate that despite a number of requests we have not been advised of a date for the service prior to June of this year or indeed any year. This would have made our job a lot easier. The reason being simply that the Governor-General’s appointments are often taken up prior to July, and the High Court Judges (who we would like to have involved more often) have their leave and other engagements booked prior to July. Not having this date by the end of June inhabits the Committee in their choice of speakers available, and also restricts the format for the service.

Lorraine Bevan (Chair)

CIVIL LITIGATION
Richard Faulks (Chair)
Graeme Blank
Mary Brennan
John Henry
Steven Hausfeld
Walter Hawkins
John Little
Melanie McKean
Sarah Simpson
Russell Patrick
Karl Pattenden
Hugh Jorgensen
Annie Glover
Jan Dutton (Committee Administrator)

The last 12 months have, again, been busy for the Civil Litigation Committee. During that period, we lost one of our long-serving members, Richard Refshauge, following his appointment to the Bench. The Committee expressed its unanimous appreciation of the significant contribution made by Justice Refshauge to the Committee.

One of the important roles for the Committee has been the monitoring of the new Court Procedures Rules. At times, the Committee has provided input to some amendments to the Rules, and there is a strong working relationship between the Committee and the Joint Court Rules Committee. The registrars of the Supreme Court and Magistrates Court remain members of our committee.

We have seen the development of a new CTP scheme for the ACT. The Act was presented to the profession as a final product and, although there have been some limited opportunities for comment, the Civil Litigation Committee has had no input into the provisions of the legislation. At the present time, there is a pressing issue relating to the regulations underpinning the legislation, and a subcommittee has been formed to comment on the regulations when they are available. The CTP scheme is due for commencement in August 2008.

Another important role of the Committee has been the monitoring of the Workers’ Compensation Scheme. Despite the fact that the ACT Government commissioned a review of the scheme, and a detailed report was made available, no action has been taken to implement the recommendations of the Review Committee at this stage. Previously, I was able to represent the position of the Committee and the Law Society through the Workers’ Compensation Advisory Committee, but that committee has been disbanded and, at this stage, it is unclear what will be the future direction for workers’ compensation in the ACT. The Civil Litigation Committee is carefully monitoring that.

In addition to major issues like those set out above, there have been numerous other matters that have come before the Committee, and I am very grateful to our large and diverse membership for their input and hard work on those issues from time-to-time. It is clear that the next 12 months will certainly involve significant work for the Civil Litigation Committee.

Richard Faulks (Chair)

COLLABORATIVE LAW
Phil Davey (Chair)
Melita Bozin
Greg Brackenreg
Lois Clifford
Julie Dobinson
Jill Heeley
Kathryn Heuer
Margaret Reid
Jan Dutton (Committee Administrator)

COMMERCIAL & BUSINESS LAW
Brian Tetlow (Chair)
Rod Badgery
Peter Garrisson
David Hanstein
Richard Lewis
Chris MacPhillamy
Jill McSpedden
Peter Quinton
Allan Bedford
John Irvine
Geoff Nicoll
Katy Grimes
Jan Dutton (Committee Administrator)

The Committee meets monthly and has tried to act pro-
actively in relation to issues of significance to the profession. This year the Committee has considered:

- The Powers of Attorney Act
- Money Laundering issues for solicitors
- Liaison with the Business Law Section of the Law Council
- Tax and incorporated legal practices
- Carbon trading

As well as these issues a broad range of matters have come before the Committee and my thanks go to the Committee members for the time and effort they have put into the Committee's work.

Brian Tetlow (Chair)

COMPLAINTS

Graeme Finlayson (Chair)
Lois Clifford
Bill Coombes
Sheena Dadge
Michael Deasey
Jim Dunn
Michael Eley
Tony Foley
Karen Fogarty
Jeanine Lloyd
Col Maclachlan
Ross Reid
Alyssa Taylor
Mark Tigwell
Linda Mackay (Complaints Secretary)

With the departure of Joanne Purcell from the Committee this year, members welcomed Alyssa Taylor of Bradley Allen as its latest Young Lawyers representative on the Committee. The Committee also welcomed new members Mark Tigwell of Tetlow Tigwell Watch and Lois Clifford of Dobinson Davey Clifford Simpson.

Since the inclusion of the Professional Conduct Rules in the Legal Profession Act 2006 as subordinate legislation from 1 July 2006, a number of minor amendments have been made to align the Rules with amendments to the Act. Most notable has been the elimination of some costs Rules resulting from the operation of the Costs provisions of the Act from 1 October 2008.

Changes to the Rules included an amendment requiring practitioners to retain client documents for at least seven years after the conclusion of a matter, making it consistent with the Act. Previously the retention period was six years.

Changes to the complaints and discipline Chapter of the Act included the requirement that a complainant whose complaint is dismissed has twenty eight days from receipt of the statement of reasons to lodge an appeal with the Disciplinary Tribunal.

With the imminent establishment of the ACT Civil Administrative Tribunal, a body in which the Legal Practitioners Disciplinary Tribunal will form part, discussions are continuing between the Law Society and the Department of Justice and Community Service on a number of issues including eligible members to sit on the Disciplinary Tribunal.

There were 93 formal complaints received during the reporting year, six less than the previous year. The Disciplinary Tribunal has reprimanded three practitioners since its inception, finding that the conduct complained of amounted to unsatisfactory professional conduct.

In addition to the handling of the formal complaints received, there were approximately 150 enquiries received from practitioners and 280 from members of the public.

To assist practitioners, an analysis of the complaints received has been carried out; this analysis indicates the type of conduct raised in the complaints. In relation to the type of the complaints, the major areas of law and concern were:

Areas of Law 2007/2008

- Family Law 28
- Personal Injuries/WC 5
- Conveyancing 30
- Civil Litigation 12
- Employment Law 1
- Wills & Probate 5
- Criminal Law 7
- Other 5

Type of Matter

- Costs 15
- Failure to communicate 19
- Failure to follow instructions 10
- Possible negligence 5
- Discourtesy 6
- Conflict of interest 6
- Delay 11
- General conduct 9
- Acting without instructions 8
- Others 33

I extend my gratitude to Rob Reis and Linda Mackay and all members of the Committee for their hard work & dedication over the past year.

Graeme Finlayson (Chair)

CONTINUING LEGAL EDUCATION

Mark Blumer (Chair)
Graeme Blank
Caroline Bush
Barbara Campbell (until September 2007)
Genevieve Cuddihy
Louise Donohoe SC
Anthony Field (until April 2007)
Michael James
Richard Lewis
Athol Opas
Alison Osmand (until March 2008)
Jayne Reece (until March 2008)
Simon Taylor
Kelly Thomas
Ting Yuan
Loretta Zamprogno
Yvette De Paoli (Member Services Officer)

The 2007/08 year was not a good one for CLE, compared with previous years and compared with the way 2008/09 is shaping. I don't know why.

There were 11 seminars with 504 registrations, an average of 46 per seminar. The total profit was $9,402.35.

If mandatory 'continuing professional development' is

ANNUAL REPORT 2007-08 12
adopted by the ACT Law Society, the CLE committee will face a major challenge to meet the increased demand for quality educational opportunities. I am sure the committee, which is filled with enthusiastic and clever members, will be up to it. So will Yvette de Paoli, our co-ordinator, who continues to do a great job.

To those who generously gave of their knowledge, skill and time as presenters of seminars, we acknowledge your very real contribution to the legal profession.

Mark Blumer (Chair)

**CRIMINAL LAW**

Matt O'Brien (Chair)
Ben Aulich
Michael Chilcott
Richard Davies
Paul Edmonds
Mark Fleming
Shiela Foliaki Singh
Miriam Garni
Shane Gill
Annie Glover
Martin Hockridge
John Jasinski
Hugh Jorgensen
Michael Kukulies Smith
Jerry Leyland
Brian Liddy
John Lundy
Sean Moysey
Darryl Perkins
Michael Ryan
James Sabharwal
Tim Sharman
Jon White
Jan Dutton (Committee Administrator)

At the outset I would like to thank Martin Hockridge for his efforts as chairman of the Criminal Law Committee over the past five or so years and for his support since I assumed the chair in November last year.

The past year, and particularly the past six months, have been marked by significant changes to legislation governing the practice of criminal law. Of particular concern to the Committee have been the changes proposed and enacted that will severely limit an accused’s ability to access and test the evidence upon which the prosecution seeks to rely. The Committee has also expressed its concern over the mooted changes to the Magistrates’ Court jurisdiction.

The opening of the AMC (the new ACT prison) later this year will also bring changes to sentencing options realistically available to the courts and this, too, will add to the challenges facing the criminal legal profession.

The Committee lost the services of Richard Refshauge after some twenty years of service, much of which was as chairman, when he was appointed a Justice of the Supreme Court. I reiterate the Committee’s congratulations on His Honour’s appointment.

Similarly, on behalf of the Committee I send our congratulations to Jon White, for many years a member of the Committee, who has just been appointed as ACT Director of Public Prosecutions.

The committee agenda contains standing items of importance to criminal law solicitors. We regularly consider any developments in the Family Violence Intervention program, drug and alcohol programs, and new criminal justice proposals. We benefit by having the Registrars of the Supreme Court and Magistrates Court, representatives from the Department of Justice & Community Safety and from Corrective Services, the Director of Public Prosecutions and other people from that office and the Commonwealth DPP as well as academics attending our meetings. Many “nuts and bolts” matters can be raised and sorted out.

The assistance provided by private and legal aid solicitors giving up their time is much appreciated.

I take this opportunity to extend my thanks to all committee members, both those of many years standing and those of more recent vintage, who have contributed to the work of the criminal law committee during the last year.

Matt O’Brien (Chair)

**EQUAL OPPORTUNITIES IN THE LAW**

Noor Blumer (Chair)
Jessica Dickerson (resigned 11 December 2007)
Louise Donohoe
Tristy Falkenberg
Traci Harris
Margaret Hunter
Leonie Kennedy
Jerry Mooketsi (resigned 11 December 2007)
Janean Richards
Alisa Taylor
Sara Wedgwood
Helen Weldon (resigned 12 February 2008)
Jan Dutton (Committee Administrator)

The Equalising Opportunities in the Law Committee has met on the 10 July, 14 August, 11 September, 13 November and 11 December 2007 and the 12 February, 8 April and 10 June 2008.

**Survey of membership**

This committee has drafted a survey for members along the lines of the NSW Law Society membership survey to identify the performance and satisfaction of practitioners in the ACT. The Law Society is also interested in a survey and is in the process of modifying the survey for implementation. Particular thanks to Sara Wedgwood for her input.

