# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter of Transmission</td>
<td>3</td>
</tr>
<tr>
<td>President’s Review</td>
<td>4</td>
</tr>
<tr>
<td>QLS Council</td>
<td>5</td>
</tr>
<tr>
<td>CEO's Review</td>
<td>6</td>
</tr>
<tr>
<td>Highlights</td>
<td>8</td>
</tr>
<tr>
<td>Our Profile</td>
<td>9</td>
</tr>
<tr>
<td>Strategic Plan</td>
<td>10</td>
</tr>
<tr>
<td>Business Plan</td>
<td>11</td>
</tr>
<tr>
<td>Executive Profiles</td>
<td>12</td>
</tr>
<tr>
<td>Organisational Chart</td>
<td>13</td>
</tr>
<tr>
<td>Departmental Reports</td>
<td>14</td>
</tr>
<tr>
<td>Statistics of the Profession</td>
<td>17</td>
</tr>
<tr>
<td>QLS Committees</td>
<td>19</td>
</tr>
<tr>
<td>District Law Associations</td>
<td>26</td>
</tr>
<tr>
<td>Senior Counsellors</td>
<td>27</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>29</td>
</tr>
</tbody>
</table>
Letter of Transmission

Queensland Law Society Inc

ABN 33 423 389 441

Your Ref: 
Our Ref: JAT:gb

30 August 2002

Hon Rod Welford MP
Attorney-General & Minister for Justice
GPO Box 149
BRISBANE QLD 4001

Dear Attorney

I am pleased to present you with the Queensland Law Society Inc Annual Report for the 2001-2002 financial year, the end of which fell during my term as President.

I commend this report to you.

Yours sincerely

Joe Tooma
Immediate Past President
President's Review

It is my pleasure to present the annual report of Queensland Law Society Inc for the 12 months ended 30 April 2002. This was an exceptionally active and dynamic period for QLS and the legal profession, at both State and Federal levels.

At the start of the period under review Council of the Law Society decided to proceed with the restructure recommendations of a management consultancy. During that process the Chief Executive Officer, Geoff Stevenson, was recruited and ably took control of further developing and implementing our strategic direction. As a result, your Society is in excellent shape to handle the many issues which confront us.

Central to this was our recognition that the critical and necessary regulatory aspect of QLS functions sit side by side with our charter, as a member-based organisation, to advance the interests of members. The roles need not conflict.

CEO Geoff Stevenson expands on the organisation in his report but an important achievement is that we now have regular scheduled strategic reviews coinciding with planning cycles, so continuous review and improvement becomes an organic part of management.

Legal reform

The reform package proposed by the previous Government was, we believe, unworkable. QLS allocated significant resources to the issues and to working with the Government to ensure reform would benefit the community yet recognise the critical role of the profession and the competitive legal environment.

We established good working relations with Attorney-General Rod Welford and officers of the Department of Justice and Attorney-General.

At the start of the year under review there were bleak signs for Queensland solicitors on reform. Thanks to the work of your Council, QLS staff and the many members who give time pro bono to QLS committees, the worst-case scenarios have been averted and we now anticipate an acceptable reform package. Most issues in the package still require work but it seems implementation will be able to occur in calendar 2002.

We have been assured we will see legislation in time and it is ready but it cannot be finalised until the national competition policy review is available and the Attorney decides on such issues as incorporation and multi-disciplinary practices.

Communication with members

I gave high priority to meeting with members and visited all district law association areas in the State and many Queensland towns with a solicitor’s office. I also met with many suburban and city practitioners and with practitioners from mid-tier and top-tier firms. It was a privilege to meet so many dedicated lawyers in so many parts of the State.

The world after September 11

On top of all the reform issues QLS had to deal with, we had the fall-out of the September 11 World Trade Centre attacks and resulting global war on terror. The immediate impact on the profession was the public liability insurance crisis and withdrawal from Australia of our professional indemnity insurer, St Paul, which had absorbed APPII.

Insurance markets hardened extraordinarily in Australia and QLS worked tirelessly on two fronts. First, with the Law Council of Australia and Australian Plaintiff Lawyers Association, to impress on Federal and State Governments that the right to be properly compensated for the negligence of others should not be taken away. This was achieved relatively successfully in Queensland but the fight is not over – QLS must continue to stand up for the rights of citizens.

The second major achievement was professional indemnity, finalised after the period covered by this report. QLS’s vision in establishing captive insurer Queensland Law Society Insurance Pte Ltd meant valuable options were available to us. This will remain a difficult issue for several years.

LCA and national practice

QLS members are active and influential in many Law Council of Australia projects.

The Standing Committee of Attorneys-General has produced a working paper on ‘The future of a national legal profession in Australia’ and in the next few years we are likely to see more uniformity, if not a national profession. LCA’s response to the SCAG paper has been reviewed by working groups and I am in the reference group to finalise the response.

Every aspect of practice is under review – reservation of legal work, fidelity funds, admission standards and procedures, business structures, rules of legal practice, professional indemnity, trust accounts, legal costs disclosures, complaints and discipline.

QLS review of legislation

There were several significant pieces of legislation introduced this year, including the Duties Act, Property Agents & Motor Dealers Act, the Personal Injuries Proceedings Act and amendments to the Transport Operations (Road Use Management) Act.

In most cases, QLS had reasonable opportunity to comment. Unfortunately, there were instances, particularly the Property Agents & Motor Dealers Act and Transport Operations (Road Use Management) Act amendments, where the Government either did not adequately consult QLS or ignored our views.

Both those Acts introduced unworkable or ill-considered changes. As a result of our lobbying both have been amended and, though still not ideal, their negative impact has been dulled.

In conclusion, I thank Council, QLS staff and all our Committee members for their tireless and dedicated work during the year.

Joe Tooma
QLS Council

J A Tooma (President)
T M Sullivan (Vice President)
R S Ashton
J M Bennett
F A Conroy
R J Davis
P J Dickenson
G W Ferguson
R A Geldard
R M Giudes (Immediate Past President)
J A Harrington
B P Kilmartin (Attorney-General's nominee)
M J D Meadows
D M O'Brien
J N L Finder
L D Pommer
R H Wallace

Retired
P D Carne 24 July 2001

Executive
R S Ashton
G W Ferguson
R M Giudes
T M Sullivan
J A Tooma
Retired
P D Carne 26 July 2001

Back row: Ron Ashton, Michael Meadows, Raoul Giudes (Immediate Past President), Glenn Ferguson, Joe Finder
4th row: Patricia Conroy, Pamela Dickenson, Robin Geldard
3rd row: Joan Bennett, David O'Brien
2nd row: Tom Sullivan (Vice President), Julie Harrington, Leon Pommer, Brian Kilmartin, Rob Davis
Seated: Geoff Stevenson (Chief Executive Officer), Joe Tooma (President)
Inset: Richard Wallace
My first year as Chief Executive Officer of the Queensland Law Society has been full of challenges both in the broader environment and within the organisation.

Legal profession reform has remained high on the Government’s agenda and required QLS to again advocate for a sensible set of measures that will enhance ethical standards, enhance consumer issues, maintain the system of justice and enable the ongoing viability of legal practices in Queensland. Whilst we await the final outcome, the latest indications from the Government are that the changes will be reasonable when measured against these objectives.

At the same time, insurance issues arose. Whilst our primary objective was to work with the Government and other key stakeholders to develop real solutions, we also had to combat knee-jerk reactions and sensationalist media reporting, and to defend the role and performance of our members and the legal profession. A positive outcome from the process of addressing these issues has been the development of closer working relationships and a better understanding of issues of mutual concern between QLS and Attorney-General Rod Welford and his senior departmental officers.

The difficult insurance market also meant that the process of negotiating professional indemnity insurance for members required substantial effort by senior QLS staff, incl and Executive Committee members. The end of April 2002 negotiations were finalised but progressing satisfactorily.

Organisationally, changes in the way your Society operates were clearly necessary. The most important foundations put in place include a better corporate governance structure, and the joint development, ownership and commitment of your Council and QLS staff to a strategic plan for 2002-2005. Within the strategic planning framework, annual business plans have been formulated and projects defined to achieve our goals. This approach will be further developed next year with links to budgets and performance indicators, resulting in an accountable organisation focussed on outcomes.

Member needs and services

 Provision of continuing legal education (CLE) has occurred through delivery of more than 110 events – seminars, conferences, teleconferences and workshops. In response to member needs, and to serve regional members more effectively, greater use of teleconferencing was introduced and more than 3,700 members elected to participate in CLE events this way. A further 2,986 registered and attended CLE events in person.

This record of participation in CLE is encouraging. However, the need to more fully understand member needs for CLE, and for QLS services more broadly, has been identified and planning commenced to conduct what will become an annual member needs and satisfaction survey. The data collected from the survey will enable QLS to match services more closely with members’ current and emerging needs.

Ethics and standards

QLS has given high priority to promoting ethical standards and practices amongst members. This is reflected both in a substantial increase in the number of inquiries received from solicitors about ethical issues confronting them in their practices, and in a 2% reduction in the number of conduct complaints received by our Professional Standards Department.

Our Client Relations Centre has, without doubt, been a key factor in reducing these conduct complaints thanks to its success in resolving consumer concerns at an early stage, thereby assisting members to improve relationships with clients.

The importance of integrity in the operation of trust accounts has also been addressed by making available to the accountancy profession a specialist audit guide to enable auditors to more effectively fulfil their responsibilities when auditing solicitors’ trust accounts. This initiative is expected to substantially improve the quality of audits conducted by accountants and to lead to early detection of any irregularities.

Proctor, our flagship professional journal, has played a key role in this, initiating a series of ethics-related articles based on the considerable experience and knowledge residing in our Professional Standards Department.

Proctor was again a strong financial performer, closing the year under review with a small surplus on direct production costs. The publication plays a pivotal role in keeping members informed of developments within QLS and the broader profession and the publication’s high credibility was again evidenced by the quality of articles submitted by leaders of the profession, including the judiciary.

And in keeping with your Society’s recognition of the role we can play in supporting increasing application of technology in legal practice, Proctor was a foundation sponsor of national technology awards during the year under review when the national award was, satisfyingly, won by a Queensland firm.

Image of the profession

QLS promotes the image of the legal profession and members in many ways and at many levels. For example, 42 members were nominated for Community Legal Awards in recognition of their contribution to pro bono work, with publicity in local media throughout the State. QLS also publishes newsletter of the law which continues to be well received by subscribing members who distribute it widely to their clients.

At another level, our Schools Program promotes the value of the legal system and enhances the image of the profession through the successful high school conflict resolution and mediation competition (SCRAM). This year, 50 Queensland high schools participated, with Pine Rivers State High winning the Queensland finals and the national finals in November 2001. About 50 QLS members acted as mediators and represented the profession admirably in the process. I thank them for their valuable contribution.
The most visible activity in promoting the image of the profession is through the press and electronic media. Our Communication & Public Affairs Department issued 138 media releases during the year – many in response to sensational, simplistic or inaccurate media reports.

We also worked closely with the Law Council of Australia, the Plaintiff Lawyers Association, other law societies, bar associations and other groups to address, in a cohesive way, major issues such as insurance and legal profession reform.

Supporting the system of justice
QLS plays an under-recognised role in supporting the system of justice by reviewing Government proposals for legislation. There were 60 submissions made this year on such disparate topics as the National Competition Policy Review, Property Agents & Motor Dealers Act changes, legal aid costs and fees, issues regarding aged care and retirement villages, public liability and domestic violence.

QLS, assisted by a Queensland Law Foundation grant, published a new Primary Producers Guide and launched the Prevention of Elder Abuse Taskforce (PEAT) strategic plan at Law Society House. Other highlights included leading and facilitating the Children’s Forum, organised as part of CHOGM, and supporting the Commercial Lists program initiated by The Hon. Paul de Jersey AC, Chief Justice of Queensland.

On the international front, we have supported the legal profession in a number of Pacific nations with practical assistance and grants – most particularly Fiji, the Solomon Islands and Vanuatu.

Mr Chen Young, the President of the Fiji Law Society, attended Symposium 2002 and signed a Memorandum of Understanding between our societies to significantly enhance the mutual interests of our respective legal professions.

On 26 May 2001 we signed a Memorandum of Understanding with the Shiho-Shoshi Lawyers’ Association of Saitama in Japan to facilitate a beneficial and cooperative relationship between Queensland and Saitama legal practitioners.

Another key initiative that QLS started during the year was a Centre of Legal Excellence in Queensland to promote our legal profession interstate and overseas, facilitating access to new markets.

Corporate governance
Refinement to the corporate governance of QLS has been an ongoing program since the Council and senior management strategic planning workshop held in February 2002. Council roles, functions and structure have been reassessed and improvements made to a range of Council processes and the committee system.

Future
Your Society has entered an exciting time in its history. This has demanded, and will continue to demand, changes in our service delivery. For QLS to achieve its business goals in the light of the rapidly changing environment, attention will continue to focus on:

- developing more responsive products and services
- addressing competition from external providers of continuing legal education
- providing more user-friendly ways to deliver our services to members
- continually improving the ethical standards, and community understanding, of the profession
- improving member awareness of what we do for members
- increasing the value of membership.

Conclusion
I would like to sincerely thank all Council members and QLS staff for their considerable support during my first year as Chief Executive Officer. We have established a blueprint for the next three years which is being vigorously progressed.

The enthusiasm to implement the strategies we have established augurs very well for the future.

Geoff Stevenson
Children's Forum – CHOGM
QLS hosted and organised an international forum on children’s legal issues under the auspices of CHOGM. Topics included the age of childhood and its legal ramifications, discipline and children's rights in education, the legal representation of children and the impact of the media.