**Depression**

The committee has encouraged the Law Society to ensure that each issue of Hearsay contains a prominent notice with respect to the free service available from Relationships Australia for practitioners with problems. We have also found out the level of service and usage and that 18 sessions were provided in 2005/2006.

**Law Council of Australia EOL Committee activities**

The committee is represented on the EOL Committee of the Law Council of Australia by Noor Blumer who chairs that committee. Louise Donohoe is also on that committee representing the ACT Bar Association and Janean Richards as past President of Australian Women Lawyers. Some of the activities which were supported by this committee and the Law Society of the ACT are as follows:

1. The LCA EOL committee finalised draft Flexible Workplace Guidelines which were accepted by
Council.

2. The LCA EOL Committee met in Brisbane in September 2007 and attended the National Indigenous Legal Conference which is was most impressive in every sense.

3. The Model Equality of Opportunity Briefing Policy pilot project to implement a reporting mechanism was funded and work commenced by Courage Partners with the cooperation of various firms including Canberra firms.

4. The funding application for the undertaking of a new Gender Appearance Survey of appearances of courts in superior jurisdictions in conjunction with AWL was approved by the LCA Councillors on 14 June 2008 in sum of $45,000.00.

5. Oral submissions were made on behalf of the LCA EOL committee at the Commonwealth Review of Legal Services Forum held in Canberra in May.

6. A new draft anti discrimination, sexual harassment and workplace harassment rule was drafted by the committee for inclusion in the new National Model Conduct Rules.

Women Lawyers of the ACT and Australian Women Lawyer activities

Leonie Kennedy, current president of the Women Lawyers Association of the ACT is also a director of Australian Women Lawyers, is on this committee and reports from and to those organisations. Janeean Richards' term as President of Australian Women Lawyers finished last year. Activities of those organisations included:

1. The 2nd Australian Women Lawyers Conference in Melbourne in June 2007 with Chief Justice Sian Elias of New Zealand key note speaker. A large contingent attended from the ACT;

2. Submissions to the Commonwealth Review of Legal Services;

3. Anniversary dinner celebrating 10 years of AWL was held in Melbourne and attended by patron, Mary Gaudron and many from the ACT.

4. A function was held to welcome new Justices of the Supreme Court, Richard Refshauge and Hilary Penfold QC, the first women appointment to the ACT Supreme Court.

5. Various functions in the ACT with speakers of interest were held at Red Belly Black; always enjoyable and well attended. Speakers included Chief Justice Higgins, Attorney General Simon Corbell, Renee Leon (Chief Executive JACS) and Chris Craigy SC (Commonwealth DPP).

Continuing Legal Education

This committee was invited to provide a participant on the Continuing Legal Education committee. Ms Louise Donohoe SC now represents this committee on the CLE Committee and is coordinating a CLE session on Briefing of Barristers. This committee is concerned that if national CLE/CDP guidelines come into place, that 1 hour of training every 2 years in areas of anti-discrimination and sexual harassment be included as a mandatory requirement.

Flexible Workplace Guidelines

The Law Council issued draft Flexible Workplace Guidelines and this committee recommended that the Law Society support those guidelines, which they did and the Guidelines have been adopted by LCA.

Suggestions to fill positions for Magistrates in the ACT

This committee has provided some names of suitable persons for future anticipated vacancies for Magistrates to the Law Society of the ACT executive by way of assistance.

Noor Blumer (Chair)

FAMILY LAW

Olivia Gesini (Chair)
Greg Burnett
Kay Barralet
George Brzostowski
Mary Burgess
Barbara Campbell
Lois Clifford
Julie Dobinson
Gavin Howard
Pam Lyndon
Lessli Strong
Margaret Reid
David Ridge
Stephen Bourke
Denis Farrar
Jan Dutton (Committee Administrator)

During 2008 the Family Law system (comprising the Courts, practitioners and litigants) has been coming to terms with the significant number of changes which came into effect in the previous two years.

The jurisdiction of the Federal Magistrates Court has continued to grow with most filings now being in that Court and the Family Court of Australia hearing the longer and more complex trials only.

Practitioners have been coming to grips with the Family Court's Less Adversarial Trial method of adjudicating children's cases. Meanwhile Pre-Action Procedures have continued to operate in both Courts with pre-filing certificates related to mandatory dispute resolution having been attempted by parties before going to Court in children's matters now being required in both the Family Court of Australia and Federal Magistrates Court jurisdictions.

The third stage being the last and most substantial raft of Child Support reforms came into effect on 1 July 2008. This involved a completely new set of formulae coming into effect in order to calculate child support liabilities for children whose parents have separated the other major reform is the new regime applicable to Child Support Agreements.

Another 25 new Family Relationship Centres have commenced operation around Australia in July 2007 and the Family Court's long-standing jurisdiction to adjudicate costs between solicitor and client in the Family Law area has been revoked effective 1 July 2008.

The Family Law Committee has been keeping abreast of the changes as well as working on reports and changes that are yet to become law, such as the commencement of the Model Defacto Relationships Legislation.

The Family Law Committee has continued to run its successful seminars on particular matters of interest to Family Law Practitioners.
The seminars continue to be well attended by members of the profession as well as a number of students and other interested parties. Special thanks go to Lessli Strong for organising the seminars and to Judy Harrison and Margie Rowe of the ANU Legal Workshop for kindly hosting them. Topics have included LAT procedures, and Affidavit drafting in the Family Court and Federal Magistrates Court of Australia.

Kay Barralet edited The Family Way Newsletter in the second half of last year. Barbara Campbell and the writer have taken over this year.

The Committee has continued its close ties with the Courts including by regular attendance of its representatives at Family Court forum meetings convened by Deputy Chief Justice Faulks and meetings with the Federal Magistrates and Registrars of the Court.

In April 2008 the Biennial National Family Law Conference took place in Adelaide. A number of Committee members were involved including Stephen Bourke who spoke at a plenary session on the topic of superannuation and Family Law and Denis Farrar who was prominent as the ACT representative and the Treasurer of the Family Law section.

The involvement of Committee members in Collaborative Law nationally and in Canberra has continued. The writer has continued her role as the ACT representative on the Law Council’s National Collaborative Law Committee.

Olivia Gesini (Chair)

FUNCTIONS & LAW WEEK

Bill Redpath (Chair)
Chanaka Bandarage
Rosemary Budavari (until July 2007)
Ben Caddaye
Jan Dutton
Louise Donohoe SC
Elenore Eriksson
Sheila Follak-Singh
Leonie Kennedy
Larry King
Fred Lester
Katrina Mackenzie
Samantha Nichol
Athol Opas
Jason Parkinson
Svetlana Todoroski
Heidi Yates
Yvette De Paoli (Member Services Officer)

The Committee has been particularly busy with additional functions for the farewell to Justice Crispin and the welcoming of Justices Refshauge and Penfold.

As is appropriate for the 75th Anniversary of the Society, the theme of Law Week was “75 Years Serving the Community.”

The Functions Committee organised the 75th Anniversary Commemorative Dinner at the High Court during that week and the function was well attended with strong representation by former Presidents and an entertaining and informative speech from Master Harper on the history of the Society.

Retired Justice Ken Crispin gave the Blackburn Lecture in a wide ranging talk on “Law and Liberty” and money was raised for the Snowy Hydro South Care Helicopter Service, largely through the good work of the Young Lawyers and their quiz night.

Congratulations to the Law Courts side for winning the Law Week Soccer competition. It is worth noting that the Law Society/Council team beat the ACT Barbarians in a hard fought clash. Thank you Ben Caddaye for organising the competition and remaining cool under the adversities of dealing with ANU.

Arising from the 75th Anniversary the Committee proposed that resources be used to locate and preserve elements of the early history of the Society and legal practice in Canberra. The Council have adopted this suggestion and Bill Coombes has been appointed to oversee the project.

On the Functions side, the Bar has become more involved in Law Week and Functions activities and this has been good for cross-pollination in the profession. We still have too many people RSVPing very late (and causing us to be nervous) and too few people from large law firms attending our functions.

Thank you to Yvette De Paoli for doing the hard work in turning the Committee’s ideas into reality and to the Committee for its hard work suggesting, eating and drinking. It’s a tough job but someone’s got to do it.

Bill Redpath (Chair)

INDUSTRIAL RELATIONS

John Wilson (Chair)
Bradley Beasley
Alan Campbell
Cawley Hennings
Danny Kynaston
Don Malcolmson
Jamie Ronald
Kiri Ross
Jan Dutton (Committee Administrator)

The Society’s Industrial Relations Committee meets to consider industrial relations and employment issues relevant to the profession in the ACT and, through the Society, to advise members of developments in this area where appropriate. This year, issues that the Committee has considered include non-legal practitioners preparing collective agreements and other employment-related instruments for a fee, presentations to members (in conjunction with the Continuing Legal Education Committee), national harmonisation of Workers Compensation and Occupational Health and Safety laws, and the federal government’s ‘Fair Dismissal Code.’

John Wilson (Chair)

LAW OFFICE MANAGERS FORUM

Tanya Berlis (Chair)
Jan Dutton (Committee Administrator)

The Law Office Managers Forum meets on the fourth Wednesday of each month from 1.00-2.00pm. The forum generally has a guest speaker addressing various topics of interest. In 2007/2008 the following speakers have addressed LOMF;

- Mr Callahan – (First Aid)
- Angela & Diana - (Ezy-Lodge Pty Ltd)
LOMF provides a venue for networking and a wonderful source for ideas and strategies.

Tanya Berlis (Chair)

LEGAL PROFESSION ACT & ETHICS

Michael Phelps (Chair)
Paul Armarego
Rod Badgery
Trevor Barker
Jo Clay
Graeme Finlayson
Tom Howe QC
Robert Reis
Gerald Santucci
Gloria Wong
Jan Dutton (Committee Administrator)

The Committee only had cause to meet on five occasions throughout the year. Most of the matters considered by the Committee fell into one of two categories, namely:

1. Issues emerging with the commencement of Part 3.1 (Trust Monies and Trust Accounts) of the Legal Profession Act on 1 October 2007, and the Legal Profession Regulations, including:
   - changes to trust account procedures.
   - record keeping.
   - compliance matters generally.

2. Ethical issues, including:
   - disclosure to an employer of details of a show cause event by an employed lawyer, in the particular case, an undischarged bankrupt.
   - impact of personal/sexual relationship on a solicitor/client relationship.
   - perceived or actual conflicts of interest.

I again extend my thanks to all Committee members, the committee administrator and the other Society staff for their contribution and ongoing support to the important work of this Committee.