From left: QLS President Joe Tooma, with forum delegates Malaysian solicitor Aneeta Kulasegaran, Legal Policy Officer, Tasmanian Commission for Children, Rhonda Anthony.

QLS Indigenous Student Scholarship
Three students from North Queensland benefited from a new QLS university scholarship for indigenous students studying law. Inaugural winners were Lorraine Blanco from Cairns and now at Griffith University; Shannon Frazer from Gordonvale, now studying at Queensland University of Technology; and Benjamin Johnson from Cranbrook, studying at James Cook University.

From left: QLS President 2000-2001 Raoul Giudes, Lorraine Blanco, her aunt Leonie Brown, Queensland Attorney-General Rod Welford

QLS supports Fiji Law Society
Following meetings with Fijian Chief Justice Sir Timoci Tuivaga and the Council of the Fiji Law Society where QLS offered its practical support, a ‘twinning’ reciprocity agreement was formalised with the exchange of signed certificates.

From left: QLS Councillor Glenn Ferguson, President of Fiji Law Society Chen Young, QLS President Joe Tooma, QLS President 2000-2001 Raoul Giudes

Queensland wins
Queensland won the national Schools Conflict Resolution & Mediation (SCRAM) competition for the first time since the competition went national in 1998. Over 120 schools competed. QLS President Joe Tooma presented Pine Rivers State High, the winning team, with the $4,000 first prize.

From left, front: Latisha McKee, Melissa Milne, Adele Osborne, Ashleigh Turner, Travis Bell; back, from left: Sara White, Member for Kurwongbah Linda Lavarch, QLS President Joe Tooma, Isaac Braiden

Employer of Choice Awards
At the instigation of the Equalising Opportunities in Law Committee, QLS conducted the inaugural Employer of Choice Awards, presented at Symposium 2002. Hatzis Lawyers of Sunnybank won the award for a legal practice with less than 10 solicitors. Harmers Workplace Lawyers won the award for a legal practice with more than 10 solicitors.

From left: George Hatzis and Denise Hatzis of Hatzis Lawyers, QLS President Joe Tooma

Elder Abuse Reform
A pioneering plan to combat abuse of the elderly was launched in February at Law Society House in Brisbane. The Strategic Plan for the Prevention of Elder Abuse in Queensland follows a two-year project which examined the physical, financial and emotional abuse inflicted on elderly Queenslanders, and ways to eliminate such abuse.

From left: Chief Magistrate Di Fingleton, QLS President Joe Tooma, Minister for Families Judy Spence, Australian Pensioners & Superannuants League President Yvonne Zardini
The Queensland Law Society is an independent legal professional body representing some 5800 members.

A comprehensive range of professional programs and other facilities to assist the State’s solicitors to deliver efficient and competitive legal services is provided by QLS.

It is governed by a Council of solicitors elected by QLS members. The Attorney-General nominates a lawyer to represent the Government on the Council.

QLS is defined as a statutory authority in accordance with the 1985 amendment to the Financial Administration & Audit Act.

Since 1927, QLS has had specific statutory responsibilities regarding the regulation and discipline of solicitors in Queensland. Additionally, QLS has objectives which mirror the traditional obligations of any professional association including preserving and maintaining the integrity of the profession.

QLS was incorporated under the Queensland Law Society Act 1927, and that Act, as amended from time to time, was consolidated into the present Act in 1952. The Queensland Law Society Act 1952 contains a scheme of clearly identifiable statutory obligations.

**Statutory obligations**
- Complaints and discipline
- Trust account controls
- Receivership of trust property
- Management of the Legal Practitioners’ Fidelity Guarantee Fund
- Audit investigations
- Management of the General Trust Accounts Contribution Account
- Registration of the profession

In addition to its statutory obligations and general objectives, QLS devotes considerable resources to public activities undertaken for the benefit of the community.

For example, the Schools Program aims to improve legal awareness amongst secondary school students. The program provides plain English resources such as the quarterly Broker magazine and school resource packs. QLS professional staff visit schools and arrange for solicitors to speak to them about legal issues.

**Public activities**
Representatives of the Council of QLS serve in a broad range of other public roles: the Solicitors’ Admission Board, Supreme Court Library Committee, and the law faculties of universities.

QLS is also represented on Court Liaison Committees in all jurisdictions in Queensland and on a number of ministerial standing committees.

As well as a significant involvement in matters of public legal education, QLS runs a statewide Speakers’ Bureau for schools, business and community groups.

**Stakeholders**
QLS has a wide range of stakeholders, including:
- Our members
- The legal profession
- The Queensland Government
- The judiciary
- The people of Queensland
- Government agencies
- Advocates for law reform
- Legal educators
QLS Strategic Plan 2002-2005

The QLS vision is: ‘QLS will be recognised for its leadership and promotion of a strong, independent profession of the highest integrity which serves and protects the community according to law and justice.’

QLS goals and strategies through to 2005 are:

**Goal 1**
Ensure QLS understands members’ current and future needs and delivers relevant valued services.

*Strategies:*
- understand member needs and deliver high-valued services and benefits;
- continually improve customer service, flexibility and efficiency in service delivery.

**Goal 2**
Promote member conduct that meets the highest standards of integrity and ethics.

*Strategies:*
- ensure a regulatory system that is transparent, credible and based on clear, professional standards;
- continually educate and inform the profession on importance of integrity and ethical conduct.

**Goal 3**
Improve public image of QLS and the profession.

*Strategies:*
- promote positive corporate image of QLS and positive image of the profession;
- improve relationships with stakeholders through effective consultation and communication.

**Goal 4**
Improve QLS’s capacity to support justice system and improve legislative outcomes.

*Strategies:*
- identify emerging issues of relevance to the profession and take a lead role in addressing them;
- enhance targeted stakeholder relationship management, especially with government.

**Goal 5**
Implement corporate governance system for QLS to enhance strategy and policy formulation and provide appropriate accountability and performance monitoring.

*Strategies:*
- review and continually improve QLS’s corporate governance system to ensure it meets best practice.

**Goal 6**
Ensure QLS resources are directed to achieving targeted priorities, projects and activities.

*Strategies:*
- implement strategic planning process and management approach that links goals with annual business plans, budgets and performance management;
- align QLS organisation structure and resources to achieve annual business plan.
QLS Business Plan 2002-2003

The Business Plan is the tactical implementation of aspects of the Strategic Plan.

Goal 1 – meeting member needs

Strategy 1.1
Understand member needs and ensure that highly-valued services and benefits are delivered to members.
- develop a strategic marketing plan: undertake independently conducted annual market research and member surveys; incorporate action plan into annual business plan.
- design annual member needs & satisfaction research survey, ensuring research covers services, current and future needs, emerging practice needs.
- implement member research program and conduct member focus groups and surveys; include analysed results in half-year review of business plans and budget.
- identify QLS competitors for benchmarking; develop options for improvement.
- provide members with tools to assist them in their practices, including risk-management strategies.

Strategy 1.2
Continually improve member service, flexibility and efficiency in delivery of services.
- redesign QLS website to meet member needs.
- use survey results to identify new services or services needing improvement, deletion, or upgrading.
- ensure members receive priority communication on new laws.

Goal 2 – professional standards and discipline

Strategy 2.1
Ensure a system of regulation that is transparent, credible and based on clear, professional standards.
- complete Model Conduct Rules project – subject to Law Council of Australia timeframes.
- form Ethics Committee and appoint high-profile chair and members.
- inform Attorney-General of Committee charter.
- committee to advise on ethical practice and issues, further develop ethical guidelines and advise on implementation.
- review disciplinary system and recommend improvements; appoint independent consultant to assist in review; address victim impact statements issue.
- promote process and outcomes to public.
- research causes of unethical conduct and practices; implement preventative and early detection initiatives.

Strategy 2.2
Continually educate and inform profession on importance of integrity and ethical conduct.
- provide continuing education and information to practitioners on ethical standards and practices through Proctor, seminars, papers, and the media.
- review ethics content of legal practice courses for undergraduates, articled clerks and practice managers.
- identify strengths and weaknesses of ethical content and provide feedback to course providers with recommendations.

Goal 3 – image and communication

Strategy 3.1
Promote positive corporate image of QLS and the profession.
- develop and implement strategic communications plan and annual action plan.
- re-define QLS corporate image – logo, name, branding, perceptions of functions such as regulatory role and member representation.
- develop initiatives highlighting positive aspects of profession.

Strategy 3.2
Improve stakeholder relationships through consultation and communication.
- initiate and maintain relationships with other professional bodies.
- build relationships with business, unions, industry, academia, community groups such as churches, sporting groups and clubs.

Goal 4 – contributing to our justice and legislative system

Strategy 4.1
Identify emerging issues of relevance to the profession and take a lead role addressing them.
- develop policy capacity to identify issues and develop strategic responses.
- seek government involvement or representation on QLS Committees which would benefit from such input.

Strategy 4.2
Refine targeted stakeholder relationship management, especially with government.
- conduct ‘contact’ audit.

Goal 5 – corporate governance

Strategy 5.1
Review and continually improve QLS corporate governance system to maintain best practice.
- develop QLS corporate governance policy manual.
- implement induction and briefing process for Council.
- improve Council processes.
- review Committee structure, functions and operations.
- develop Committee charters.

Strategy 5.2
- assess Council structure and size.
- consider presidential term.
Executive Profiles

Chief Executive Officer

Geoff Stevenson B Econ BA MPA (UQ) FCIT FIPAA MAICD MAIAL

Geoff Stevenson commenced as Chief Executive Officer on 16 July 2001. He brings to the role 20 years experience as a Chief Executive Officer and a Deputy Chief Executive Officer. His career background includes being Director-General of Transport and Director-General of the Department of Public Works, two of the largest Departments in the Queensland Government. His Board and Statutory Council experience is vast. It includes Chairmanships of the Ports Corporation of Queensland, the Port of Brisbane Corporation and the Gold Coast Waterways Authority; and Directorships of Queensland Rail, Austroads and the Australian Institute of Marine Law. He is a recipient of the University of Queensland post-graduate prize for outstanding academic achievement in the Master of Public Administration degree. Prior to his appointment as CEO he was Queensland Legal Ombudsman.

Director Secretariat and Secretary to the Society

Linda Dreghorn BA LLB

Linda Dreghorn is a graduate of the University of Queensland holding Bachelor of Arts and Bachelor of Laws degrees. She was admitted as a solicitor of the Supreme Court of Queensland in 1985 and worked in private practice in both Mackay and Brisbane before joining the Queensland Law Society in 1992. She was appointed Director of the Secretariat and Secretary to the Society in June 2001.

Director Professional Standards

Keith Thompson BCom LLB

Keith Thompson is a graduate of the University of Queensland. He has a Bachelor of Commerce and a Bachelor of Laws. He was admitted as a solicitor of the Supreme Court of Queensland in 1978. Following employment in private practice, he joined the Law Society in 1982. His role was to undertake receiverships of solicitors’ trust property and to administer the Fidelity Guarantee Fund. He was appointed Acting Director of the Professional Standards Department in September 1993 and Director of the department in March 1994. He was also Secretary to the Society from February 1996 until June 2001.

Director Member Services

Ann-Maree David BA LLB Grad Dip LP LLM

Ann-Maree David was appointed Director of Continuing Legal Education in 1999, having been Acting Director since April 1998. Formerly the manager of the seminars division of the department, she holds Bachelor of Laws and Master of Laws degrees from the Queensland University of Technology and a Bachelor of Arts Degree from Griffith University. She was admitted as a Solicitor of the Supreme Court of Queensland in 1992 and worked in private practice until joining the Queensland Law Society in 1994.

Director Finance

Murray Fox BBus (Acc)

Murray Fox completed a Bachelor of Business (Accounting) at the Queensland University of Technology and completed the Institute of Chartered Accountant’s Professional Year in 1981. He joined the Queensland Law Society in 1988 as Financial Controller, and was appointed Director of Finance in 1993. Previously, he was with the Department of the Auditor-General. He has also worked with major accounting firms, including Touche Ross and Bentleys.

Director Communication and Public Affairs

Daphne McKenzie

Daphne McKenzie joined the Queensland Law Society in 1998 to manage the Public Relations and Marketing Unit, and in 2001 was appointed Director of Communication and Public Affairs. She came to the Society from the Federal Department of Employment, Education, Training and Youth Affairs (DEETYA) where she was State Public Relations Manager and prior to that, State Journalist. Before joining DEETYA, she was on the personal staff of the Australian Foreign Minister.

Director Schools Education

Anthony Gray BBus LLB (Hons) LLM Grad Dip Leg Pract PhD

Dr Anthony Gray is a graduate of Queensland University of Technology, holding Honours and Masters degrees in law and a degree in business. He completed his PhD at the University of New South Wales in 1997. Following a period of employment in private practice, he joined QLS in 1995 and was appointed a director in June 2000.
Departmental Reports

Secretariat
The Secretariat provides legal and compliance advice to QLS, numerous regulatory functions and policy coordination, and maintains member records.

The Secretary has many responsibilities under the Society’s Act and Rules, particularly in relation to practising certificates, QLS’s regulatory obligations, maintaining the roll of members, Council elections and the annual general meeting. The department has been actively involved in negotiating professional indemnity insurance on behalf of the profession, and also is the first point of reference for the profession in relation to a range of issues related to practising law in Queensland – including professional indemnity insurance, sharing of premises and of receipts, bankruptcy and general practise requirements.