Michael Phelps (Chair)

MENTAL HEALTH & CHILDREN’S

Jerry Leyland (Chair)
Mary-Therese Daniel
Sheila Foliaki-Singh
Helen Hayunga
Matthew Kamarul
Brian Liddy
John Lundy
Roberta McRae
Athol Morris
Amanda Nutall
Darryl Perkins
Michael Toole
Amanda Tonkin
Gillian Witchard
Jan Dutton (Committee Administrator)

PRACTICE MANAGEMENT

Bill Baker (Chair)
Graeme Blank
Phil Davey
Rob Reis
Gary Tamsitt
Paul Vane-Tempest
Linda Mackay (Complaints Secretary)

The Practice Management Committee has had another fruitful and effective year. We have been meeting on an as needs basis, primarily to deal with the structure and implementation of the Practice Management Course, which was conducted in October and November 2007 with eighteen participants. We were pleased with the number of solicitors who are seeking to gain their Unrestricted Certificates. As usual the Course comprised a number of solicitors not practising in the private sector. It is encouraging to note that most of them were able to confirm that they found the Course to be extremely well presented and of significant use to them in their careers. We would have expected this response from solicitors working in private practice, but appreciate the difficulty of making some of the course topics relevant to Government lawyers.

The Course which ran over five days, comprised presentations in Risk Management, Profitability, Stress Management, Tax Effectiveness, Employment Issues, Trust Accounting, Advanced Communications and Costs. The Committee has regularly considered the contents and the quality both of the subject matter and the presenters. I am pleased to say that we have a very polished programme that will play its part in ensuring that folk with Unrestricted Certificates are better equipped to the task at hand.

In addition we continued to run seminars for newly admitted solicitors. A total of 78 newly admitted solicitors attended those seminars, which were presented by Rob Reis, Ken Cush, John Buxton, Gerald Santucci and Margot Kindley. Rob Reis also conducted Risk Management Seminars for new admitted solicitors. 45 attended those seminars.

Myself, Rob Reis and Maureen Miller from my office, also presented Risk Management Seminars for support staff, with 43 attendees. 21 support staff also attended our Trust Accounting Seminars, which were presented by Rob Reis, Phil Davey and Tanya Berlis.

I am very grateful for the practitioners who give their time on a voluntary basis to assist on the Committee and with its various presentations. You can see from the list of presentations, that Rob Reis is playing an extremely significant role as a presenter and a member of the Committee. The unsung hero of course is Linda Mackay, who puts it all together. She has made my job extremely easy, and is a pleasure to work with. We are indeed fortunate to have such a proficient organiser with a totally professional outlook.

Bill Baker (Chair)

PROPERTY LAW

Michael James (Chair)
Alfonso del Rio
Geoff Hay
John Irvine
Susan McCarthy
The last twelve months (as always) has been a very busy period for the Property Law Committee. The introduction of the Planning and Development Act involved an enormous effort from the Committee, and as always Mr Chris Wheeler's input and enthusiasm to the process was invaluable. In addition to the same a subcommittee including Mr Chamberlain, Mr Hay and Mr Hinder arranged to produce the 2008 version of the standard ACT Conveyancing Contract. Two separate submissions have been made to government in relation to the question of Concessional Leases. There have been multiple submissions in relation to other property related matters, including a long and detailed submission on changes to the Unit Titles Act, electronic conveyancing, Stamp Duty Office protocols and further refinement of the Civil Law (Sale of Residential Premises) Act. This year also marked the retirement from the Committee of both of its longest standing members. John Power left very early in the year and Robin Gibson at the very end of the year. Both left the Committee with decades of hard work in the Committee to their credit. The Committee is indebted to them for their long and hard work. There are a number of new members to the Committee who have great skill and expertise and who will contribute to the important work it does in the following twelve months. I thank each and every member for their invaluable contribution to date.

Michael James (Chair)

YOUNG LAWYERS

Amber Beck (Chair)  
Farhana Islam (Vice-Chair)  
Edward Campbell (Treasurer)  
Lisa Heads (Secretary)  
Andrew Allan  
Chak Chow  
Leila Galang  
Andrew Joseph  
Elizabeth Landford  
Elizabeth Lee  
Francesca Leone  
Fred Lester  
John Plumidis  
Fiona Reading  
Charu Shankar  
Kelisiana Thynne  
Nicky Tran  
Ting Yuan  
Jan Dutton (Committee Administrator)

My time as Chairperson of the Young Lawyers Committee (YLC) unfortunately started with receipt of the sad news that our Patron, His Honour Justice Terence Connolly had passed away. After some months without a Patron, we were finally able to extend an invitation to His Honour Justice Richard Refshauge to become our Patron. Justice Refshauge's first official event as our Patron was at the Great Debate on Monday, 18 August 2008. We have no doubt that Justice Refshauge will do an excellent job as our Patron, and look forward to seeing him at our future events.

Social Events

The first event the new YLC committee was tasked with organising was the yearly Golden Gavel Competition (sponsored by DFP Recruitment) during the Law Society's Annual Dinner. Brooke Horne from Minter Ellison won this event for the second time, with the Peoples' Choice Award going to Fred Lester who won a selection of Gary Parker's fine Long Rail Gully wines. Brooke proudly represented the ACT at the National Golden Gavel hosted by the Tasmanian Young Lawyers Committee on 16 November 2007 and put in a very impressive effort only to be nudge out by “The Taxinator”. Our Social Sub-Committee (Sayuri Piper, Lisa Heads) kept our young lawyers well entertained throughout the year by continuing our monthly Friday functions at various drinking establishments around Canberra including the Uni Pub, Kremlin Bar, and Knightsbridge Penthouse, and other events such as a wine-tasting night at Plonk and a dinner at Jus Qytly. We also had extremely enjoyable firm-hosted drinks at Dibbs Abbott Stillman Lawyers and Meyer Vandenberg. The YLC's social functions remained popular with regular attendances of 70+ people at most events.

With the assistance of Fred Lester's gourmet BBQ skills we again hosted our Annual Long Rail Gully BBQ in November 2007. This was a great event, with all enjoying an excellent culinary experience combined with the wonderful Long Rail Gully wines. In December 2007 we hosted our first ever Christmas Cruise, this sold out event featured a BBQ, karaoke and pole dancing! We have already confirmed a booking for a larger cruise aboard the MV Southern Cross this December – this will be an event not to miss!

We hosted our inaugural Touch Football Tournament on 28 March 2008. This event sold out, with a total of 16 teams registering for the event. The trophy was awarded to the Comcare team this year – but we're sure they will face stiff competition from the private sector firms next year if they wish to retain the trophy! Thank you to RSM Bird Cameron who sponsored this event. We also joined the accountants at the launch of their Young Members Committee this year, and we're looking forward to holding more social and sporting events in conjunction with them.

On 31 July 2008, the YLC hosted its second mid-winter dinner at Teatro Vivaldi, which was again generously sponsored by Gillian Beaumont Legal. Thanks to our sponsors 120 young lawyers were able to enjoy a 5-course dinner, plus fine wine for a mere $20!

Charity Events

$1000 was raised for the Prostate Cancer Foundation of Australia when we hosted a “Bowling 4 Balls”, a night of lawn bowls, live music and a BBQ at the Forrest Lawn Bowls Club. SBR kindly sponsored this night. The 2008 Law Week Quiz Night held on 15 May 2008 came...
together as the result of a fantastic effort by the YLC, and the assistance of our major sponsor, Gillian Beaumont Legal. We must also thank Steve Wylbrow and Jane Ferry (our question writers), and Brendan Ding and Jonathan Mandl (CCH) for their assistance, support and enthusiasm. An extra warm thank you needs to be extended to Jonathan Beaumont for again accepting the difficult task of MC-ing the rowdy crowd. This evening raised $3,000 for the Snowy Hydro SouthCare Rescue Helicopter Service.

The YLC have organised a Movie Night at Dendy on 25 August 2008 to raise much needed funds for the National Brain Injury Foundation. We hope that this event will be a great success, and look forward to being able to support such a worthy cause.

Educational Events
This year we introduced the “Meet the Judge Lunch Series” which was extremely well attended, indeed sold out on most occasions. Chief Justice Higgins, Justice Penfold, Justice Gray, and Justice Refshauge all enjoyed the opportunity to mingle with the young lawyers in a more informal environment, whilst sharing their advice and stories over lunch.

The YLC also held a sold-out Financial Planning Seminar with Larissa Zimmerman from Financial Fitness, and a Networking Seminar in conjunction with the Schmooze Young Professionals Network.

The Great Debate on 18 August 2008 between the Hon Simon Corbell (Attorney General) and Zed Seselja (Leader of the Opposition) was a great success. The topic was “Is all fair in love and politics?”, and was won by Mr Corbell for the negative. This event was sponsored by PCA People, with Justice Refshauge joining me in adjudicating the debate and mingling with YLC members over wine and cheese.

Major Projects
The YLC has completed a Model Employment Contract for young lawyers, which is designed to set out the basic principles of employer responsibility together with a view to preventing workplace bullying. We thank Mr Paul Vane-Tempest of Blake Dawson and the crew at Minter Ellison for their part in making this project happen!

The YLC has also finalised a set of Committee Guidelines, designed to assist with committee administration and decision-making. We are looking forward to approval of these guidelines in due course.

The YLC has written an informative and humorous Young Lawyers’ Survival Handbook Diary – this is an important publication, containing all the answers to questions that young lawyers may be too afraid to ask. This project has been sponsored by Hays Recruitment, and is due to be released in December 2008 – make sure you put in your order soon!

Other Matters
The YLC has continued to welcome new legal practitioners into the profession. We have been regularly moving the admissions of young lawyers, as well as hosting celebratory morning tea ceremonies on the ground floor of the Uni Pub following each ceremony. Much thanks goes to Fiona Reading, Nicky Tran, Andrew Joseph, Leila Galang and Ting Yuan for their assistance in organising and running these events.

The YLC has been in regular attendance at the ANU Legal Workshop courses, where we have been presenting regular seminars about entering the legal profession and life as a young lawyer, as well as attending their social events.

The YLC has continued to liaise with the Australian Young Lawyers Committee, where we have been active in both representing the ACT young lawyers as well as contributing to legal issues of national interest. Elizabeth Landford has now taken over from me as the ACT representative on this committee, and I’m sure she will bring her usual dedication and enthusiasm to this role.

Obiter Dictum continued to receive favourable feedback this year with Farhana Islam (our Vice-chair) at the helm as editor. Kelisiana Thynne and Fiona Reading have also worked very hard on this publication, and we will miss their presence on the YLC.

We have also begun the process of implementing a tiered sponsorship system. We hope to have a new sponsorship system in place for the next financial year. We anticipate that the implementation of this system will see us being able to offer bigger and better events for the legal community.

Forecast September 2008 onwards ...