The staff solicitors of the Secretariat are responsible for providing advice to the Council, the President, the Executive Committee, QLS departments and sub-committees of the Council. They also research legal matters affecting the Society’s operations and the affairs of the profession generally. In addition, the Secretariat is regularly called upon to make submissions on behalf of QLS to both State and Federal governments on a range of issues, and these submissions are often generated by the sub-committees of Council which are coordinated by the Secretariat. The Secretariat currently provides direct support to more than half of the sub-committees of Council, with members of the department representing QLS on outside boards and committees to further the interests of the profession. The research division is also responsible for ensuring QLS compliance with the Freedom of Information Act 1992 (Qld) and the new Queensland privacy guidelines.

Membership Records is responsible for maintaining the database of all Queensland solicitors. It is responsible for the issue and renewal of practising certificates, third party trust account authorities, certificates of fitness and generally anything that involves membership records.

During the reporting period, 718 solicitors were admitted and a total of 5,817 practising certificates were issued.

Statistics for the profession are set out on pages 17 and 18.

Professional Standards
The department’s primary functions include investigation of written complaints of unsatisfactory professional conduct by solicitors or their employees, examination of solicitors’ trust accounts, management of the Fidelity Guarantee Fund, receivership of solicitors’ trust property and resolving consumer concerns between client and solicitor.

There were 456 new written complaints regarding unsatisfactory professional conduct. This compares with 529 the previous year and 751 in the 1999/2000 year. The downward trend in written complaints received in the past two years underlines the value of the resolution of consumer concerns between client and solicitor achieved by the Client Relations Centre since its commencement in December 2000.

From 18 completed prosecutions initiated by Professional Standards through the Solicitors Complaints Tribunal, there were 11 solicitors struck from the roll and four solicitors suspended for various periods. Another solicitor was fined and a further order that a clerk, previously employed in a solicitors’ office, not be employed in a legal practice in Queensland in the future. One other prosecution resulted in the charge not being proven.

Client Relations Centre – The Client Relations Centre (CRC) deals with telephone and written concerns regarding dissatisfaction with the service clients have received from their solicitor.

CRC provides a free service which endeavours to eliminate the protracted formal complaint process by resolving quickly and efficiently any problems which have emerged between client and solicitor.

CRC officers respond to written concerns from consumers in relation to delays, lack of communication, costs beyond expectation and delivery of files.

During the past year, CRC’s first full year of operation, 734 written concerns were received and 695 resolved, a 95% success rate.

CRC also handled in excess of 10,000 telephone inquiries regarding consumer concerns, requests for solicitor referrals, and ethical inquiries from practitioners.

Audit Division – The division provided significant assistance to solicitors, their bookkeepers and auditors regarding their duties and responsibilities under the Trust Accounts Act and Regulations.

During the year there were 161 examinations of solicitors’ trust accounts conducted and reported on under Section 31 of the Queensland Law Society Act.

From these examinations, eight resulted in a decision to bring charges of professional misconduct against practitioners before the Solicitors Complaints Tribunal, two of these have been heard and in both cases the Tribunal ordered the solicitor’s name be struck off the roll.

Charges from previous years against solicitors for professional misconduct by the Audit Division to the Solicitors Complaints Tribunal were also heard during the year, resulting in four solicitors’ names being struck off the roll, giving a total of six for the year.

There were four receiverships of solicitors’ trust property during the year which involved the department investigating trust account records and facilitating the distribution of client files, safe custody documents, and other trust property.

Departmental officers were also appointed co-signatories to the trust accounts of six solicitors under section 10 of the Queensland Law Society Act.

Member Services
Following a management review of the Society in 2001, the Department of Member Services was created by merging the previous Continuing Legal Education Department (CLE), the Members’ Library, Proctor and Member Benefits.

CLE – acknowledged as an ongoing aspect of professional responsibility, CLE assists members maintain and enhance their knowledge of the law and practice. Operating on a cost-recovery basis, CLE delivers tailored professional development.
solutions, concentrating on the latest legislation, case law and professional issues. Use of technology such as teleconferencing, e-papers, online delivery and regional initiatives means members across the State gain equitable access to CLE products and services.

CLE delivered more than 80 seminars and an expanded range of conferences during the year and additional projects included expansion into e-learning initiatives and a new system for information dissemination. Electronic delivery of CLE programs is being expanded and three online products have been developed: e-linked papers allow efficient access to seminar papers via the QLS website, with the advantage of hyperlinks; online audio and transcript files of teleconference presentations are delivered via the QLS website; and an interactive e-learning program offers full instructional design, also delivered via the QLS website. Demand saw an increase in the number of dual-format activities – live Brisbane-based programs broadcast statewide via teleconference – which have expanded the reach of CLE activities by 30%.

Over 50% of registrations are now generated from the QLS website, online registration for conferences has been introduced, and online registration for all activities is to be introduced in the next year.

Specialist Accreditation is an expanding area and one-day ‘advanced’ activities in personal injuries and family law are now an established part of the CLE program. These will now extend to the new specialist accreditation areas of succession and property law and programs on both will run in the second half of 2002. Two new conferences were introduced in the period under review; one on personal injuries and one on property law.

One conference on each area of specialist accreditation will be held in the coming year. Programs for accreditation in family law and personal injuries were run in 2001: 17 practitioners gained family law accreditation, bringing the total of family law accredited specialists up to 129; and 25 practitioners gained personal injuries accreditation, increasing the number of PI accredited specialists to 124.

Practice Management Course is a mandatory training requirement for practitioners admitted after 1 December 1988 who want a principal-level practising certificate. The course is run with the assistance of the University of Queensland. During the period, 114 practitioners successfully completed the full course.

Members’ Library – the library information request service was busier than ever, with over 25,500 requests for information satisfied by library staff. There were almost 5,000 visits from members and their staff to the library to conduct research over the last year. The library newsletter, ADDLIB, is published bimonthly and distributed via managing partner emails. Grants from Queensland Law Foundation were used to expand the library’s collection of journals, law reports, texts and, in particular, legal ethics texts.

Proctor – our monthly professional magazine continued to help keep members informed of developments in case law and legislation, as well as featuring articles on current and topical issues affecting the profession. The magazine maintained its high level of readership and is now distributed to all Queensland judges and magistrates and all Queensland politicians, making Proctor an important public platform for QLS policy and opinion. During the period Proctor helped set the agenda in such areas as practice management and technology, Uniform Civil Procedure Rules, mortgage investments, workplace bullying, environmental law, equity law, and professional ethics. Financially, the publication again achieved a surplus on direct costs, exceeding budgeted income.

Member Benefits – during the period, QLS negotiated or maintained relationships with the Commonwealth Bank, Telstra, Hertz Australia, Australian Discount Shopping Service, Caltex, Harvey World Travel, Seek Online Recruitment and Associated Planners.

Symposium 2002 – in March this year the program was grouped into five major streams – property, commercial, personal services, litigation and practice management. Over 500 practitioners, barristers, academics and members of the judiciary attended the two-day conference.

Duty Lawyer – QLS accredits practitioners for the Duty Lawyer Scheme run in conjunction with Legal Aid Queensland. A total of 72 practitioners were accredited during the period.

Finance & Administration

During the year one of the charges flowing from the management review was the merger of the Finance and Administration Departments. Also, the publications unit, formerly in CLE, was merged into the department in recognition of the work it performs for all QLS departments.

The department is responsible for the preparation and maintenance of all statutory accounts required under the Queensland Law Society Act 1952, for general administration, and for body corporate administration of Law Society House.

Early in 2002 the Mediation Centre was relocated to the ground floor to improve access and member facilities. A Call Centre was introduced in March 2002 to handle incoming non-direct telephone calls, solicitor referrals, and 10-minute free legal advice referrals. Three full-time staff specialise in the delivery of Call Centre services.

The QLS diary, produced in-house, is well received by the profession and the increased print-run was sold out. The diary is sold to members at cost. A new costing system was developed to detail the full cost of providing identifiable QLS services and legislative functions. As a result cost reviews of QLS services will be ongoing.

In June 2001, QLS Insurance Pte Ltd was incorporated in Singapore and this company acted as a reinsurer for a $3 million layer in the professional indemnity insurance for the year commencing 1 July 2001. The primary insurer was again APPIII/St Paul.
The department continues to be responsible for all accounting matters relating to the Law Claims Levy Fund from 1987 to 1995. Administration of law claims files is handled by APHIL/St Paul with all claims payments made by QLS. With the introduction of QLS Insurance Pte Ltd, and in recognition of the long-term nature of professional indemnity insurance, a new investment strategy was developed and implemented. The Law Claims Levy Fund investment strategy was also reviewed and updated.

Communication & Public Affairs

The public liability insurance crisis emerged late in 2001 and dominated the Society's public relations and media activities well into 2002. The department ran a comprehensive campaign addressing the public perception that litigation caused the blowout in personal injury compensation claims. The campaign involved government consultation, submissions, information kits for District Law Associations and media relations. QLS efforts were successful in that the facts were included in media reports, and legislative changes in Queensland were not as drastic as those in NSW.

Following the success of the Elder Abuse Forum in 2000, QLS held the Children's Legal Issues Forum in October 2001. Experts from various disciplines, and delegates from interstate and overseas, attended. The forum examined the age of childhood and its legal ramifications, discipline and children's rights in education, the legal representation of children, and children and the media, and recommendations were presented to the Government and other relevant bodies.

A new direction for Queensland's older citizens was the Strategic Plan for the Prevention of Elder Abuse in Queensland, the culmination of two years' work by the Prevention of Elder Abuse Taskforce. The State Government now has carriage of implementation of the plan.

The department organised a statewide campaign to gain government commitment to upgrade school bus safety, amend traffic legislation, ban children standing on buses, and ensure all school buses have seatbelts. The campaign was influential in a State Government decision to form a school bus task force, for which the department wrote detailed submissions. The task force recommended a package of safety upgrades and the 2002 State Budget allocated funds to test school bus safety upgrades.

The theme for Law Week 2001 in Queensland was “the law is for you”. The department's initiatives included media kits, activity kits and a poster competition for children. Several district law associations organised local activities which the department publicised.

Unpaid community work undertaken by solicitors in Queensland was recognised in Law Week by the Community Legal Awards which were initiated by the department in 1999. Nominations are judged by the President of the Court of Appeal, Justice Margaret McMurdo, and the QLS President. One award is presented in each of six regions, and includes a $1,000 QLS donation to a charity of the recipient's choice. The program generates positive media coverage throughout the State.

To assist members with client communication, the department introduced newsletter of the law, which members can subscribe to and which provides updates on the law, case studies, legal information and advice. Members receive the newsletter electronically or in hard copy. Electronic subscribers can change or replace editorial copy to suit their own purposes.

The department gained a Federal Department of Employment, Workplace Relations & Small Business grant to assist regional firms. Following positive feedback, the department made further successful grant applications to the Queensland Law Foundation, allowing the program to be extended across the State. The program aims to improve the business and marketing skills of managing partners and relevant staff.

The QLS solicitor-referral service, a free community service provided by QLS, was streamlined to enable Legal Aid Queensland to provide solicitor-referrals without having to refer the caller back to QLS, thus making it easier for members of the public to contact an appropriate solicitor.

Schools Education

The department published a number of resources for teaching legal issues in schools and publishes Broker, a quarterly publication to keep school-based readers updated with changes in the law.

New resource packs for legal studies in the areas of medico-legal issues, organ transplants, and refugees were also published.

The department produced five teaching modules to encourage teachers to use legal materials in lower secondary teaching, including modules on crime and society, families and the law, and mediation.

A large number of professional development opportunities for teachers of legal studies are offered by the department around the State and presentations were made at teacher conferences and workshops in Brisbane, Maryborough, Rockhampton, Cairns and Townsville.

The annual legal studies conference in 2001 was held at Parliament House, attracting more than 150 teachers.

More than 90 schools across the State were visited at least once during the year, in keeping with our aim of offering our services to as many schools as possible. The popular mock parliaments expanded from two to four, to include Townsville and the Gold Coast.

In November 2001, QLS hosted the national Schools Conflict Resolution and Mediation Competition final and, for the first time since the program became national, a Queensland school, Pine Rivers State High, won the national event. Our excursion booking service has proved to be popular with schools – we arrange for students to speak with a judge and visit a court, Parliament House, the Police Museum, the Supreme Court Library and other legal venues, to further their legal education. In the first few months of 2002, bookings for more than 90 schools were made.

The activities of the department are supported with funding grants from the Grants Committee, the Departments of Justice and Education, and Queensland Law Foundation.
# Statistics of the Profession

## Practising Certificates Issued

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Level</td>
<td>2057</td>
<td>2350</td>
<td>2284</td>
<td>2314</td>
</tr>
<tr>
<td>Conditional Level</td>
<td>201</td>
<td>221</td>
<td>404</td>
<td>521</td>
</tr>
<tr>
<td>Employee Level</td>
<td>1676</td>
<td>2253</td>
<td>2844</td>
<td>2982</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3934</td>
<td>4824</td>
<td>5532</td>
<td>5817</td>
</tr>
</tbody>
</table>

*Overall 10 year increase 47.8%*

## Admissions to Practise in Queensland

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>400</td>
<td>536</td>
<td>629</td>
<td>718</td>
</tr>
</tbody>
</table>

*10 year increase 79.5%*

## Membership

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>3390</td>
<td>4967</td>
<td>5516</td>
<td>5784</td>
</tr>
<tr>
<td>Associate Members</td>
<td>27</td>
<td>30</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Complimentary Members</td>
<td>1</td>
<td>36</td>
<td>44</td>
<td>50</td>
</tr>
<tr>
<td>Honorary Members</td>
<td>8</td>
<td>8</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3999</td>
<td>5011</td>
<td>5600</td>
<td>5878</td>
</tr>
</tbody>
</table>

*Overall 10 year increase 47%*

## Accredited Specialists

<table>
<thead>
<tr>
<th>Item</th>
<th>2000/2001</th>
<th>2000/2002</th>
<th>Percentage increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Law</td>
<td>114</td>
<td>129</td>
<td>13.2</td>
</tr>
<tr>
<td>Personal Injury</td>
<td>103</td>
<td>124</td>
<td>20.4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>217</td>
<td>253</td>
<td>16.8</td>
</tr>
</tbody>
</table>

## Client Relations Centre

<table>
<thead>
<tr>
<th></th>
<th>2001/2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written concerns received</td>
<td>734</td>
</tr>
<tr>
<td>Resolved</td>
<td>695</td>
</tr>
<tr>
<td>To be finalised</td>
<td>39</td>
</tr>
</tbody>
</table>

*95% resolved*
Statistics of the Profession

Geographical distribution of solicitors practising in Queensland

Age of solicitors practising in Queensland

Gender of solicitors

Female 31%
Male 69%
QLS Committees

The role of committees is to assist the QLS Council develop policies and responses to government on proposed legislative amendments. Committees may review legislation and discuss its impact on practitioners and the public and seek appropriate amendments to legislation where problems are identified. Committees also provide a forum for consideration of practical problems and dissemination of information to members. Some committees serve quite specific purposes in performing the Society’s statutory functions.