The YLC elections are looming, and it looks like we will again have an enthusiastic and active committee organising events for the legal community. We have many events to look forward to:

- September 2008 – Social drinks to celebrate the induction of the new YLC members and thank the departing YLC members for all of their hard work
- October 2008 – ACT Golden Gavel
- November 2008 – Long Rail Gully Wine Tasting
- December 2008 – Christmas Cruise

Acknowledgements
The YLC members are extremely hard working individuals, they donate their precious personal time to organise and run events for the legal community, and often receive very little acknowledgement or congratulations for doing so. On behalf of the ACT legal profession I would like to thank Farhana Islam (Vice-Chair), Edward Campbell (Treasurer), Lisa Heads (Secretary), Fred Lester, John Plumidis, Fiona Reading, Chak Chow, Nicky Tran, Francesca Leone, Kelisiana Thynne, Elizabeth Lee, Leila Galang, Ting Yuan, Charu Shankar, Elizabeth Landford, Andrew Joseph, and Andrew Allan for their amazing efforts over the past year.

On behalf of the committee I would also like to thank Jan Dutton and Kathleen Lui from the ACT Law Society, who have done an amazing job in taking registrations and payment for YLC events, as well as sent out numerous emails on my behalf.

I would also like to acknowledge our generous sponsors over the past year, the teams at SBR, Gillian Beaumont Legal, Long Rail Gully, RSM Bird Cameron, DFP Recruitment, and PCA People have all contributed to ensuring the success of our events.

As of September 2008 I will be resigning as Chairperson of the YLC and relocating from Canberra. Having immigrated here just over two years ago, I will miss the support and collegiality of the Canberra legal community. While it has been an extremely busy twelve months, it has also been an extremely enjoyable and challenging experience, and I wish the new YLC Chair all the best.

Amber Beck (Chair)
I am pleased to present the Annual Report on the Society’s Accounts for 2007/08.

1. **General Account**
   This account covers the income and expenditure relating to the general operations of the Society.

2. **Statutory Deposits Trust Account**
   This account comprises deposits of solicitors’ trust moneys lodged with the Society to earn interest which is paid into the Statutory Interest Account.

3. **Statutory Interest Account**
   This account is used to accumulate interest earned on funds deposited in the Statutory Deposits Trust Account together with interest earned on the balances in solicitors’ trust accounts. From it grants are made to support the Legal Aid Commission and other legal aid services. The costs of disciplinary proceedings are paid from this account.

4. **Solicitors’ Fidelity Fund**
   The Fidelity Fund exists to meet any claims by clients for compensation in respect of loss arising from a solicitor’s failure to account for trust funds or other valuable property. The costs of random inspections, investigations and the appointment of managers are met from this Fund.

**General Account**
As at 30 June 2008 the accumulated funds of the Society stood at $874,845. This is an increase of $85,818 on the previous year.

The Society’s income increased by almost 13%. The major factor was increased revenue from practising certificate fees as a result of an increased number of practitioner members.

The Society’s expenditure increased by almost 11%.

Council continues to scrutinise all areas of expenditure and has approved a budget for 2008/09 which is expected to produce a small surplus.

**Statutory Deposits Trust Account**
Total deposits at 30 June 2008 amounted to well over $9.9 million, an increase of 6% on the previous year.

It will be noted from the statement of cash flows that this increase was due to additional deposits totalling $3,710,694 less repayments of deposits amounting to $3,129,129.

**Statutory Interest Account**
The Statutory Interest Account derives its income from interest on solicitors’ statutory deposits, interest on the balance in solicitors’ trust accounts, and from the investment of the funds held in the Statutory Interest Account itself.

The income of the Account of $2,876,732 was an increase of over 23% on the previous year.

Council has decided that an amount of $1.9 million will be made available during 2008/09 for grants to the Legal Aid Commission and other community legal aid organisations.

**Solicitors’ Fidelity Fund**
The accumulated funds of the Fidelity Fund increased by $281,714 to a total of $4,459,837.

It is again pleasing to note that the Society has not been required to pay compensation as a result of a defalcation since 1999.

Expenditure on investigations, examinations and managers’ costs was substantially lower than in the previous year. The implementation of the trust accounting provisions of the Legal Profession Act 2006 delayed the random inspections programme.

---

Brian Hatch
Treasurer
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

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<td>Committee and executive working lunches</td>
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<td>Profit for the year</td>
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(Notes to the financial statements are annexed)
## The Law Society of the Australian Capital Territory

### Balance Sheet
**As at 30 June 2008**

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<th>Notes</th>
<th>2008</th>
<th>2007</th>
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<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>883,518</td>
</tr>
<tr>
<td>Investments</td>
<td>5</td>
<td>539,554</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6</td>
<td>249,659</td>
</tr>
<tr>
<td>Inventory</td>
<td>7</td>
<td>6,441</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>1,679,172</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>8</td>
<td>291,074</td>
</tr>
<tr>
<td>Rental bond</td>
<td></td>
<td>31,192</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>322,266</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>2,001,438</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9</td>
<td>911,170</td>
</tr>
<tr>
<td>Provisions</td>
<td>10</td>
<td>209,090</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>1,120,260</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>10</td>
<td>6,333</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>6,333</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>1,126,593</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>874,845</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td></td>
<td>874,845</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>874,845</td>
</tr>
</tbody>
</table>

### Statement of Changes in Equity
**For the year ended 30 June 2008**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Accumulated Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the financial year</td>
<td></td>
<td>789,027</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>85,818</td>
</tr>
<tr>
<td>Balance at the end of the financial year</td>
<td></td>
<td>874,845</td>
</tr>
</tbody>
</table>

(Notes to the financial statements are annexed)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from members and others</td>
<td>1,605,732</td>
<td>1,346,798</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(1,476,693)</td>
<td>(1,363,796)</td>
</tr>
<tr>
<td>Interest received</td>
<td>129,039</td>
<td>(16,998)</td>
</tr>
<tr>
<td>Net cash inflow (outflow) from operating activities</td>
<td>74,279</td>
<td>62,592</td>
</tr>
<tr>
<td>16</td>
<td>203,318</td>
<td>45,504</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of office furniture and equipment</td>
<td>13,700</td>
<td>-</td>
</tr>
<tr>
<td>Payments for investments</td>
<td>(34,005)</td>
<td>(28,649)</td>
</tr>
<tr>
<td>Payments for office furniture and equipment</td>
<td>(150,370)</td>
<td>(4,851)</td>
</tr>
<tr>
<td>Net cash (outflow) from investing activities</td>
<td>(170,675)</td>
<td>(33,500)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash held</td>
<td>32,643</td>
<td>12,004</td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>850,875</td>
<td>838,871</td>
</tr>
<tr>
<td>Cash at the end of the financial year</td>
<td>883,518</td>
<td>850,875</td>
</tr>
</tbody>
</table>

(Notes to the financial statements are annexed)
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Office Furniture and Equipment
Each class of office furniture and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where a revaluation has been performed, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of office furniture and equipment is reviewed at each balance sheet date to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other costs (eg. repairs and maintenance) are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Depreciation
The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Society commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The expected useful lives are as follows:

Office furniture and equipment  3-15 years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments
Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Hold-to-maturity investments
These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any hold-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment
At each reporting date, an assessment is made whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(f) Investments
Interest in bank bills and deposits are brought to account at cost and interest income is recognised in the income statement when receivable.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and
other short term highly liquid investments with original maturities of three months or
less.

(h) Trade and Other Receivables
All trade debtors are recognised at the amounts receivable as they are due for settlement no
more than 120 days from the date of recognition. Collectability of trade debtors is
reviewed on an ongoing basis.

(i) Trade and Other Payables
These amounts represent liabilities for goods and services provided to the Society prior to
the end of the financial year and which were unpaid. The amounts are unsecured and are
usually paid within 30 days of recognition.

(j) Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow
to the entity and the revenue can be reliably measured.

Revenue from practicing certificates is recognised in the year to which the fees relate.

Interest revenue is recognised on a proportional basis taking into account the interest
rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where
the amount of GST incurred is not recoverable from the Australian Taxation Office. In
these circumstances the GST is recognised as part of the cost of acquisition of the asset
or as part of an item of the expense. Receivables and payables in the balance sheet are
shown inclusive of the GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST
component of investing and financing activities, which are disclosed as operating cash
flows.

NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee Benefits
Provision is made for the liability for employee benefits arising from services rendered
by employees to balance date. The benefits due to be settled within one year to
employees for their entitlements have been measured at the amounts expected to be paid
including on-costs and are disclosed as current liabilities. Employee benefits payable
later than one year are measured at the present value of the estimated future cash
outflows to be made in respect of those benefits. In calculating the present value of
future cash flows in respect of long service leave, the probability of long service leave
being taken is based upon historical data.

(m) Provisions
Provisions are recognised when the Society has a legal or constructive obligation as a
result of past events, for which it is probable that an outflow of economic benefits will
result and that the outflow can be reliably measured.

(n) Comparative Figures
Comparative figures have been adjusted, where necessary, to conform to changes in
presentation for the current financial year.

Critical Accounting Estimates and Judgements
The Councillors evaluate estimates and judgements incorporated into the financial
report based on historical knowledge and best available current information. Estimates
assume a reasonable expectation of future events and are based on current trends and
economic data, obtained both externally and within the Society.

The Councillors do not believe that there were any key estimates or key judgements
used in the development of the financial report that give rise to a significant risk of
material adjustment in the future.
NOTE 2  REVENUE

Revenue from operating activities
Practising certificate fees 719,545  654,879
Members' subscriptions 12,445  12,087
Capitation fees 107,285  82,355
Reimbursement of expenses
- Statutory Interest Account – administration* 61,505  57,612
- Statutory Interest Account – Legal Advice Bureau* 28,632  27,624
- Statutory Interest Account – professional standards* 118,534  104,775
- Solicitors' Fidelity Fund of the Australian Capital Territory – administration* 32,818  30,890
Profit on standard forms 43,706  49,118
Income from functions 90,467  29,676
Ethos advertising and subscriptions 16,292  16,730
Subscription from seminars 35,632  56,922
Project Officer contributions 40,945  37,457
Certificates of good standing 9,783  11,500
Settlements Office contributions 60,126  59,005
Practice management courses 23,350  20,910
Gain on disposal of asset 10,985

1,412,050  1,251,540

Revenue from outside the operating activities
Sponsorship 28,398  27,745
Interest 77,961  65,027
Miscellaneous income 13,426  12,281

119,805  105,053

1,531,855  1,356,593

* These amounts are received from entities managed and administered by the Society under the Legal Profession Act 2006.