Membership of committees is voluntary and nominations are reviewed by the President and approved by Council each year. The committee system provides Council with the opportunity to select from a wide cross section of the profession to ensure the appropriate mix of age, gender and experience on committees.

Access to Justice/Pro Bono
(committees combined 1 January 2002)

P J Mullins (Chair)
L E Bretherton
M D Byres
K J Carl
J K Cockburn
P A Conroy
A B C Douglas
B J Doyle
B J Hamilton
P J Heraghty
B S Hughes
C C Hughes
S Kift
M J Lawler
Dr J G Mann AM
Prof M McGregor-Lowndes
C A Morrison
M G Mullins
R J Reed
L S Reidy
P S Russo
D G Searles
G G Shoebridge
D G Thorne
A H Woodyatt
T P Byrne*

Retired
J A Harrington 17 December 2001
A R Forbes 15 March 2002
S J Daveson 26 March 2002

Accident Compensation
G A Murphy AM (Chair)
T S Balaam
The Hon. Mr P Braddy
J P Cameron
S S Carter
R J Davis
P C Eardley
S A Falvey
M R Garbett
R M Glades
D Hamblin
J Hand
B P Kilminster
P Koutsoukis
R A McConaghy
M A Miller
L T Murphy
M A O'Connor
G P O'Driscoll
J N L Finder
K A Ryan
T Schultz
The Hon C A Sciacca MHR
G R Senior
N Singleton
M J Smith
K M Splatt
W H Tutt
P H Worthy
B B O'Donnell*

Retired
S P Charles 29 June 2001
G W Ferguson 1 January 2002
D M O'Brien 1 January 2002
S P Charles 29 June 2001

Administrative Law
A C Wood (Chair)
M E H Anning
P G Callaghan
J K Cockburn
P L Friedman
R G Hancock
D F Ingwersen
D M McCann
W J Mitchell
L T Murphy
D G Thomas
T P Byrne*

Retired
T A Allingham 27 September 2001

Aged Care & Retirement
R A Lyons (Chair)
S M Field
B J Herd
G J Hutchinson
T J Longvill
R J Monro
A S O'Connor
R J Silver
M R Streeting
D C D Sutherland
P Wilson
J D Wrathmall
M P Zgrajewski
T P Byrne*

Retired
G R Chapman 5 November 2001

Alternative Dispute Resolution
O Rinaudo (Chair)
Dr N M Alexander
M E H Anning
D G Bancroft
G C Fox
K L Johnston
B R Kasten
M O Klug
P J Mullins
K L Rash
G W Rooney
P B Scott
M J Shirley
G G Shoebridge
G R Smith
G J Vickery AM
B D Welski
T P Byrne*

Retired
Assoc Prof G Clarke 25 October 2001
M P Corkery 13 November 2001
W K Lehmann 8 April 2002
QLS Committees

**Audit**
M J D Meadows (Chair)
P A Conroy
G W Ferguson
T M Sullivan
M A Fox*

_Retired_
R H Wallace 25 July 2001

**Banking & Finance Law**
A MacGillivray (Chair)
G Brown
Prof B J Collier
J R Cowen
J A Czinki
R Danen
R J Dennings
K D Dorney QC
J N Gallimore
D McGill
J W Mountford
P M O’Shea
P L Pennington
A J Shearer-Smith
G T Smith
Assoc Prof C Turner
C L Uhr
C C Wappett
P J Armstrong
L M Dreghorn*

**Children’s**
J A Harrington (Chair)
D Atkinson
S J Cleary
N L Davies
S Ganasan
M J Giles
P R Hall
T J Herbert
K Mandla
W J Mitchell
L Moynihan
G J Quinlivan
T J Ryan
L. Selby
N J Straker
J L Wright
L Willmott
T P Byrne*

_Retired_
R M Giudes 30 August 2001
P J Mullins 1 January 2002

**Claims**
M J D Meadows (Chair)
B D Bartley
P D Carne
R M Giudes
L M King
P J Mullins
G J Rapp
J A Tooma

**CLE**
M J Crouch (Chair)
C A Brewer
M L Carkeet
A P Coleman
G M Cranney
S M Field
M L Logan

J R R Miller
P Wilson
A-M David*

_Retired_
P W Evans 15 March 2002

**Company Law**
G J Vickery AM (Chair)
R J Burrell
N F Coburn
Prof B J Collier
F L Connolly
J R Cooper
J R Cowen
B C Cowley
S A Cranston
D J Grace
T G Handicott
A G Hay
J B L Heading
J J Hutton
A E Knox
P Little
D R Magarey
Prof M McGregor-Lowndes
R C McNally
T C Reid
G M Tanzer
Prof P E von Nessen
Assoc Prof M J Whincop
L M Dreghorn*

_Retired_
P A Jolly 20 February 2002

**Construction Law**
R S Williams (Chair)
R D Backstrom
J L Bicksford
K D Broadfoot
J C Carey
J B Cooper
R V Ensby
J P Feehely
A Fletcher
F M Forde
R A Holt
B S Kelleher
G L Kent
S J Lambert
R P Landsberg
A S Leis
B W Lipman
M J Luxich
W G Morrissey
A C Orange
K L Rash
P B Scott
J Scrivens
C B Sullivan
B R Thomas
T P Byrne*

_Retired_
R W Quick 27 November 2001

**Court Practice & Procedure**
T J McBride (Chair)
D J Abernethy
D A Castley
J H Davies
P D Garrett
W A Hickey
F A Hunter
QLS Committees

Family Law Specialist

Accreditation

D M Leembruggen (Chair)
A J Black
R A Bourne
M F McArdle
W A Westbrook
A-M David*

Family Law

J A Harrington (Chair)
K A Atkins
C J Bowrey
N L Davies
B J Doyle
M J Emerson
H J Prew
J A Hamilton
T A Kane
D P Macpherson
S F Maguire
M F McArdle
T D Nevman
K A Phillips
G G Shoebridge
S M Tonkin
T F Byrne*

Retired

P J Sheehy 14 September 2001
T A Kane 2 April 2002

Franchising & Intellectual Property Law

D C D Sutherland (Chair)
J S Panettiere (Vice Chair)
J E Bywaters
M L Carket
F M Julius
C G Loydy
P A McLaughlin
J M Rigby-King
S M Young
T F Byrne*

Retired

G J Barnes 5 June 2001
P W Evans 7 August 2001
A J Bates 5 October 2001
P J Scanlan 7 March 2001

Government Lawyers

F M FitzPatrick (Chair)
H M Baldwin
D G Bancroft
R M L Beer
D G Campbell
N R N Camphorst
A R Chadwick
L G Clarkson
R D Duhig
D N Durack
M R Green
G E Klein
M L Logan
F G Wedge
A-M David*

Retired

T G Beale 29 May 2001
P L Friedman 10 October 2001
M P Corkery 13 November 2001
D M Askern 23 November 2001

QLS Committees

S M Jackson
M G Johnston
J A McDonnell
L J Preston
S C Russell
J E Tudberry
R G Whitton
J J Tracey*

Retired

S B Collins 9 August 2001
M P Corkery 13 November 2001

Criminal Law

L S Reidy (Chair)
M F Bosscher
T A Browne
C J Callaghan
G M Cranney
D J Creevey
M P J Deed
B G Devereaux
R L Devereaux
T W Fisher
J E Magoffin
K E Manning
J D Mawson
J W McDonald
L R Middleton
P T Murphy
M E O’Connor
T F O’Gorman
W M Potts
M P Quinn
P S Russo
B B O’Donnell*

Retired

J A Hopes 25 July 2001

Electronic Conveyancing

J A Tooma (Chair)
S A Christensen
R J Dennings
A L Greenhow
Dr A J McCullagh
R G Perrett
R H Seymour
T M Sullivan
R A Trigge
L M Dreghorn*

Equalising Opportunity in Law

G H Kahlert (Chair)
S J Booth
F A Conroy
T C M Hutchinson
S A Kane
H L Loban
J R Logan
G M Neal
G J Quinlivan
A L Ross
M P Ryan
J A Tooma
K M Tolusch
A N Weller
F S Yeang
A M Roche*

Retired

S F Purdon 2 January 2002
## QLS Committees

### Grants
- B P Kilmartin (Chair)
- S J Cleary
- M J Lawler
- T M Sullivan
- J A Tooma

**Retired**
- P D Carne 5 December 2001
- R M Giudes 5 December 2001
- V C McCarthy 5 December 2001
- T J O’Dwyer 5 December 2001

### Industrial Law
- E A Milner (Chair)
  - J K Cockburn
  - A J Coulthard
  - P J Gallagher
  - S A Kane
  - B P Kilmartin
  - D R Miller
  - F Russell
  - S A Sullivan
  - B F Ward
  - D C Williams
  - B B O’Donnell*

**Retired**
- E A Milner 3 June 2001
- T A Allingham 27 September 2001

### Insolvency
- J N Conomos (Chair)
  - B J Bathersby
  - J L Bickford
  - P R Box
  - J W C Broadley
  - R S Butler
  - Prof B J Coller
  - L M Copley
  - J B Daniel
  - P Kar
  - K J Kimball
  - I D Kindermann
  - G J Litster
  - P A Mifsud
  - L S Nash
  - P Y Pan
  - D F Pennicott
  - S B Roberts
  - G W Rodgers
  - S C Russell
  - J L Saunders
  - P W Sayer
  - A J Wilson
  - B B O’Donnell*

### Insurance Law
- A S Anderssen (Chair)
  - J P Cameron
  - J D Kent
  - P M Murdoch
  - G A Murphy AM
  - L D Pimner
  - J Power
  - M S Sammut
  - P A Tully
  - J D Wrathmall
  - A M David*

### International Relations
- S M Greenwood (Chair)
  - J Corrin-Care
  - G C Fox
  - R M Giudes
  - D P McFadden
  - Dr R G Mortensen
  - I G Prentice
  - A J Savage
  - R Thompson
  - B D White
  - R J B Winter
  - D G Stevenson*

**Retired**
- V Q Tran 7 June 2001
- G W Ferguson 31 July 2001
- M A Kleinig 22 March 2002

### IT & T
- J V Swinson (Chair)
  - J A Aboud
  - A C W Austin
  - J L Bickford
  - P T Bolam
  - A Davidson
  - J R M Frenche
  - R J Field
  - P D Green
  - N Hooper
  - P A Hourigan
  - Dr C G R Lawson
  - P McDonald
  - P Mendes
  - S D G Newcomb
  - N O’Brien
  - M J Sparksman
  - Dr A D Gray*

### Lawcare
- G P D Maskiell (Chair)
  - P A Conroy
  - A J Crooke
  - S A Falvey
  - G J Moroney
  - S G Quintan
  - R W Spencer
  - K M Tolech
  - T P Byrne*

**Retired**
- B H Crawford OAM 9 October 2001
- P R McColl 3 April 2002

### Legal Education
- M J Crouch (Chair)
  - K M Chapple
  - A J Chay
  - Prof M Cope
  - Prof J Dewar
  - Prof P A Fairall
  - Prof M E Hiscock
  - E J P F Lennon QC
  - G Orr
  - L Taylor
  - G J Vickery AM
  - Prof J H Wade
  - A M David*

**Retired**
- A A Rouyanian 11 September 2001
- Dr K Vaggelas 11 September 2001
QLS Committees

Library
M J D Meadows (Chair)
P A Conroy
G W Ferguson
K M Lihs*
A-M David*

Management
R H Wallace (Chair)
R S Ashton
R J Davis
R A Geldard
L D Pommer
W Melzer*
Retired
P A Conroy 26 July 2001

Marketing
(disbanded 25 October 2001)
J A Tooma (Chair)
I M Berry
A S Biggar
S M Greenwood
B F King
M T Mole
M D Yarwood
D L McKenzie*

Mentoring Steering
(disbanded 27 August 2001)
C C Endicott
R V Forgione
A F Ghusn
J A Nagel
J S P O’Keeffe
W T Purcell
S F Purdon
D G Searles
T P Byrne*

Mortgage Lending
(disbanded 18 April 2002)
K R Copley (Chair)
T J Boyce
P J Dickenson
M McIvor
P J Morgan
R W Spencer
D J Frankish*

Personal Injury Specialist
Accreditation
J N L Pinder (Chair)
J A Bligh
W G Bradley
F McGlone
R E R Miller
M T Morton
J C Remnick
A-M David*

Plain English
R M Macdonald (Chair)
J Buttner
A D Clark-Dickson
D A Henderson
N J Noble
T B Ogge
G M Ryan
J A Tooma
Dr A D Gray*

Retired
A J Deane 27 March 2002
W T N Ferguson 27 March 2002
A M Hancock 25 April 2002

Planning & Environment
R R Bowie (Chair)
G J Banks
L M Bowie
C O Harkness
T M Knauer
C F MacKenzie
R M Meurling
P J Rowell
B W Smith
K M Trainor
I B Walker
L M Dreghorn*

Practice Course
(discombined with Access to Justice Committee 1 January 2002)
Dr J G Mann AM (Chair)
P J Mullins
L E Bretherton
K J Carl
S J Davison
A R Forbes
P J Heraghty
C C Hughes
M J Lavler
Prof M McGregor-Lowndes
C A Morrison
R J Reed
D G Thorne
T P Byrne*

Retired
K J Wright 11 July 2001

Proctor
J A Tooma (Chair)
G M Cranney
B Hocking
K L Johnston
R C McNally
B B Patane
J J Turnbull
A E Wallace
P Wilson
I L Muil*

Retired
R M Giudes 24 July 2001
M A de Groot 1 January 2002
J D Wadhams 1 January 2002
# QLS Committees

## Profession Review
- **Chair**: R. S. Ashton
- **Retired**: R. G. Ferrett, T. M. Sullivan

## Professional Indemnity Insurance
- **Chair**: J. A. Tooma
- **Members**: R. S. Ashton, M. J. D. Meadows, T. M. Sullivan, R. H. Wallace, L. M. Dreghorn
- **Retired**: G. A. Murphy AM, W. H. Tutt

## Professional Standards
- **Chair**: G. W. Ferguson
- **Members**: G. W. Denny, R. S. Gregory, W. L. LeMass, P. G. Newman, W. T. Purcell
- **Retired**: D. G. Stevenson

## Property Law & Practice
- **Chair**: P. G. Newman

## Property Law Specialist Accreditation
- **Chair**: M. J. D. Meadows
- **Members**: S. A. Christensen, W. G. Denny, W. M. Dixon, R. S. Gregory, W. L. LeMass, P. G. Newman, W. T. Purcell, A. M. David

## Revenue Law
- **Chair**: P. J. Allen

## Schools Education
- **Chair**: R. M. Giudes
- **Members**: B. Cahill, A. Cahill, C. C. Endicott, D. Imarisio, M. Marton, K. Sawtell, J. E. Taylor, J. A. Tooma, Dr. A. D. Gray

## Section 31 (Audit)
- **Chair**: T. M. Sullivan
- **Members**: G. W. Ferguson, J. A. Harrington, B. P. Kilmartin, M. J. D. Meadows, D. T. O’Brien, J. A. Tooma, D. J. Franklin
- **Retired**: L. D. Pommer

## Small Practices
- **Chair**: L. D. Pommer

*Note: * indicates a retired member.
QLS Committees

Specialist Accreditation Board
P D Carne (Chair)
I T Davies
R M Giudes
T A Kane
G A Murphy AM
O Rinaudo*
P M Schmidt
K M Splatt
S W Woodward
A-M David*

Succession Law
Dr J K de Groot (Chair)
G R Dickson
C B Fleming
G R Funnell
G F Lanham
W A Lee
K J Lynch
G L Mann
D G Mullins
M M Sheehan
T C Whitney
F Wilson
A C Wordsworth
L M Dreghorn*

Retired
L V Laver 1 January 2002
T A Smith 1 January 2002

Succession Law Specialist Accreditation
Dr J K de Groot (Chair)
G R Dickson
G F Lanham
K J Lynch
D G Mullins
P Wilson
A C Wordsworth
A-M David*

Superannuation
(disbanded 25 October 2001)
J K Peterson (Chair)
A B Anderson
F G Callaghan
J M Dwyer
P J Radford
W D Thompson
A-M David*

Symposium
J M Bennett (Chair)
I M Berry
G M Cranney
J Fittler
A L Greenhow
L C Johnston
R C Schulte
A J Shah
G R Smith
L M Townsend
A-M David*

Retired
S B Collins 25 September 2001

* QLS Staff Member
QLS represents the interests of the most geographically widespread legal profession in Australia.

The vastness of Queensland has nurtured the growth and strength of 19 district law associations. Their enthusiastic involvement in local community activities and their support of QLS efforts to inform and educate Queenslanders of their rights and responsibilities under the law is of immense value.

Brisbane
North Brisbane Lawyers Association
Russell Walters, Walters & Co
GPO Box 306 Brisbane 4001

Southern District Law Association
Peter Williams, Williams Lawyers
PO Box 340 Coorparoo 4151

Bundaberg
Bundaberg Law Association
Peter Rowe, McCullough Robertson Hancock
PO Box 886 Bundaberg 4670

Caboolture
Caboolture Law Association
Tom Creed, Tom Creed
PO Box 509 Caboolture 4510

Cairns
Far North Queensland Law Association
Picha Djohan, MacDonnells
PO Box 5046 Cairns Mall Centre 4870

Gladstone
Gladstone Law Association
Tony Goodwin, Tony Goodwin & Company
PO Box 5100 Gladstone 4680

Gold Coast
Gold Coast Law Association
Murray Bucknall, Jones Mitchell
PO Box 2552 Southport BC 4215

Gympie
Gympie Law Association
Michael Connolly, Neilson Stanton & Parkinson
PO Box 356 Gympie 4570

Ipswich
Ipswich & District Law Association
Clark Bushnell, Bushnells
PO Box 384 Ipswich 4305

Kingaroy
South Burnett Law Association
Andrew Kelly, Andrew Kelly Solicitor
PO Box 313 Kingaroy 4610

Mackay
Mackay District Law Association
Scott McSwain, McKays
PO Box 37 Mackay 4740

Maryborough
Fraser Coast Law Association
Aaron Suthers, Suthers Lawyers
PO Box 144 Maryborough 4650

Mooloolaba
Sunshine Coast Law Association
Travis Schultz, Boyce Garrick
PO Box 9 Mooloolaba 4557

Mount Isa
North West Law Association
Rachel Castles, L A Evans
PO Box 311 Mount Isa 4825

Redcliffe
Redcliffe Pine Rivers District Law Association
Brad Davies, Wallace Davies
PO Box 511 Redcliffe 4020

Rockhampton
Central Queensland Law Association
Andrew Palmer, Rees R & Sydney Jones
PO Box 82 Rockhampton 4700

Toowoomba
Downs & South-West Law Association
Megan Mahon, Murdoch Lawyers
PO Box 965 Toowoomba 4350

Townsville
North Queensland Law Association
Jane Fittler, Wilson, Ryan Grose
PO Box 1115 Townsville 4810

Townsville Solicitors Association
Julia Bligh, Boulton Cleary & Kern
PO Box 1099 Townsville 4810

QLS Councillor Leon Pommer presents a QLS academic achievement prize to Maxine Romagnolo, a law student at James Cook University.
Senior Counsellors

Brisbane

J R Byrne James Byrne & Rudz Reserve Bank
Building King George Square Brisbane 4000

P D Carne Carne & Herd Level 9 193 North Quay
Brisbane 4000

P L Cooper Hunt & Hunt Level 22 Central Plaza
Two 66 Eagle Street Brisbane 4000

C C Endicott Macrossans Lawyers Level 23 AMP
Place 10 Eagle Street Brisbane 4000

F M FitzPatrick Department of Natural Resources
144 Edward Street Brisbane 4000

A C Freeleagus AO CBE RFD Clayton Utz 215
Adelaide Street Brisbane 4000

J P Kelly Corrs Chambers Westgarth Levels 34 &
55 Waterfront Place 1 Eagle Street Brisbane 4000

G E Klein Public Trustee of Queensland 12th Floor
444 Queen Street Brisbane 4000

M O Klug Clayton Utz 215 Adelaide Street
Brisbane 4000

M R Lockhart Flower & Hart 255 Adelaide Street
Brisbane 4000

A MacGillivray Canning Weil MacGillivray
Halligan Level 5 293 Queen Street Brisbane 4000

J G Mann AM Mallassons Stephen Jaques Level 30
Waterfront Place 1 Eagle Street Brisbane 4000

M A Miller Quinlan Miller & Treston Level 32 MLC
Centre 250 George Street Brisbane 4000

G A Murphy AM MurphySchmidt Level 23
Riverside Centre 123 Eagle Street Brisbane 4000

P G Nolan Gilshenan & Luton Level 4 Quay
Central 95 North Quay Brisbane 4000

T P O’Gorman Robertson O’Gorman Cnr Herschel
Street & North Quay Brisbane 4000

W T Purcell W T Purcell Chadwick & Skelly Level 10
141 Queen (Cnr Albert) Street Brisbane 4000

M P Quinn Gilshenan & Luton Level 4 Quay
Central 95 North Quay Brisbane 4000

J Schafer Dibbs Barker Gosling Level 14 The Hall
Chadwick Centre 120 Edward Street Brisbane 4000

D G Searles McCullough Robertson Level 12
Central Plaza Two 66 Eagle Street Brisbane 4000

D P Spence Thynne & Macartney Level 29
Comalco Place 12 Creek Street Brisbane 4000

W H Tutt Tutt & Quinlan 7th Floor
Commonwealth Bank Building Cnr Adelaide &
Albert Streets Brisbane 4000

G J Vickery AM Deacons Riverside Centre 123
Eagle Street Brisbane 4000

O Rinaudo Rinaudo & Co. 96 Merthyr Road New
Farm 4005

G J Hutchinson Cooke & Hutchinson 19 Redcliffe
Parade Redcliffe 4020

J D Fitzgerald Biggs & Fitzgerald 1351 Gympie
Road Aspley 4034

M B Conroy Conroy & Associates Suite 13
Toowong Terraces 51 Sherwood Road Toowong
4066

R V Forgione Forgione Lawyers 47 Pinelands
Road Sunnybank Hills 4109

S Leonard Hatzis Lawyers 64 Pinelands Road
Sunnybank Hills 4109

J A Nagel John Nagel & Co. Cnr Logan Road &
Selborne St Mount Gravatt 4122

Atherton

F J Liston Lilley Grose & Long 34 Main Street
Atherton 4885

Ayr

B J Baxter Ruddy Tomlins & Baxter 126 Young
Street Ayr 4807

Bundaberg

T W Young Pinemore Walters & Story 51
Woongarra Street Bundaberg 4670

Caboolture

G P D Maskiell Maskiells Cnr East & Annie Streets
Caboolture 4510

Cairns

A L English Bottoms English Ground Floor 10
Grafton Street Cairns 4870

R J Reaston Reaston Lawyers 209 Buchan Street
Cairns 4870

Gladstone

K M Bates V A J Byrne & Co. City Arcade 69
Goondoon Street Gladstone 4680

Gold Coast

R B Attwood Richard Attwood 69 Scenic Drive
Tweed Heads West 2486

B F Cronin Primrose Couper Cronin Rudkin Level 1
35-39 Scarborough Street Southport 4215

W M Potts Price & Roobottom 44 Davenport Street
Southport 4215

P E M McCaffery Australasian Lawyers and
Consultants 1st Floor Paradise Chambers 52 The
Esplanade Paradise Point 4216

K R Copley Collins Moro Ross Equity House
Peninsula Drive & Watson Esplanade Surfers
Paradise 4217

Gympie

G R Neilson Neilson Stanton & Parkinson 256
Mary Street Gympie 4570

Innisfail

V J Vandeleur Vandeleur & Todd 55 Rankin Street
Innisfail 4860

Ipswich

P M Fallu Dale & Fallu 142 Brisbane Street
Ipswich 4305

R Zande Richard Zande & Associates 49
Ellaeborough Street Ipswich 4305

Mackay

A P F Ghass Macrossan & Amiet 55 Gordon Street
Mackay 4740

S B Wright S.B. Wright & Wright and Condie The
Wright Arcade 5 Sydney Street Mackay 4740
Senior Counsellors

Rockhampton
A R Batts Connolly Schirmer & Batts 6 William Street Rockhampton 4700
H C Grant Grant & Simpson 226 Quay Street Rockhampton 4700
V N Jackson South & Geldard 128 Victoria Parade Rockhampton 4700
J L Shaw Swanwick Murray Roche 74 Victoria Parade Rockhampton 4700

Stanthorpe
M C Bathersby Neil Sullivan & Bathersby 37 Railway Street Stanthorpe 4380

Sunshine Coast
M Buck P O Box 314 Landsborough 4550
M D Bray Bradley & Bray First Floor 15 Ann Street Nambour 4560
R G Hyett Richard Hyett 31 Mary Street Alexandra Headland 4572
P D Lohrisch Lohrisch Solicitors 10 William Street Nambour 4560
M O Richardson Cartwrights Lawyers First Floor “Noosa Central” Bottlebrush Avenue Noosa Heads 4567

Toowoomba
J C Blakeney Bernays & Bernays First Floor 186 Margaret Street Toowoomba 4350
J D Carroll Murdoch Lawyers 138 Margaret Street Toowoomba 4350
J E Cleary Cleary & Lee Suite 12 The Heritage Plaza Arcade 400 Ruthven Street Toowoomba 4350
G C Fox Wonderley & Hall “Wonderley Place” Cnr. Margaret & Neil Streets Toowoomba 4350
K M Walker Walkers 327A Margaret Street Toowoomba 4350

Townsville
R C Barnes Roberts Nehmer McKee 111 Charters Towers Road Townsville 4810
A J Boulton Boulton Cleary & Kern Cnr Sabina and Woolcock Streets The Lakes Townsville 4810
C O Harkness Wilson, Ryan Grose Halsbury House Level 1, 15 Sturt Street Townsville 4810
P G B Mackey Mackey & Wales 3rd Floor Walker House 122 Walker Street Townsville 4810

Warwick
N D Maxwell Maxwell & McMeniman 33 Guy Street Warwick 4370
Financial Statements

Financial Overview ................................................................. 30
Queensland Law Society Incorporated – Consolidated .............. 33
Law Claims Levy Fund .......................................................... 48
QLS Insurance Pte Ltd ............................................................ 56
Legal Practitioners’ Fidelity Guarantee Fund ......................... 66
General Trust Accounts’ Contribution Fund ......................... 75
Grants Fund ........................................................................ 82
Financial Overview

The Queensland Law Society Incorporated (QLS) is constituted under the provisions of the Queensland Law Society Act 1952. The Society is self-funded and under its legislation is required to maintain the following six funds:

1. Queensland Law Society Inc
2. Law Claims Levy Fund
3. QLS Insurance Pte Ltd
4. Legal Practitioners' Fidelity Guarantee Fund
5. General Trust Accounts' Contribution Fund
6. Grants Fund

The first three funds listed are controlled entities of QLS and in accordance with Australian Accounting Standards are consolidated for the purpose of presentation of the financial result and position at the end of the financial year. Separate financial statements are also prepared for each individual fund. Income for these funds is provided directly by the solicitors of Queensland.