NOTE 3  PROFIT / (LOSS)

Included in the profit and loss are the following specific items of expenditure:

Rental payments on operating lease (96,813)  (92,416)
Depreciation (35,163)  (33,356)
Superannuation contributions (62,448)  (56,990)

NOTE 4  CASH AND CASH EQUIVALENTS

2008  2007
$  $  
Cash on hand 300  300
Cash at bank 883,218  850,575

883,518  850,875

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above 883,518  850,875

Balances per cash flow statement 883,518  850,875

NOTE 5  INVESTMENTS

Held-to-Maturity Investments
St George Bank term deposits 539,554  505,549

539,554  505,549

These deposits have an average maturity of 6 months from the date of their deposit.

NOTE 6  TRADE AND OTHER RECEIVABLES

Trade debtors 23,763  129,041
Prepayments 34,785  33,437
Accrued interest receivable 19,502  15,820
Other accrued income 160,031  113,930
GST refund receivable 11,578  4,180

249,659  296,408

NOTE 7  INVENTORY

Contracts for sale 6,269  3,492
Tenancy agreements 172  95

6,441  3,587
NOTE 8 OFFICE FURNITURE AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>483,650</td>
<td>386,052</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(192,576)</td>
<td>(207,470)</td>
</tr>
<tr>
<td>Total office furniture and equipment</td>
<td>291,074</td>
<td>178,582</td>
</tr>
</tbody>
</table>

Reconciliation

A reconciliation of the carrying amount at the beginning and end of the current financial year is set out below.

<table>
<thead>
<tr>
<th>Office furniture and equipment</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>178,582</td>
<td>207,087</td>
</tr>
<tr>
<td>Additions</td>
<td>150,370</td>
<td>4,851</td>
</tr>
<tr>
<td>Disposals</td>
<td>2,715</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(35,163)</td>
<td>(33,356)</td>
</tr>
<tr>
<td>Carrying amount at the end of the year</td>
<td>291,074</td>
<td>178,582</td>
</tr>
</tbody>
</table>

NOTE 9 TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th>Other liabilities</th>
<th>2008 $</th>
<th>2007 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions in advance</td>
<td>832,522</td>
<td>794,298</td>
</tr>
<tr>
<td>Accruals</td>
<td>28,923</td>
<td>20,182</td>
</tr>
<tr>
<td>Payable – Solicitors' Fidelity Fund of the Australian Capital Territory</td>
<td>3,510</td>
<td>1,110</td>
</tr>
<tr>
<td>CTP/WC Campaign Fund</td>
<td>1,572</td>
<td>1,572</td>
</tr>
<tr>
<td>Lease incentive</td>
<td>16,100</td>
<td>25,760</td>
</tr>
<tr>
<td>Total other liabilities</td>
<td>882,627</td>
<td>842,922</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>28,543</td>
<td>38,378</td>
</tr>
<tr>
<td></td>
<td>911,170</td>
<td>881,300</td>
</tr>
</tbody>
</table>

NOTE 10 PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for annual leave</td>
<td>130,500</td>
<td>118,764</td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>78,590</td>
<td>68,806</td>
</tr>
<tr>
<td>Non-Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>6,333</td>
<td>5,037</td>
</tr>
</tbody>
</table>

The amount of current long service leave expected to be settled within 12 months of the end of the financial year is nil (2007: nil).

NOTE 11 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) Financial Risks and Risk Management

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Society does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Society is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The Society is not exposed to currency and price risks.

Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Society has adequate working capital to meet its financial liabilities at year end. All financial liabilities are expected to be settled within 3 months.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the Society suffering a financial loss. The maximum exposure to credit risk at balance date in respect of recognised financial instruments, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.
Credit risk (Cont’d)
This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. The Society does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Society. As such, collateral is not requested nor is it the Society’s policy to securitise its trade and other receivables.

Interest rate risk
The Society’s exposure to interest rate risk is managed by the Society reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Society’s exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

<table>
<thead>
<tr>
<th></th>
<th>Floating interest rate</th>
<th>Fixed interest rate &lt;1 year</th>
<th>Non-interest bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>883,218</td>
<td>-</td>
<td>300</td>
<td>883,518</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>-</td>
<td>183,794</td>
<td>183,794</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>539,554</td>
<td>-</td>
<td>539,554</td>
</tr>
<tr>
<td>Total</td>
<td>883,218</td>
<td>539,554</td>
<td>184,094</td>
<td>1,606,866</td>
</tr>
<tr>
<td>Weighted average interest rate</td>
<td>6.75%</td>
<td>7.84%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial liabilities
Trade and other payables | -                     | -                           | 62,548 *             | 62,548     |
| Total | -                     | -                           | 62,548               | 62,548     |
| Net financial assets/(liabilities) | 1,544,318             |                             |                     |            |

The Society’s exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Society holding cash and cash equivalents and short term investments. The Society minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.
NOTE 11  FINANCIAL INSTRUMENTS (CONT'D)

<table>
<thead>
<tr>
<th>Carrying Amount</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
</tr>
<tr>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>883,518</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>183,794</td>
</tr>
<tr>
<td>Investments</td>
<td>539,554</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>62,548</td>
</tr>
<tr>
<td>Total increase / (decrease)</td>
<td>(14,231)</td>
</tr>
</tbody>
</table>

2007

| Financial assets |       |        |
| Cash and cash equivalents | 850,875 | (8,509) | (8,509) | 8,509 | 8,509 |
| Trade and other receivables | 242,971 | - | - | - | - |
| Investments      | 505,549 | (5,055) | (5,055) | 5,055 | 5,055 |
| Financial liabilities |       |        |
| Trade and other payables | 61,242 | - | - | - | - |
| Total increase / (decrease) | (13,564) | (13,564) | 13,564 | 13,564 |

(c) Net Fair Values
Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTE 12 CAPITAL RISK MANAGEMENT

The Society's objectives when managing capital are to safeguard its ability to continue as a going concern.

As the Society does not issue shares, it manages its capital through the budget process and ensures that adequate funds are maintained to meet its operational and financial objectives. The Society monitors its capital on the basis of its working capital (current assets less current liabilities) and accumulated funds, as disclosed in the balance sheet.

There have been no changes to this strategy since the previous financial year.

NOTE 13 REMUNERATION OF AUDITORS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of the Society's financial report</td>
<td>6,750</td>
<td>5,750</td>
</tr>
<tr>
<td>Audit of Statutory Deposits Trust Account</td>
<td>1,050</td>
<td>925</td>
</tr>
<tr>
<td>Audit of Statutory Interest Account</td>
<td>1,850</td>
<td>1,550</td>
</tr>
<tr>
<td>Audit of Solicitors' Fidelity Fund</td>
<td>1,850</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>11,500</td>
<td>9,725</td>
</tr>
</tbody>
</table>

No other benefits were received by the auditors.

NOTE 14 CAPITAL AND LEASING COMMITMENTS

Lease commitments
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:
Within one year | 106,268 | 101,922 |
Later than one year but not later than 5 years | 72,822 | 174,185 |
|                          | 179,090 | 276,107 |

The total amount of rental expense recognised in the reporting period was $96,813 (2007: $92,416).

NOTE 15 LEGISLATION

The Society is constituted under the Legal Profession Act 2006. Pursuant to that Act the Society is responsible for operating and maintaining the following fund and accounts:

- The Solicitors' Fidelity Fund of the Australian Capital Territory;
- The Statutory Deposits Trust Account; and
- The Statutory Interest Account.
NOTE 16 RECONCILIATION OF THE PROFIT FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>85,818</td>
<td>50,396</td>
</tr>
<tr>
<td>Gain on disposal of asset</td>
<td>(10,985)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35,163</td>
<td>33,356</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in rental bond</td>
<td>(3,259)</td>
<td>-</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(2,854)</td>
<td>302</td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables</td>
<td>46,749</td>
<td>(100,369)</td>
</tr>
<tr>
<td>Increase/(decrease) in subscriptions received in advance</td>
<td>38,224</td>
<td>91,544</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other payables</td>
<td>(1,094)</td>
<td>(42,606)</td>
</tr>
<tr>
<td>Increase/(decrease) in Solicitors’ Fidelity Fund of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACT payable</td>
<td>2,400</td>
<td>(450)</td>
</tr>
<tr>
<td>Increase/(decrease) in provision for long service leave</td>
<td>11,080</td>
<td>2,708</td>
</tr>
<tr>
<td>Increase/(decrease) in provision for annual leave</td>
<td>11,736</td>
<td>24,828</td>
</tr>
<tr>
<td>Increase/(decrease) in CTP/WC Campaign Fund</td>
<td>-</td>
<td>(4,545)</td>
</tr>
<tr>
<td>Increase/(decrease) in lease incentive</td>
<td>(9,660)</td>
<td>(9,660)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>203,318</td>
<td>45,504</td>
</tr>
</tbody>
</table>

NOTE 17 RELATED PARTIES

The names of persons who were members of the Council of the Law Society of the Australian Capital Territory for any part of the year are as follows:

- **Mr R J Barnett**: Vice President to 19 September 2007, President from 20 September 2007
- **Mr G P Walker**: President to 19 September 2007, Immediate Past President from 20 September 2007
- **Mr A Opas**: Vice President
- **Mr W Coombes**: Vice President from 20 September 2007
- **Ms L E Vardanega PSM**: Secretary
- **Mr B Hatch**: Councillor to 19 September 2007, Treasurer from 20 September 2007
- **Ms L Crebbin**: Treasurer to 19 September 2007
- **Mr W M Redpath**: Immediate Past President to 19 September 2007
- **Ms K Barralet**: From 20 September 2007
- **Mr B Biddleton**: From 20 September 2007
- **Mr I Campbell**: From 20 September 2007
- **Mr C Donohue**: From 20 September 2007
- **Ms S Falvi**: To 19 September 2007
- **Mr M Hockridge**: From 20 August 2007 to 19 September 2007
- **Mr D Malcolmson**: From 20 August 2007 to 19 September 2007
- **Mr M O’Brien**: From 20 August 2007 to 19 September 2007
- **Ms J Reece**: From 20 August 2007 to 19 September 2007
- **Ms K Ryan**: From 20 August 2007 to 19 September 2007
- **Ms A Sullivan**: From 20 August 2007 to 19 September 2007
- **Mr P Vane-Tempest**: From 20 August 2007 to 19 September 2007

Councillors and their related entities transact with the Society from time to time on normal terms and conditions that are no more favourable than those available to others. The types of transactions include practicing certificate fees, capititation fees, subscriptions, functions, seminars, courses and the sale of standard forms.

During the year the Society paid professional fees to Councillors or their Councillor-related entities within a normal client-solicitor relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Councillors or their Councillor-related entities at arm’s length in the same circumstances.