The remaining three funds do not form part of the Society's consolidated accounts as these funds are held in trust by the Society and administered in accordance with legislation. Individual financial statements are presented for each fund. Income for these three funds is to a major extent provided via a share or distribution of interest earned on solicitors' trust accounts.

QLS Law Society Incorporated

QLS is the professional association for the solicitors of Queensland. QLS is funded mainly from annual membership fees paid by its members. Any person admitted to the legal profession of Queensland is eligible for membership of the Society and associate membership is available for law students and staff of law firms.

The responsibilities of QLS include:

- preserving and maintaining the integrity and status of the legal profession
- determining matters of professional conduct
- issuing practising certificates to solicitors and administering the Legal Practitioners' Fidelity Guarantee Fund
- providing continuing legal education and other services to the profession.

All activities of QLS are usually funded from either annual membership fees or on a user pays basis. This year QLS has also received support from the Queensland Law Foundation, which has provided $105,106 for specific purposes. A further $116,788 has been received from the Queensland Law Foundation for projects due to commence in the 2002/2003 financial year. The Society’s financial budget is prepared on a breakeven basis and it is on this basis that the level of practising certificate fees paid by its members. Any person admitted to the legal profession of Queensland is eligible for membership of the Society and associate membership is available for law students and staff of law firms.

The responsibilities of QLS include:

- preserving and maintaining the integrity and status of the legal profession
- determining matters of professional conduct
- issuing practising certificates to solicitors and administering the Legal Practitioners' Fidelity Guarantee Fund
- providing continuing legal education and other services to the profession.

As a result of the management review there has been a re-allocation of staff and some staff have been made redundant. There were one-off costs associated with the redundancies and staff made redundant have not been replaced. The cost of redundancies had not been budgeted for and was covered from general QLS reserves.

With the formation of QLS Insurance Pte Ltd the Society has been allocated all of the $9,000,000 paid-up share capital of the company. This has been brought to account as a non-current asset, investment in QLS Insurance Pte Ltd, in the Queensland Law Society accounts. The investment has been written down from its original cost by $407,655 to $8,592,565 being the net asset value of QLS Insurance Pte Ltd. The change in value of this investment will be brought to account each year to recognise the expected fluctuations in the value of QLS Insurance Pte Ltd as the long-term nature of insurance claims are finalised.

Law Claims Levy Fund

The Law Claims Levy Fund (the Fund) was established in 1987 and provided professional indemnity insurance to Queensland solicitors for the period 1987-1995. The Fund, while not an insurance company, retained the primary layer of risk. The insurance cover available was limited to $1.1 million per claim. The Fund meeting the first $100,000 of each and every claim for the years 1987-1994 and $500,000 for the 1995 year. Aggregate limits also applied to each year of insurance to cap the liability of the Fund. All costs and claims in excess of individual claim limits or aggregate limits are payable by third party insurers. Only one year, 1990, has exceeded its aggregate limit and the majority of claims have been finalised within the individual claim limits of the Fund.

As part of the actuarial process the individual claim and aggregate limits were reviewed so that the Fund carried the majority of the risk while insuring for catastrophe cover to cap the Funds liability.

The premiums charged to the profession during the years 1987-1990 were determined by the value of the aggregate limit, the estimated timing of claim payments, and allowance for investment income that would be earned during the life of the Fund. As professional indemnity insurance is long-tail insurance, investment income is able to be estimated in advance and discounted from the premium levied, eg if the aggregate limit were $5 million and investment income is estimated at $750,000 then a premium of $4,250,000 was levied to cover the risk of $5 million.

The Fund has always adopted a conservative reserving policy and this, combined with the fact only the 1990 year has reached its aggregate limit, has permitted investment income to exceed budget estimates. The combination of lower than expected claim payments and increased investment income has generated a surplus in the Fund. At 30 June 2001 the Fund surplus was actuarially assessed at $19 million. The Council resolved to use part of the surplus funds as capital for QLS Insurance Pte Ltd, the Society’s captive insurance company incorporated in Singapore in June 2001, to assist with the provision of professional indemnity insurance for Queensland solicitors.
The Fund has received no further premium income since 1995 and the only major sources of income since that time have been investment income and deductibles, which are payable by the insured on settlement of a claim. As the majority of Fund income is received in advance, subsequent years have seen claim payments exceed income as claims are progressively settled. The long-tail nature of the Fund saw the 1987 year finally closed in 1999. At the date of this report there were still 85 open files and both the 1987 and 1988 years have been closed. During the years 1987 to 1995, 4,752 files had been opened and subsequently closed. Total payments on all Fund years exceeded $53 million at 30 April 2002.

It had been the practice of the Fund to account for claims in the year they were paid. No formal claim reserves were brought to account. Claim reserves were disclosed by way of a contingent liability note to the financial statements, which advised the dollar value of reserves at each reporting date and funds on hand at that time. The Fund has been prudently managed and always had funds available to meet all claim reserves and cover the aggregate limits for each respective year of insurance.

With the need to prepare consolidated financial statements for the period ending 30 April 2002 it was necessary to change the accounting policy with regard to claim reserves to apply a consistent approach by both the Fund and QLS Insurance Pte Ltd. The change in accounting policy brought forward all outstanding claim reserves for the Fund to the current financial year. The financial effect of this change has seen a one-off charge of $5,518,998 brought to account for the period ended 30 April 2002. Without the change in accounting policy the Fund would have only disclosed a deficit for the year of $802,000 which would have represented the normal settlement of claims. At 30 April 2002 the outstanding claims reserve is $5,518,998 with cash investments of $7,828,071 available to meet future claims when they are settled. The claims liability of the fund has been capped at $5,518,998 by way of the stop loss insurance policy with QLS Insurance Pte Ltd, referred to below.

QLS Insurance Pte Ltd

QLS Insurance Pte Ltd is wholly owned by the Queensland Law Society and licensed as a general insurer in Singapore. The company entered into a reinsurance contract with the Law Claims Levy Fund surplus funding permits the company to selectively enter the insurance market without having to cover the normal insurance company’s costs of capital or profit margins. This directly contributes to the reduced premiums, which can be passed on to members. The success of this policy is directly dependent on the future claims pattern and is unable to be judged in the short term and it is for this reason that claims reserves are fully covered by funds on hand. It is the policy of the company to enter the marketplace only when actuarial assessment deems market premiums are well in excess of the level of risk that is being transferred. One of the major benefits of QLS Insurance Pte Ltd is the flexibility with which it and QLS can operate.

The financial result for the ten-month period to 30 April 2002 was a loss of $407,635. This result has been determined after allowance for future claim reserves of $2,800,000, which are unlikely to be settled for a number of years. During this time the company will continue to earn investment income. Net assets available at balance date were $8,592,565 and this is more than adequate to meet expected future claim payments.

In its first year of operation, the company issued one insurance policy which included coverage for the historical losses and insurance company insolvencies for the outstanding liabilities of the Law Claims Levy Fund in excess of $5 million, and also acted as a reinsurer by taking a layer of risk, $3 million in excess of the first $12 million, in the 2001/2002 insurance year. The premium charged by the company was in excess of $1.5 million less than that quoted by the insurance market. This produced a direct premium reduction to members in the 2001/2002 insurance year. The level of premium charged by the company was based on independent actuarial assessment. QLS Insurance Pte Ltd, like the Law Claims Levy Fund, is designed to provide insurance to members at cost price. It is not intended the company make profits as the insurance premium charged has been designed on a break-even basis. Utilisation of the Law Claims Levy Fund surplus funding permits the company to selectively enter the insurance market without having to cover the normal insurance company’s costs of capital or profit margins.

This directly contributes to the reduced premiums, which can be passed on to members. The success of this policy is directly dependent on the future claims pattern and is unable to be judged in the short term and it is for this reason that claims reserves are fully covered by funds on hand. It is the policy of the company to enter the marketplace only when actuarial assessment deems market premiums are well in excess of the level of risk that is being transferred. One of the major benefits of QLS Insurance Pte Ltd is the flexibility with which it and QLS can operate.

The financial result for the ten-month period to 30 April 2002 was a loss of $407,635. This result has been determined after allowance for future claim reserves of $2,800,000, which are unlikely to be settled for a number of years. During this time the company will continue to earn investment income. Net assets available at balance date were $8,592,565 and this is more than adequate to meet expected future claim payments.

QLS Insurance Pte Ltd initially charged the Law Claims Levy Fund a premium of $6,250,000 for the cover provided in the 2001/2002 financial year. In order to limit the risk profile of QLS Insurance Pte Ltd in its first three years of operation the company entered into a reinsurance contract with St Paul Re. The reinsurance contract provided the company with the ability to commute the reinsurance policy prior to 30 June of each year.
After receipt of an actuarial report as at 30 April 2002, the Society and company agreed to reduce the insurance cover provided and it is anticipated a premium refund of $3,250,000 will be returned to the Law Claims Levy Fund in recognition of the reduced risk transfer. Based on the new insurance arrangements QLS Insurance Pte Ltd exercised its right to commute the reinsurance policy. This commutation will see $2,700,000 plus investment income returned to the company. These after balance date events will have minimal effect on the company’s year-end financial result.

**Consolidated Result**

QLS has, for the first time, prepared consolidated financial statements incorporating the results of the Queensland Law Society Incorporated, Law Claims Levy Fund and QLS Insurance Pte Ltd. The net assets of the consolidated entities place QLS and its insurance entities in a very strong financial position and more than capable of meeting all liabilities of $8,174,524 at 30 April 2002 as and when they fall due.

The consolidated financial result for the year is a deficit of $10,940,382 and this result includes insurance claim payments and reserves of $7,800,000. Of this, $6,519,000 has been brought to account for the first time and represents actuarial assessment of insurance claims due within the next ten years. The deficit is a direct result of the consolidation as claim reserves have been brought to account while there is no attributable premium income in the consolidated accounts as the premium is an internal reallocation between entities controlled by QLS.
## Financial Statements

### Queensland Law Society Incorporated

**Statement of Financial Performance**

For the financial year ended 30 April 2002

<table>
<thead>
<tr>
<th></th>
<th>Consolidated Parent entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NOTE</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue from Ordinary Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Membership and Practitioners' Fees</td>
<td>3</td>
</tr>
<tr>
<td>Administration Costs Recovered</td>
<td>4</td>
</tr>
<tr>
<td>Continuing Legal Education</td>
<td>5</td>
</tr>
<tr>
<td>Insurance Levies and Deductibles</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>Proctor Advertising and Subscriptions</td>
<td>6</td>
</tr>
<tr>
<td>Rent Received</td>
<td>7</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue from Ordinary Activities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses from Ordinary Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>8</td>
</tr>
<tr>
<td>Continuing Legal Education</td>
<td>5</td>
</tr>
<tr>
<td>Council and Committee Costs</td>
<td>9</td>
</tr>
<tr>
<td>Investment Manager's Fees</td>
<td></td>
</tr>
<tr>
<td>Law Council Capitation Fees</td>
<td></td>
</tr>
<tr>
<td>Legal Profession Reform Costs</td>
<td></td>
</tr>
<tr>
<td>Media and Public Affairs</td>
<td>10</td>
</tr>
<tr>
<td>Member Services and Events</td>
<td>11</td>
</tr>
<tr>
<td>Movement in Value of Investments</td>
<td>2</td>
</tr>
<tr>
<td>Proctor Production Costs</td>
<td></td>
</tr>
<tr>
<td>Stamp Duty</td>
<td></td>
</tr>
<tr>
<td>Reinsurance Premium</td>
<td></td>
</tr>
<tr>
<td>Claims Incurred</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total Expenses from Ordinary Activities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit (loss)</strong></td>
<td></td>
</tr>
<tr>
<td>Transfer from Law Claims Levy Fund</td>
<td>2</td>
</tr>
<tr>
<td><strong>Net profit (loss) attributable to members of the Society</strong></td>
<td></td>
</tr>
<tr>
<td>Increase in Asset Revaluation Reserve</td>
<td>17</td>
</tr>
<tr>
<td>Net movement in Contribution Distribution Account</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total changes in Equity</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
## Queensland Law Society Incorporated

### Statement of Financial Position

#### as at 30 April 2002

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002 $</td>
<td>2002 $</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Assets</td>
<td>27,418</td>
<td>1,864</td>
</tr>
<tr>
<td>Receivables</td>
<td>13 1,510,522</td>
<td>674,625</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>26,478,053</td>
<td>6,549,011</td>
</tr>
<tr>
<td>Inventories</td>
<td>12,903</td>
<td>12,903</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>27,829,796</td>
<td>7,238,403</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>8,404,073</td>
<td>8,404,073</td>
</tr>
<tr>
<td>Investment in QLS Insurance Pte Ltd</td>
<td>2 – 8,592,365 –</td>
<td>– –</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>8,404,073</td>
<td>16,996,438</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>36,233,869</td>
<td>24,234,841</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>1,369,726</td>
<td>1,285,477</td>
</tr>
<tr>
<td>Provisions for Employee Benefits</td>
<td>249,800</td>
<td>249,800</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,619,526</td>
<td>1,535,277</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for Employee Benefits</td>
<td>236,000</td>
<td>236,000</td>
</tr>
<tr>
<td>Provision for Outstanding Claims</td>
<td>6,518,998</td>
<td>– –</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>6,554,998</td>
<td>226,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>8,174,524</td>
<td>1,771,277</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>28,059,345</td>
<td>22,463,564</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained Funds</td>
<td>20,712,468</td>
<td>15,116,687</td>
</tr>
<tr>
<td>Reserves</td>
<td>3,893,191</td>
<td>3,893,191</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>28,059,345</td>
<td>22,463,564</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
# Financial Statements

Queensland Law Society Incorporated  
Statement of Cash Flows  
For the Year Ended 30 April 2002

<table>
<thead>
<tr>
<th>NOTE</th>
<th>Consolidated 2002 $</th>
<th>2002 Inflows (Outflows)</th>
<th>Parent entity 2002 $</th>
<th>2001 Inflows (Outflows)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from the Profession</td>
<td>27,212,483</td>
<td>27,106,983</td>
<td>26,769,168</td>
<td></td>
</tr>
<tr>
<td>Payments to Suppliers and Employees</td>
<td>(32,262,951)</td>
<td>(26,493,211)</td>
<td>(25,474,082)</td>
<td></td>
</tr>
<tr>
<td>Interest and Bill Discounts Received</td>
<td>1,587,019</td>
<td>434,847</td>
<td>487,818</td>
<td></td>
</tr>
<tr>
<td>Net Cash (Used)/Provided By Operating Activities</td>
<td>23(c)</td>
<td>(3,463,449)</td>
<td>1,048,619</td>
<td>1,782,904</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in QLS Insurance Pte Ltd</td>
<td>–</td>
<td>(9,000,000)</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Payment for New Plant and Equipment etc</td>
<td>(144,077)</td>
<td>(144,077)</td>
<td>(178,841)</td>
<td></td>
</tr>
<tr>
<td>Net Cash (Used) in Investing Activities</td>
<td>(144,077)</td>
<td>(9,144,077)</td>
<td>(178,841)</td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer received from Law Claims Levy Fund</td>
<td>–</td>
<td>9,000,000</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Net Cash (Used) in Financing Activities</td>
<td>–</td>
<td>9,000,000</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash Held</td>
<td>(3,607,526)</td>
<td>904,542</td>
<td>1,604,063</td>
<td></td>
</tr>
<tr>
<td>Cash at the Beginning of the Financial Year</td>
<td>29,947,382</td>
<td>5,479,818</td>
<td>3,875,755</td>
<td></td>
</tr>
<tr>
<td>Cash at the End of the Financial Year</td>
<td>23(a)</td>
<td>26,339,856</td>
<td>6,384,360</td>
<td>5,479,818</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
1 Statement of Significant Accounting Policies
The significant policies which have been adopted in the preparation of the Society’s financial statements are:

(a) Basis of Preparation
The financial statements are a general-purpose financial report which has been prepared in accordance with the provisions of the Financial Management Standard, which requires compliance with Australian Accounting Standards.

They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets. These accounting policies are consistent with those of the previous year, except where there is a change which has been separately disclosed.

(b) Non-Current Assets

General – Property, Plant and Equipment
The carrying amount of non-current assets are reviewed annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

General – Investment in QLS Insurance Pte Ltd
The carrying amount of the investment in the controlled entity QLS Insurance Pte Ltd is reviewed annually. Any movement in the company’s total shareholder equity is brought to account in the Statement of Financial Performance as a Movement in the Value of Investments.

Acquisition
Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below and in Note 15. All acquisitions are expensed unless the initial cost exceeds $500. All library acquisitions are expensed in the year of purchase.

Revaluations
The revaluation thresholds for each class of asset are listed below,

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building</td>
<td>$750,000</td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td>$125,000</td>
</tr>
</tbody>
</table>

The strata title building, is independently valued every five years on an open market value in vacant possession basis and included in the financial statements at the revalued amount (refer Note 15). In the intervening periods, revaluations, where material, are made by management using escalation factors determined each year.

Disposal of Revalued Assets
The profit or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

Any related revaluation increment standing in the asset revaluation reserve at the time of disposal is transferred to retained funds.

Depreciation
Items of plant and equipment, including strata title buildings are depreciated over their estimated useful life. The estimated useful life for all assets is reassessed annually. The straight line method is used and assets are depreciated from the date of acquisition. Depreciation rates are usually standardised within each class of asset and the following rates have been applied.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strata Title Building</td>
<td>2.5%</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>5.0% - 20.0%</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>20.0% - 33.3%</td>
</tr>
</tbody>
</table>
(c) Recovery of Expenditure
Under the rules of the *Queensland Law Society Act* 1952 certain operating expenses of the Society are recoverable from the Legal Practitioners’ Fidelity Guarantee Fund, General Trust Accounts’ Contribution Fund, Grants Fund and Interest on Trust Accounts. The gross amounts recovered are disclosed as income. Expenses incurred on behalf of the above funds’ form part of the administration expenses incurred by the Society.

(d) Income Tax
The Society has been granted exemption from income tax by the Australian Taxation Office per Section 24AK of the *Income Tax Assessment Act 1936*. QLS Insurance Pte Ltd is registered in Australia for income tax and GST. The company is also to pay tax in Singapore and credits are available in Australia for any tax paid in Singapore.

(e) Other Financial Assets
Investments under the control of professional fund managers are disclosed at market value at balance date and any movement in market value is accounted for in the Statement of Financial Performance. The cash float maintained is invested on the short-term money market and valued at cost. Interest income is brought to account under the accrual basis.

(f) Inventory
Inventory, comprising consumables and publications for resale, is valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date, using the first-in-first-out basis.

(g) Employee Entitlements
Annual Leave
The annual leave provision has been calculated based on current wage and salary rates, including on-costs and represents the amount which the Society has a present obligation to pay resulting from employees’ services provided up to the balance date.

Long Service Leave
The liability for long service leave entitlements represents the present value of the estimated future cash outflows to be made by the Society resulting from the employees’ services up to the balance date.
Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.
In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the Society’s experience with staff departures. Related on-costs have also been included in the liability.

(h) Bad and Doubtful Debts
Bad debts are written off in the period identified. The collectibility of debts is assessed at year-end and a general provision for doubtful debts is made at a level considered necessary to cover any unknown bad debts.

(i) Comparative Figures
Where necessary comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. As this is the first reporting period of the consolidated entity, no comparatives figures are provided.

(j) Reporting Entity
The following were controlled by the Queensland Law Society Incorporated,

- **Law Claims Levy Fund**
  This Fund was wholly controlled for the whole period 1 May 2001 to 30 April 2002 however it currently has a 30 June year end. Additional accounts were prepared for the period ended 30 April 2002 for consolidation purposes.
QLS Insurance Pte Ltd

This company was established on 23 June 2001 in Singapore and is 100% owned by the Queensland Law Society Incorporated. It currently has a June year end and management accounts were prepared for the period ended 30 April 2002 for consolidation purposes.

(k) Law Claims Levy Fund/QLS Insurance Pte Ltd

Additional Levies

Additional levies may be imposed in accordance with the indemnity rules and are accounted for separately and disclosed as income of the Fund.

Solicitors’ Deductibles

Solicitors’ deductibles which are payable in accordance with the Master Policy agreement, are brought to account in the Statement of Financial Performance. The unexpended balance is accounted for as a current liability at balance date.

Administration Expenses

Administration expenses incurred by the Fund are those associated with the investment activities of the Fund and the management fee paid to Australia Pacific Professional Indemnity Insurance Company Ltd (APPIIL) for claims handling.

Claims

Claims reserves are determined for all open files. Movements in claim reserves are brought to account in the Statement of Financial Performance each year. The total claim reserve is disclosed in the Statement of Financial Position at balance date.

(l) Principles of Consolidation

Controlled Entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Transactions Eliminated on Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

2 Investment – QLS Insurance Pte Ltd

In June 2001, QLS Insurance Pte Ltd was incorporated in Singapore as the captive insurer of the Queensland Law Society Incorporated. The company was capitalised with $9,000,000 via surplus funds from the Law Society controlled Law Claims Levy Fund. The $9,000,000 share capital of the company is fully owned by the Queensland Law Society Incorporated and the company is a controlled entity of the Society.

The captive insurer QLS Insurance Pte Ltd acts as one of the reinsurers for the 2001/2002 professional indemnity insurance arranged via a Master Policy on behalf of the profession and insured with St Paul. The company reinsured the volatile layer $5,000,000 in excess of $12,000,000 and also provided cover to cap the liability of the Law Claims Levy Fund at $5,000,000. At the date of this financial report the company had total shareholder equity of $8,592,364 after recognition of the loss of $407,636 for the ten month period to 30 April 2002.

3 Membership and Practitioners’ Fees

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2002</th>
<th>2002</th>
<th>Parent entity 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practising Certificate Fees</td>
<td>1,954,447</td>
<td>1,954,447</td>
<td>1,901,535</td>
</tr>
<tr>
<td>Member Fees</td>
<td>1,287,524</td>
<td>1,287,524</td>
<td>1,244,823</td>
</tr>
<tr>
<td>Certificate of Fitness</td>
<td>6,200</td>
<td>6,200</td>
<td>–</td>
</tr>
<tr>
<td>Corporate Marketing Levy</td>
<td>216,700</td>
<td>216,700</td>
<td>212,820</td>
</tr>
<tr>
<td>Professional Indemnity Insurance</td>
<td>–</td>
<td>–</td>
<td>312,040</td>
</tr>
<tr>
<td></td>
<td>3,464,871</td>
<td>3,464,871</td>
<td>3,671,218</td>
</tr>
</tbody>
</table>
### Administration Costs Recovered

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2002</th>
<th>Parent entity 2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Practitioners’ Fidelity Guarantee Fund</td>
<td>691,551</td>
<td>691,551</td>
<td>592,623</td>
</tr>
<tr>
<td>General Trust Accounts Contribution Fund</td>
<td>31,626</td>
<td>31,626</td>
<td>29,210</td>
</tr>
<tr>
<td>Interest on Trust Accounts</td>
<td>64,402</td>
<td>64,402</td>
<td>59,011</td>
</tr>
<tr>
<td>Grants Fund</td>
<td>27,765</td>
<td>27,765</td>
<td>25,942</td>
</tr>
<tr>
<td>Contribution Distribution Account</td>
<td>287,000</td>
<td>287,000</td>
<td>190,067</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,102,344</td>
<td>1,102,344</td>
<td>896,853</td>
</tr>
</tbody>
</table>

### Continuing Legal Education

#### Income

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminars</td>
<td>651,776</td>
<td>702,756</td>
<td>665,913</td>
</tr>
<tr>
<td>Texts and Other Publications</td>
<td>163,917</td>
<td>128,915</td>
<td>187,915</td>
</tr>
<tr>
<td>Practice Management Course</td>
<td>186,954</td>
<td>147,537</td>
<td>150,375</td>
</tr>
<tr>
<td>Specialisation</td>
<td>101,528</td>
<td>53,124</td>
<td>101,528</td>
</tr>
<tr>
<td>Other</td>
<td>689</td>
<td>1,061</td>
<td>689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,104,864</td>
<td>1,204,346</td>
<td>1,204,346</td>
</tr>
</tbody>
</table>

#### Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminars</td>
<td>325,281</td>
<td>465,913</td>
<td>465,913</td>
</tr>
<tr>
<td>Texts and Other Publications</td>
<td>112,385</td>
<td>128,915</td>
<td>128,915</td>
</tr>
<tr>
<td>Practice Management Course</td>
<td>171,497</td>
<td>147,537</td>
<td>150,375</td>
</tr>
<tr>
<td>Specialisation</td>
<td>30,459</td>
<td>7,564</td>
<td>7,564</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>639,622</td>
<td>749,729</td>
<td>749,729</td>
</tr>
</tbody>
</table>

### Rent Received

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Practitioners Fidelity Guarantee Fund</td>
<td>255,860</td>
<td>253,860</td>
<td>255,860</td>
</tr>
<tr>
<td>Car Parking Bays</td>
<td>97,420</td>
<td>96,157</td>
<td>97,420</td>
</tr>
<tr>
<td>Other</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>358,280</td>
<td>357,017</td>
<td>357,017</td>
</tr>
</tbody>
</table>