The president receives an allowance for the services he provides to the Society. This allowance is included in key management personnel compensation below. No other member of council receives any remuneration from the Law Society of the Australian Capital Territory or a related entity.

During the year the Society paid $2,598 (2007: $2,664) in premiums for Councillors and Officers liability insurance.
NOTE 18 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly, including any Councillor (whether executive or otherwise) of the Society.

The aggregate remuneration paid to key management personnel during the financial year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>207,961</td>
<td>184,868</td>
</tr>
<tr>
<td>Superannuation</td>
<td>11,238</td>
<td>9,831</td>
</tr>
<tr>
<td>Bonus</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>219,199</td>
<td>194,699</td>
</tr>
</tbody>
</table>

NOTE 19 EVENTS AFTER THE BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

COUNCILLORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2008

The Councillors declare that the financial statements and notes set out on pages 1 to 20:

(a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
(b) present fairly the Society's financial position as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

(a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
(b) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

[Signature]
Councillor
1 September 2008
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory (the Society) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.


The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory as at 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Duesburys Nexia
Canberra, 1 September 2008

G J Murphy
Partner
CONTENTS

INCOME STATEMENT

BALANCE SHEET

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

COUNCILLORS' DECLARATION

AUDITOR'S OPINION
## INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>2</td>
<td>2,876,732</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law Society of the Australian Capital Territory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- reimbursement of administration expenses</td>
<td>(61,505)</td>
<td>(57,612)</td>
</tr>
<tr>
<td>Professional Conduct Board sitting fees</td>
<td>-</td>
<td>(9,990)</td>
</tr>
<tr>
<td>Disciplinary legal costs</td>
<td>(128,747)</td>
<td>(152,962)</td>
</tr>
<tr>
<td>Legal Advice Bureau operating costs</td>
<td>9 (29,152)</td>
<td>(28,119)</td>
</tr>
<tr>
<td>Professional Standards Office costs</td>
<td>(119,460)</td>
<td>(105,662)</td>
</tr>
<tr>
<td>Surplus before disbursements</td>
<td>2,537,868</td>
<td>1,968,909</td>
</tr>
<tr>
<td>Proposed disbursements S 253</td>
<td>(1,878,486)</td>
<td>(1,500,000)</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>659,382</td>
<td>468,909</td>
</tr>
</tbody>
</table>

## BALANCE SHEET
AS AT 30 JUNE 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>2,421,018</td>
</tr>
<tr>
<td>Investments</td>
<td>4</td>
<td>1,341,607</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5</td>
<td>420,091</td>
</tr>
<tr>
<td>Total current assets</td>
<td>4,182,716</td>
<td>3,101,148</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal advice bureau furniture and fittings</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,182,716</td>
<td>3,101,148</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>7</td>
<td>105,880</td>
</tr>
<tr>
<td>Provisions</td>
<td>8</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,005,880</td>
<td>1,583,694</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,005,880</td>
<td>1,583,694</td>
</tr>
<tr>
<td>Net assets</td>
<td>2,176,836</td>
<td>1,517,454</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>2,176,836</td>
<td>1,517,454</td>
</tr>
</tbody>
</table>

(Note to the financial statements are annexed)
### Statement of Changes in Equity
For the Year Ended 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Accumulated funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the financial year</td>
<td>1,517,454</td>
<td>1,048,545</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>659,382</td>
<td>468,909</td>
</tr>
<tr>
<td><strong>Balance at the end of the financial year</strong></td>
<td>2,176,836</td>
<td>1,517,454</td>
</tr>
</tbody>
</table>

### Cash Flow Statement
For the Year Ended 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovered disciplinary legal costs</td>
<td>73,933</td>
<td>18,906</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous receipts &amp; GST refunds</td>
<td>135,044</td>
<td>158,410</td>
<td></td>
</tr>
<tr>
<td>Disbursements and other operating payments</td>
<td>(477,145)</td>
<td>(596,319)</td>
<td></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td></td>
<td>(268,168)</td>
<td>(419,003)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>14</td>
<td>2,780,828</td>
<td>2,214,992</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for investments</td>
<td>85,721</td>
<td>72,017</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash (outflow) from investing activities</strong></td>
<td>85,721</td>
<td>72,017</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>11</td>
<td>1,478,486</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Section 253 disbursements</td>
<td>1,478,486</td>
<td>1,250,000</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash (outflow) from financing activities</strong></td>
<td></td>
<td>1,478,486</td>
<td>1,250,000</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash held</strong></td>
<td></td>
<td>948,453</td>
<td>473,972</td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>1,472,565</td>
<td>998,593</td>
<td></td>
</tr>
<tr>
<td><strong>Cash at the end of the financial year</strong></td>
<td>3</td>
<td>2,421,018</td>
<td>1,472,565</td>
</tr>
</tbody>
</table>

(Note: The net increase (decrease) in cash held is calculated as the difference between the net cash inflow from operating activities and the net cash (outflow) from investing and financing activities.)

(Notes to the financial statements are annexed)
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Profession Act 2006.

This financial report covers The Law Society of the Australian Capital Territory Statutory Interest Account (the Account) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councillors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the entity and no material impact on the income statement or balance sheet of the entity. Application of the pending standards is expected to have a minor impact on the disclosures currently made in the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Accounting Policies

(a) Income Tax
The Account is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

(b) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(c) Investments
Interests in term deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

(d) Revenue Recognition
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Hold-to-maturity investments
These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any hold-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f)  Financial Instruments (cont’d)

Impairment
At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(g)  Comparatives
Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements
The Councillors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Account.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

NOTE 2  REVENUE

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operating activities</td>
<td>$2,802,799</td>
</tr>
<tr>
<td>Interest on investments by the Statutory Interest Account</td>
<td>229,999</td>
</tr>
<tr>
<td>Interest on investments by the Statutory Deposits Account</td>
<td>560,622</td>
</tr>
<tr>
<td>Interest on Solicitors’ Trust Accounts</td>
<td>2,012,178</td>
</tr>
<tr>
<td>Revenue from outside the operating activities</td>
<td>$73,933</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>$2,876,732</td>
</tr>
</tbody>
</table>

NOTE 3  CASH AND CASH EQUIVALENTS

Cash at bank  
2,421,018  
2,421,018  
1,472,565  
1,472,565

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above  
2,421,018  
1,472,565  
Balances per cash flow statement  
2,421,018  
1,472,565

NOTE 4  INVESTMENTS

Held-to-Maturity Investments
ANZ Banking Group  
817,190  
764,235  
St George Bank Australia  
524,417  
491,651  
1,341,607  
1,255,886

These deposits have an average maturity of 6 months from the date of their deposit.
### TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest</td>
<td>176,663</td>
<td>116,820</td>
</tr>
<tr>
<td>Investments</td>
<td>183,943</td>
<td>221,815</td>
</tr>
<tr>
<td>Solicitors' Trust Accounts</td>
<td>360,606</td>
<td>338,635</td>
</tr>
<tr>
<td>Debtors and prepayments</td>
<td>6,434</td>
<td>9,926</td>
</tr>
<tr>
<td>GST paid to suppliers</td>
<td>53,051</td>
<td>24,136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>420,091</td>
<td>372,697</td>
</tr>
</tbody>
</table>

### LEGAL ADVICE BUREAU OPERATING COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning</td>
<td>506</td>
<td>443</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,364</td>
<td>1,364</td>
</tr>
<tr>
<td>Electricity</td>
<td>247</td>
<td>222</td>
</tr>
<tr>
<td>Insurance</td>
<td>290</td>
<td>300</td>
</tr>
<tr>
<td>Publications and subscriptions</td>
<td>520</td>
<td>495</td>
</tr>
<tr>
<td>Rental of premises</td>
<td>6,390</td>
<td>6,099</td>
</tr>
<tr>
<td>Salaries and superannuation</td>
<td>19,835</td>
<td>19,196</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29,152</td>
<td>28,119</td>
</tr>
</tbody>
</table>

### PROPOSED DISBURSEMENTS

The Society will invite submissions for disbursements from the Statutory Interest Account under S 253(4) of the Legal Profession Act 2006:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed disbursements</td>
<td>1,900,000</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

### DISBURSEMENTS

Disbursements made from the Statutory Interest Account under S 253(4) of the Legal Profession Act 2006 were:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Defender’s Office</td>
<td>10,000</td>
<td>14,435</td>
</tr>
<tr>
<td>Legal Aid Commission (ACT)</td>
<td>1,296,486</td>
<td>1,080,405</td>
</tr>
<tr>
<td>Welfare Rights and Legal Centre</td>
<td>112,000</td>
<td>107,085</td>
</tr>
<tr>
<td>Women’s Legal Centre</td>
<td>60,000</td>
<td>48,075</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,478,486</td>
<td>1,250,000</td>
</tr>
</tbody>
</table>
NOTE 12 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies
The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) Financial Risks and Risk Management
The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Account does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Account is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The Account is not exposed to currency and price risks.

Liquidity risk
The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Account has adequate working capital to meet its financial liabilities at year end. All financial liabilities are expected to be settled within 3 months.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the Account suffering a financial loss. The maximum exposure to credit risk at balance date in respect of recognised financial instruments, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. The Account does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Account. As such, collateral is not requested nor is it the Account's policy to securitise its trade and other receivables.

Interest rate risk
The Account's exposure to interest rate risk is managed by the Account reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Account's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

<table>
<thead>
<tr>
<th>2008</th>
<th>Floating Interest Rate</th>
<th>Fixed Interest Rate &lt;1 year</th>
<th>Non-interest Bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,421,018</td>
<td>-</td>
<td>-</td>
<td>2,421,018</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>1,341,607</td>
<td>-</td>
<td>1,341,607</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>-</td>
<td>419,157</td>
<td>419,157</td>
</tr>
<tr>
<td></td>
<td>2,421,018</td>
<td>1,341,607</td>
<td>419,157</td>
<td>4,181,782</td>
</tr>
<tr>
<td>Weighted average interest rate</td>
<td>6.75%</td>
<td>7.60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>105,880</td>
<td>105,880</td>
</tr>
<tr>
<td>Proposed disbursements</td>
<td>-</td>
<td>-</td>
<td>1,900,000</td>
<td>1,900,000</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>2,005,880</td>
<td>2,005,880</td>
</tr>
<tr>
<td>Net financial assets (liabilities)</td>
<td></td>
<td></td>
<td></td>
<td>2,175,902</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2007</th>
<th>Floating Interest Rate</th>
<th>Fixed Interest Rate &lt;1 year</th>
<th>Non-interest Bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,472,565</td>
<td>-</td>
<td>-</td>
<td>1,472,565</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>1,255,886</td>
<td>-</td>
<td>1,255,886</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>-</td>
<td>371,771</td>
<td>371,771</td>
</tr>
<tr>
<td></td>
<td>1,472,565</td>
<td>1,255,886</td>
<td>371,771</td>
<td>3,100,222</td>
</tr>
<tr>
<td>Weighted average interest rate</td>
<td>5.75%</td>
<td>6.43%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>83,694</td>
<td>83,694</td>
</tr>
<tr>
<td>Proposed disbursements</td>
<td>-</td>
<td>-</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>1,583,694</td>
<td>1,583,694</td>
</tr>
<tr>
<td>Net financial assets (liabilities)</td>
<td></td>
<td></td>
<td></td>
<td>1,516,528</td>
</tr>
</tbody>
</table>
NOTE 12 FINANCIAL INSTRUMENTS (CONT'D)

The Account’s exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Account holding cash and cash equivalents and short term investments. The Account minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.

<table>
<thead>
<tr>
<th>Carrying Amount</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1%</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
</tr>
<tr>
<td><strong>2008</strong></td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,421,018</td>
</tr>
<tr>
<td>Investments</td>
<td>1,341,607</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>419,157</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>105,880</td>
</tr>
<tr>
<td>Proposed disbursements</td>
<td>1,900,000</td>
</tr>
<tr>
<td><strong>Total increase / (decrease)</strong></td>
<td>(37,626)</td>
</tr>
<tr>
<td><strong>2007</strong></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,472,565</td>
</tr>
<tr>
<td>Investments</td>
<td>1,255,886</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>371,771</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>83,694</td>
</tr>
<tr>
<td>Proposed disbursements</td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>Total increase / (decrease)</strong></td>
<td>(27,285)</td>
</tr>
</tbody>
</table>

(c) Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTE 13 CAPITAL RISK MANAGEMENT

The Account’s objectives when managing capital are to safeguard its ability to continue as a going concern.

The Account manages its capital through the budget process and ensures that adequate funds are maintained to meet its operational and financial objectives, including the disbursement of funds under S 253(4) of the Legal Profession Act 2006. The Account monitors its capital on the basis of its accumulated funds, as disclosed in the balance sheet.

There have been no changes to this strategy since the previous financial year.

NOTE 14 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the year</td>
<td>659,382</td>
<td>468,909</td>
</tr>
<tr>
<td>Disbursements</td>
<td>1,878,486</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Change in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(increase)/decrease in accrued interest</td>
<td>(21,971)</td>
<td>(89,356)</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other payables</td>
<td>22,186</td>
<td>(85,811)</td>
</tr>
<tr>
<td>(increase)/decrease in other receivables</td>
<td>(25,423)</td>
<td>2,247</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>2,512,660</td>
<td>1,795,989</td>
</tr>
</tbody>
</table>

NOTE 15 CONTINGENT ASSETS

The Account is seeking to recover certain disciplinary costs. At the present time the amount of the recovery is uncertain.

NOTE 16 CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the financial year.

NOTE 17 LEGISLATION

The Statutory Interest Account is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S 253 of the Legal Profession Act 2006. Under the Act, interest on Solicitors' Trust Accounts and investments by the Statutory Deposits Trust Account are deposited into the Statutory Interest Account.
NOTE 18  REMUNERATION OF AUDITORS

Audit fees of $1,850 (2007: $1,550) were ultimately paid by the Statutory Interest Account.

NOTE 19  EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

The Councillors declare that the financial statements and notes set out on pages 1 to 15:

(a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
(b) present fairly the Account's financial position as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

(a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
(b) there are reasonable grounds to believe that the Account will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

Councillor
1 September 2008

Councillor
1 September 2008
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY STATUTORY INTEREST
ACCOUNT

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory Statutory Interest Account which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor’s Opinion
In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Interest Account as at 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Duesburys Nexia
Canberra, 1 September 2008

G J Murphy
Partner
INCOME STATEMENT

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008 $</th>
<th>2007 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net surplus/ (deficit)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Balance Sheet

**AS AT 30 JUNE 2008**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2</td>
<td>5,571,403</td>
</tr>
<tr>
<td>Investments</td>
<td>3</td>
<td>4,357,708</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>9,929,111</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>9,929,111</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4</td>
<td>9,929,111</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>9,929,111</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>9,929,111</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Cash Flow Statement

**FOR THE YEAR ENDED 30 JUNE 2008**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for investments</td>
<td></td>
<td>(178,966)</td>
</tr>
<tr>
<td>Net cash (outflow) from investing activities</td>
<td></td>
<td>(178,966)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from deposits</td>
<td></td>
<td>3,710,694</td>
</tr>
<tr>
<td>Repayments of deposits</td>
<td></td>
<td>(3,129,129)</td>
</tr>
<tr>
<td>Net cash inflow (outflow) from financing activities</td>
<td></td>
<td>581,565</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash held</strong></td>
<td></td>
<td>402,599</td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td></td>
<td>5,168,804</td>
</tr>
<tr>
<td><strong>Cash at the end of the financial year</strong></td>
<td>2</td>
<td>5,571,403</td>
</tr>
</tbody>
</table>

---

(Notes to the financial statements are annexed)
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Provisions of the Legal Profession Act 2006

This financial report covers The Law Society of the Australian Capital Territory Statutory Deposits Trust Account (the Trust Account) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councillors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the entity and no material impact on the income statement or balance sheet of the entity. Application of the pending standards is expected to have a minor impact on the disclosures currently made in the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Accounting Policies

(a) Income Tax

The Trust Account is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(c) Investments

Interests in term deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

(d) Monies Deposited by Solicitors

Monies deposited by solicitors are recognised upon receipt. Amounts are repayable in accordance with the Legal Profession Act 2006.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Comparatives
Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments
The Councillors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Trust Account.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>5,571,403</td>
<td>5,168,804</td>
</tr>
<tr>
<td>Balances as above</td>
<td>5,571,403</td>
<td>5,168,804</td>
</tr>
<tr>
<td>Balances per cash flow statement</td>
<td>5,571,403</td>
<td>5,168,804</td>
</tr>
</tbody>
</table>

NOTE 3  INVESTMENTS

Held-to-Maturity Investments
- Commonwealth Bank: 1,500,000
- National Australia Bank: 1,028,290
- St George Bank: 1,829,418

<table>
<thead>
<tr>
<th>Commonwealth Bank</th>
<th>1,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Australia Bank</td>
<td>1,028,290</td>
</tr>
<tr>
<td>St George Bank</td>
<td>1,829,418</td>
</tr>
</tbody>
</table>

4,357,708

These deposits have maturities of 6 to 9 months from the date of their deposit.

NOTE 4  TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th>Monies deposited by solicitors</th>
<th>9,929,111</th>
<th>9,347,546</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,929,111</td>
<td>9,347,546</td>
</tr>
</tbody>
</table>
NOTE 7  FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

The Trust's exposure to interest rate risk is managed by the Trust reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Trust's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

<table>
<thead>
<tr>
<th>2008</th>
<th>Floating interest rate</th>
<th>Fixed interest rate &lt;1 year</th>
<th>Non-interest bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,168,804</td>
<td>-</td>
<td>-</td>
<td>5,168,804</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>4,178,742</td>
<td>-</td>
<td>4,178,742</td>
</tr>
<tr>
<td></td>
<td>5,168,804</td>
<td>4,178,742</td>
<td></td>
<td>9,347,546</td>
</tr>
<tr>
<td>Weighted average interest rate</td>
<td>5.75%</td>
<td>6.49%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits by solicitors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,347,546</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,347,546</td>
</tr>
<tr>
<td>Net financial assets (liabilities)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

The Trust's exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Trust holding cash and cash equivalents and short term investments. The Trust minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.

<table>
<thead>
<tr>
<th>2008</th>
<th>Carrying Amount</th>
<th>Interest Rates</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>-1%</td>
<td>1%</td>
<td>Profit</td>
<td>Equity</td>
</tr>
<tr>
<td>Financial assets</td>
<td>5,571,403</td>
<td>(55,714)</td>
<td>55,714</td>
<td>55,714</td>
<td>55,714</td>
</tr>
<tr>
<td>Investments</td>
<td>4,357,708</td>
<td>(43,578)</td>
<td>43,578</td>
<td>43,578</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 7  FINANCIAL INSTRUMENTS (CONT'D)

<table>
<thead>
<tr>
<th>Carrying Amount</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
</tr>
<tr>
<td>2007</td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,168,804</td>
</tr>
<tr>
<td>Investments</td>
<td>4,178,742</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Deposits by solicitors</td>
<td>9,347,546</td>
</tr>
<tr>
<td>Total increase / (decrease)</td>
<td>(93,475)</td>
</tr>
</tbody>
</table>

(c) Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTE 8  CAPITAL RISK MANAGEMENT

The Trust’s objectives when managing capital are to ensure that monies deposited by solicitors are maintained. To reduce the risk of reductions in the capital value of monies deposited by solicitors, all funds are held as cash deposits with major financial institutions.

The Trust monitors its cash and investments on an on-going basis and ensures that adequate short term funds are maintained to meet financial liabilities that are likely to require settlement in the short term.

There have been no changes to this strategy since the previous financial year.

NOTE 9  CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

NOTE 10  EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors’ Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

The Councillors declare that the financial statements and notes set out on pages 1 to 10:

(a) comply with Australian Accounting Standards (including the Australian Interpretations) and other mandatory professional reporting requirements; and
(b) present fairly the Trust Account’s financial position as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors’ opinion:

(a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
(b) there are reasonable grounds to believe that the Trust Account will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

Councillor
1 September 2008

Councillor
1 September 2008
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY
STATUTORY DEPOSITS TRUST ACCOUNT

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.


The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account as at 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Duesbury's Nexia
Canberra, 1 September 2008

G J Murphy
Partner
FINANCIAL REPORT – 30 JUNE 2008

CONTENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME STATEMENT</td>
<td>1</td>
</tr>
<tr>
<td>BALANCE SHEET</td>
<td>2</td>
</tr>
<tr>
<td>STATEMENT OF CHANGES IN EQUITY</td>
<td>3</td>
</tr>
<tr>
<td>CASH FLOW STATEMENT</td>
<td>4</td>
</tr>
<tr>
<td>NOTES TO THE FINANCIAL STATEMENTS</td>
<td>5</td>
</tr>
<tr>
<td>COUNCILLORS' DECLARATION</td>
<td>14</td>
</tr>
<tr>
<td>AUDITOR'S OPINION</td>
<td>15</td>
</tr>
</tbody>
</table>
### Income Statement

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>332,744</td>
<td>286,766</td>
</tr>
<tr>
<td>Audit fees</td>
<td>(1,850)</td>
<td>(2,050)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(32,818)</td>
<td>(30,890)</td>
</tr>
<tr>
<td>HIH group insurance policies payments</td>
<td>-</td>
<td>(151,591)</td>
</tr>
<tr>
<td>Investigations, examinations and managers' costs</td>
<td>(7,602)</td>
<td>(16,359)</td>
</tr>
<tr>
<td>Random inspections expenses</td>
<td>(8,760)</td>
<td>(53,080)</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>281,714</td>
<td>2,796</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>219,333</td>
<td>106,609</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>38,377</td>
<td>46,642</td>
</tr>
<tr>
<td>Total current assets</td>
<td>257,710</td>
<td>153,251</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>4,270,248</td>
<td>4,072,691</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>4,270,248</td>
<td>4,072,691</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,527,958</td>
<td>4,225,942</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>68,121</td>
<td>47,819</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>68,121</td>
<td>47,819</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>68,121</td>
<td>47,819</td>
</tr>
<tr>
<td>Net assets</td>
<td>4,459,837</td>
<td>4,178,123</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>4,459,837</td>
<td>4,178,123</td>
</tr>
<tr>
<td>Total equity</td>
<td>4,459,837</td>
<td>4,178,123</td>
</tr>
</tbody>
</table>

(Notes to the financial statements are annexed)
<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the financial year</td>
<td>4,178,123</td>
<td>4,175,327</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>781,714</td>
<td>2,796</td>
</tr>
<tr>
<td>Balance at the end of the financial year</td>
<td>4,459,837</td>
<td>4,178,123</td>
</tr>
</tbody>
</table>

**Cash flows from operating activities**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from contributions</td>
<td>34,280</td>
<td>36,220</td>
</tr>
<tr>
<td>Recoveries &amp; GST refunds</td>
<td>6,790</td>
<td>7,167</td>
</tr>
<tr>
<td>Payments</td>
<td>(34,658)</td>
<td>(295,914)</td>
</tr>
<tr>
<td>Interest received</td>
<td>6,412</td>
<td>(252,527)</td>
</tr>
</tbody>
</table>

Net cash inflow from operating activities | 303,869 | 256,697 |

**Cash flows from investing activities**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for investments</td>
<td>(197,557)</td>
<td>(180,409)</td>
</tr>
</tbody>
</table>

Net cash (outflow) from investing activities | (197,557) | (180,409) |

**Net increase/ (decrease) in cash held**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>112,724</td>
<td>(176,239)</td>
</tr>
<tr>
<td>Cash at the end of the financial year</td>
<td>219,333</td>
<td>106,609</td>
</tr>
</tbody>
</table>
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Profession Act 2006.

This financial report covers The Solicitors' Fidelity Fund of the Australian Capital Territory (The Fund) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councillors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the entity and no material impact on the income statement or balance sheet of the entity. Application of the pending standards is expected to have a minor impact on the disclosures currently made in the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation
Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Accounting Policies
(a) Income Tax
The entity is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

(b) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(c) Revenue Recognition
Contributions and recovered investigation/management costs are recognised upon the receipt of funds or when they become recoverable if earlier.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Investments
Investments in bank bills and deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

(e) Financial Instruments
Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e)  Financial Instruments (cont'd)

Impairment
At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(f)  Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of the GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g)  Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

The Councillors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

NOTE 2  REVENUE

Revenue from operating activities
Interest on investments 298,174 252,076
Contributions 34,570 34,690

332,744 286,766

Revenue from outside the operating activities
Recovered management costs - -

332,744 286,766

NOTE 3  CASH AND CASH EQUIVALENTS

Cash at bank 219,333 106,609

219,333 106,609

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above 219,333 106,609

Balances per cash flow statement 219,333 106,609

NOTE 4  TRADE AND OTHER RECEIVABLES

Trade debtors – The Law Society of the Australian Capital Territory 3,510 1,110
Accrued interest 34,359 40,054
Other receivables 508 5,478

38,377 46,642
NOTE 5 INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held-to-Maturity Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANZ Banking Group</td>
<td>2,195,744</td>
<td>2,112,418</td>
</tr>
<tr>
<td>St George Bank</td>
<td>599,895</td>
<td>581,287</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>1,474,609</td>
<td>1,378,986</td>
</tr>
<tr>
<td></td>
<td>4,270,248</td>
<td>4,072,691</td>
</tr>
</tbody>
</table>

These deposits have a maturity of 6 months from the date of their deposit.

NOTE 6 TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors and accruals</td>
<td>32,891</td>
<td>14,699</td>
</tr>
<tr>
<td>Contributions received in advance</td>
<td>35,230</td>
<td>33,120</td>
</tr>
<tr>
<td></td>
<td>68,121</td>
<td>47,819</td>
</tr>
</tbody>
</table>

NOTE 7 LEGISLATION

The Solicitors' Fidelity Fund of the Australian Capital Territory is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S320 of the Legal Profession Act 2006. The Fund has no employees.

NOTE 8 AUDITORS' REMUNERATION

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of the Fund's financial report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including assistance with the</td>
<td>1,850</td>
<td>2,050</td>
</tr>
<tr>
<td>implementation of AIFRS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct of random inspections</td>
<td>3,960</td>
<td>23,670</td>
</tr>
<tr>
<td>Conduct of investigations</td>
<td></td>
<td>26,656</td>
</tr>
<tr>
<td></td>
<td>5,810</td>
<td>52,376</td>
</tr>
</tbody>
</table>

NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

NOTE 10 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the year</td>
<td>281,714</td>
<td>2,796</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables</td>
<td>8,265</td>
<td>2,089</td>
</tr>
<tr>
<td>Increase/(decrease) in trade creditors and accruals</td>
<td>18,192</td>
<td>(1,795)</td>
</tr>
<tr>
<td>Increase/(decrease) in contributions received in advance</td>
<td>2,110</td>
<td>1,080</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>310,281</td>
<td>4,170</td>
</tr>
</tbody>
</table>

NOTE 11 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies
The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) Financial Risks and Risk Management
The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Fund does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Fund is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The Fund is not exposed to currency and price risks.

Liquidity risk
The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Fund has adequate working capital to meet its financial liabilities at year end. All financial liabilities are expected to be settled within 3 months.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the Fund suffering a financial loss. The maximum exposure to credit risk at balance date in respect of recognised financial instruments, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.
### NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

#### Credit risk (Cont’d)

This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. The Fund does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Fund. As such, collateral is not requested nor is it the Fund’s policy to secure its trade and other receivables.

#### Interest rate risk

The Fund’s exposure to interest rate risk is managed by the Fund reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Fund’s exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

<table>
<thead>
<tr>
<th></th>
<th>2008 Floating interest rate</th>
<th>Fixed interest rate &lt;1 year</th>
<th>Non-interest bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>219,333</td>
<td>-</td>
<td>-</td>
<td>219,333</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>4,270,248</td>
<td>-</td>
<td>4,270,248</td>
</tr>
<tr>
<td>Investments</td>
<td>219,333</td>
<td>-</td>
<td>-</td>
<td>219,333</td>
</tr>
<tr>
<td>Weighted average interest rate</td>
<td>6.75%</td>
<td>7.88%</td>
<td>38,377</td>
<td>4,270,958</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>32,891</td>
<td>32,891</td>
</tr>
<tr>
<td>Net financial assets (liabilities)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,495,067</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2007 Floating interest rate</th>
<th>Fixed interest rate &lt;1 year</th>
<th>Non-interest bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>106,609</td>
<td>-</td>
<td>-</td>
<td>106,609</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>46,642</td>
<td>-</td>
<td>46,642</td>
</tr>
<tr>
<td>Investments</td>
<td>106,609</td>
<td>-</td>
<td>-</td>
<td>106,609</td>
</tr>
<tr>
<td>Weighted average interest rate</td>
<td>5.75%</td>
<td>6.37%</td>
<td>46,642</td>
<td>4,225,042</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>14,699</td>
<td>14,699</td>
</tr>
<tr>
<td>Net financial assets (liabilities)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,211,243</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Carrying Amount</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Profit</td>
<td>-1%</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td>219,333</td>
<td>(2,193)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>38,377</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>4,270,248</td>
<td>(42,702)</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total increase / (decrease)</td>
<td>(44,895)</td>
<td>(44,895)</td>
</tr>
<tr>
<td>2007</td>
<td>106,609</td>
<td>(1,066)</td>
</tr>
<tr>
<td>Financial assets</td>
<td>46,642</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>4,072,691</td>
<td>(40,727)</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total increase / (decrease)</td>
<td>(41,793)</td>
<td>(41,793)</td>
</tr>
</tbody>
</table>

(c) Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.
NOTE 12 CAPITAL RISK MANAGEMENT

The Fund’s objectives when managing capital are to safeguard its ability to continue as a going concern.

The Fund manages its capital through the budget process and ensures that adequate funds are maintained to meet its operational objectives and to cover potential claims on the Fund. The Fund monitors its capital on the basis of its working capital (current assets less current liabilities) and accumulated funds, as disclosed in the balance sheet.

There have been no changes to this strategy since the previous financial year.

NOTE 13 EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors’ Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

COUNCILLORS’ DECLARATION FOR THE YEAR ENDED 30 JUNE 2008

The Councillors declare that the financial statements and notes set out on pages 1 to 13:

(a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
(b) present fairly the Fund’s financial position as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors’ opinion:

(a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

[Signatures]

Councillor
1 September 2008

Councillor
1 September 2008
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY

We have audited the accompanying financial report of the Solicitors' Fidelity Fund of the
Australian Capital Territory which comprises the balance sheet as at 30 June 2008, and the
income statement, statement of changes in equity and cash flow statement for the year
ended on that date, a summary of significant accounting policies and other explanatory
notes.

The Council is responsible for the preparation and fair presentation of the financial report in
accordance with Australian Accounting Standards (including the Australian Accounting
Interpretations). This responsibility includes establishing and maintaining internal control
relevant to the preparation and fair presentation of the financial report that is free from
material misstatement, whether due to fraud or error; selecting and applying appropriate
accounting policies; and making accounting estimates that are reasonable in the
circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We
conducted our audit in accordance with Australian Auditing Standards. These Auditing
Standards require that we comply with relevant ethical requirements relating to audit
engagements and plan and perform the audit to obtain reasonable assurance whether the
financial report is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to
provide a basis for our audit opinion.

Auditor's Opinion
In our opinion the financial report presents fairly, in all material respects, the financial
position of the Solicitors' Fidelity Fund of the Australian Capital Territory as at 30 June 2008
and of its financial performance and its cash flows for the year then ended in accordance
with Australian Accounting Standards (including the Australian Accounting Interpretations).

Duesburys Nexia
Canberra, 1 September 2008

G J Murphy
Partner