### Other Income

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Body Corporate Administration Fees</td>
<td>11,000</td>
<td>11,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Commissions Received</td>
<td>89,930</td>
<td>60,888</td>
<td>89,930</td>
</tr>
<tr>
<td>Diary Profit</td>
<td>31,484</td>
<td>51,195</td>
<td>31,484</td>
</tr>
<tr>
<td>F/O Income</td>
<td>28</td>
<td>263</td>
<td>28</td>
</tr>
<tr>
<td>Grants Received – Grants Fund</td>
<td>142,000</td>
<td>146,860</td>
<td>146,860</td>
</tr>
<tr>
<td>Media &amp; PR Sales</td>
<td>70,350</td>
<td>16,750</td>
<td>70,350</td>
</tr>
<tr>
<td>Member Services Centre</td>
<td>15,870</td>
<td>20,835</td>
<td>15,870</td>
</tr>
<tr>
<td>Other Income</td>
<td>45,723</td>
<td>14,605</td>
<td>45,723</td>
</tr>
<tr>
<td>Schools Program</td>
<td>64,400</td>
<td>45,478</td>
<td>64,400</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>500</td>
<td>350</td>
<td>500</td>
</tr>
<tr>
<td>Queensland Law Foundation</td>
<td>193,106</td>
<td>–</td>
<td>193,106</td>
</tr>
<tr>
<td>Terms Discount Received</td>
<td>–</td>
<td>135</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>664,391</td>
<td>366,359</td>
<td>664,391</td>
</tr>
</tbody>
</table>
### Administration

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Fees</td>
<td>19,090</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>20,074</td>
<td>4,994</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>37,226</td>
<td>20,000</td>
</tr>
<tr>
<td>Bad Debts</td>
<td>1,845</td>
<td>4,397</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>7,638</td>
<td>7,672</td>
</tr>
<tr>
<td>Computer Maintenance</td>
<td>161,666</td>
<td>141,966</td>
</tr>
<tr>
<td>Depreciation – Equipment</td>
<td>156,587</td>
<td>141,533</td>
</tr>
<tr>
<td>Electricity</td>
<td>44,749</td>
<td>41,202</td>
</tr>
<tr>
<td>Fringe Benefits Tax</td>
<td>49,696</td>
<td>41,284</td>
</tr>
<tr>
<td>Insurance</td>
<td>125,550</td>
<td>122,584</td>
</tr>
<tr>
<td>Insurance Consulting and Management Fees</td>
<td>255,032</td>
<td></td>
</tr>
<tr>
<td>Law Society House</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Body Corporate Levies</td>
<td>97,877</td>
<td>92,109</td>
</tr>
<tr>
<td>– Depreciation – Building</td>
<td>206,700</td>
<td>210,024</td>
</tr>
<tr>
<td>– Rates &amp; Taxes</td>
<td>58,127</td>
<td>60,349</td>
</tr>
<tr>
<td>– Repairs and Maintenance – Building</td>
<td>12,960</td>
<td>1,326</td>
</tr>
<tr>
<td>Payroll Tax</td>
<td>147,949</td>
<td>127,160</td>
</tr>
<tr>
<td>Postage</td>
<td>84,945</td>
<td>120,046</td>
</tr>
<tr>
<td>Presentations and Gifts</td>
<td>5,682</td>
<td>3,022</td>
</tr>
<tr>
<td>Printing and Stationery</td>
<td>173,157</td>
<td>154,436</td>
</tr>
<tr>
<td>Professional and Consulting Fees</td>
<td>351,601</td>
<td>188,249</td>
</tr>
<tr>
<td>Registrations and Subscriptions</td>
<td>41,065</td>
<td>35,041</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>124,758</td>
<td>90,476</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>3,115,197</td>
<td>2,450,774</td>
</tr>
<tr>
<td>Staff Advertising</td>
<td>23,581</td>
<td>15,404</td>
</tr>
<tr>
<td>Staff Amenities</td>
<td>11,176</td>
<td>12,164</td>
</tr>
<tr>
<td>Staff Training</td>
<td>12,052</td>
<td>35,273</td>
</tr>
<tr>
<td>Staff Travel</td>
<td>37,966</td>
<td>30,386</td>
</tr>
<tr>
<td>Sundry Expenses</td>
<td>71,446</td>
<td>47,134</td>
</tr>
<tr>
<td>Superannuation</td>
<td>229,079</td>
<td>215,154</td>
</tr>
<tr>
<td>Taxis and Couriers</td>
<td>20,241</td>
<td>17,598</td>
</tr>
<tr>
<td>Telephone</td>
<td>107,070</td>
<td>95,330</td>
</tr>
<tr>
<td></td>
<td>5,811,562</td>
<td>4,527,087</td>
</tr>
</tbody>
</table>

### Council and Committee Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee Room Catering</td>
<td>73,522</td>
<td>69,955</td>
</tr>
<tr>
<td>Convocation</td>
<td>2,289</td>
<td>9,672</td>
</tr>
<tr>
<td>Functions and Entertainment</td>
<td>59,407</td>
<td>57,705</td>
</tr>
<tr>
<td>Honorarium</td>
<td>184,161</td>
<td>213,300</td>
</tr>
<tr>
<td>Travel and Accommodation including study tours</td>
<td>281,808</td>
<td>267,665</td>
</tr>
<tr>
<td></td>
<td>581,187</td>
<td>618,295</td>
</tr>
</tbody>
</table>
### 10 Media and Public Affairs

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2002</th>
<th>Parent entity 2002</th>
<th>Parent entity 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Advertising and Promotional brochures</td>
<td>143,137</td>
<td>143,137</td>
<td>55,519</td>
</tr>
<tr>
<td>Community Donations and Programs</td>
<td>24,247</td>
<td>24,247</td>
<td>11,368</td>
</tr>
<tr>
<td>District Law Association Sponsorship</td>
<td>10,401</td>
<td>10,401</td>
<td>9,560</td>
</tr>
<tr>
<td>Law Week</td>
<td>55,580</td>
<td>55,580</td>
<td>24,691</td>
</tr>
<tr>
<td>Law Walk</td>
<td>–</td>
<td>–</td>
<td>3,776</td>
</tr>
<tr>
<td>Schools Program</td>
<td>57,324</td>
<td>57,324</td>
<td>41,253</td>
</tr>
<tr>
<td>SCRAM</td>
<td>12,501</td>
<td>12,501</td>
<td>1,798</td>
</tr>
<tr>
<td></td>
<td>302,990</td>
<td>302,990</td>
<td>147,965</td>
</tr>
</tbody>
</table>

### 11 Member Services and Events

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual General Meeting</td>
<td>1,273</td>
<td>1,273</td>
<td>2,025</td>
</tr>
<tr>
<td>LawCare</td>
<td>33,778</td>
<td>33,778</td>
<td>33,420</td>
</tr>
<tr>
<td>Members Library</td>
<td>254,915</td>
<td>254,915</td>
<td>213,202</td>
</tr>
<tr>
<td>Members Shopping Service</td>
<td>11,548</td>
<td>11,548</td>
<td>12,600</td>
</tr>
<tr>
<td>Membership Cards</td>
<td>22,171</td>
<td>22,171</td>
<td>23,555</td>
</tr>
<tr>
<td>Sporting Events</td>
<td>–</td>
<td>–</td>
<td>4,092</td>
</tr>
<tr>
<td></td>
<td>323,685</td>
<td>323,685</td>
<td>288,894</td>
</tr>
</tbody>
</table>

### 12 Claims Incurred/Provision for Outstanding Claims

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Claims Levy Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims Paid</td>
<td>1,481,002</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Provision for Outstanding Claims</td>
<td>3,518,998</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>5,000,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>QLS Insurance Pte Ltd Reserves</td>
<td>2,800,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>7,800,000</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The Law Claims Levy Fund has stop loss insurance that is effective from 1 July 2001 and caps the Fund's liability at $5,000,000.

QLS Insurance Pte Ltd has assessed its reserves for future claim payments based upon an independent actuarial assessment as at 30 April 2002 by Mr J Carroll (Fellow of the Institute of Actuaries of Australia) of NSP Buck.

### 13 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>101,557</td>
<td>101,557</td>
<td>43,879</td>
</tr>
<tr>
<td>Less Provision for Doubtful Debts</td>
<td>2,800</td>
<td>2,800</td>
<td>2,800</td>
</tr>
<tr>
<td></td>
<td>98,757</td>
<td>98,757</td>
<td>41,079</td>
</tr>
<tr>
<td>Prepaid Expenses and Accruals</td>
<td>1,211,765</td>
<td>575,886</td>
<td>440,627</td>
</tr>
<tr>
<td></td>
<td>1,310,522</td>
<td>674,625</td>
<td>481,706</td>
</tr>
</tbody>
</table>

### 14 Payables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>953,941</td>
<td>869,692</td>
<td>435,485</td>
</tr>
<tr>
<td>Bank Overdraft</td>
<td>166,515</td>
<td>166,515</td>
<td>–</td>
</tr>
<tr>
<td>Subscriptions/Registrations in Advance</td>
<td>249,270</td>
<td>249,270</td>
<td>193,649</td>
</tr>
<tr>
<td></td>
<td>1,369,726</td>
<td>1,285,477</td>
<td>629,134</td>
</tr>
</tbody>
</table>

Financial Statements

Queensland Law Society Incorporated
Notes in the Financial Report – continued

15 Property, Plant and Equipment

Consolidated Parent entity

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Strata Title Building at independent valuation</td>
<td>8,268,000</td>
<td>8,268,000</td>
<td>8,268,000</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>361,725</td>
<td>361,725</td>
<td>155,025</td>
</tr>
<tr>
<td></td>
<td>7,906,275</td>
<td>7,906,275</td>
<td>8,112,975</td>
</tr>
<tr>
<td>Office Furniture and Equipment at cost</td>
<td>1,179,422</td>
<td>1,179,422</td>
<td>1,208,336</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>681,624</td>
<td>681,624</td>
<td>698,230</td>
</tr>
<tr>
<td></td>
<td>497,798</td>
<td>497,798</td>
<td>510,106</td>
</tr>
<tr>
<td></td>
<td>8,404,073</td>
<td>8,404,073</td>
<td>8,623,081</td>
</tr>
</tbody>
</table>

An independent valuation of the strata title building was carried out as at 22 August 2000 by Mr D R Bullen AAPI and is on the basis of the open market value of Law Society House in vacant possession with all units combined. The Council are of the opinion that this basis provides a reasonable estimate of recoverable amount.

16 Contribution Distribution Account

This account represents the balance of moneys received from the General Trust Accounts’ Contribution Fund, disbursement of which is subject to the Minister’s approval in accordance with Part IIIA of the Queensland Law Society Act 1952.

Queensland Law Society Incorporated
Contribution Distribution Account
Statement of Income and Expenditure
For the Year Ended 30 April 2002

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance 1 May</td>
<td>2,416,295</td>
<td>2,416,295</td>
<td>1,190,139</td>
</tr>
</tbody>
</table>

Income

Distribution Received:
General Trust Accounts’ Contribution Fund | 1,203,248 | 1,203,248 | 1,321,104 |
Interest | 121,143 | 121,143 | 95,119 |

Expenditure

Continuing Legal Education | 100,000 | 100,000 | 85,000 |
Scram/Schools | 90,000 | 90,000 | 72,885 |
Law Week | 50,000 | 50,000 | 32,182 |
Legal Brochures | 47,000 | 47,000 | – |
|                      | 287,000 | 287,000 | 190,067 |
Net Movement | 1,057,291 | 1,057,291 | 1,226,156 |

Balance 30 April | 3,453,686 | 3,453,686 | 2,416,295 |
Financial Statements

Queensland Law Society Incorporated
Notes in the Financial Report – continued

17 Reserves

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2002</th>
<th>Parent entity 2002</th>
<th>Parent entity 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$$</td>
<td>$$</td>
<td>$$</td>
</tr>
<tr>
<td>Asset Revaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>3,893,191</td>
<td>3,893,191</td>
<td>3,373,692</td>
</tr>
<tr>
<td>Add: Revaluation increment on Strata Title Building (refer note 15)</td>
<td>–</td>
<td>–</td>
<td>519,499</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>3,893,191</td>
<td>3,893,191</td>
<td>3,893,191</td>
</tr>
</tbody>
</table>

18 Heal Street Building – Grants Fund

Funds of $88,999 were received from the Grants Fund during 1988 to enable the purchase of a suitable property from which Caxton Legal Services could continue operation as a community legal service. The property is held in trust for the Grants Fund and upon sale of the property for whatever reason the proceeds of that sale revert to the Grants Fund in total.

19 Commitments

(a) Operating Lease

<table>
<thead>
<tr>
<th></th>
<th>Not later than one year</th>
<th>Later than one year and not later than five years</th>
<th>Later than five years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,850</td>
<td>20,850</td>
<td>20,850</td>
</tr>
<tr>
<td></td>
<td>20,850</td>
<td>20,850</td>
<td>41,700</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>41,700</td>
<td>41,700</td>
<td>62,550</td>
</tr>
</tbody>
</table>

(b) Capital

Capital expenditure contracted for at 30 April 2002 but not provided for was nil.

20 Events Occurring After Reporting Date

In order to limit the risk profile of QLS Insurance Pte Ltd in its first three years of operation the company entered into a reinsurance contract with ST Paul Re. The reinsurance contract provided the company with the ability to commute the reinsurance policy prior to 30 June of each year. After receipt of an actuarial report as at 30 April 2002 the Society and company agreed to reduce the insurance cover provided and it is anticipated a premium refund of $3,250,000 will be returned to the Law Claims Levy Fund in recognition of the reduced risk transfer. Based on the new insurance arrangements QLS Insurance Pte Ltd exercised its right to commute the reinsurance policy. This commutation will see $2,700,000 plus investment income returned to the company. In the consolidated accounts the effect of the commutation and realignment of premium to the new insurance risk transfer after balance date will reduce the reinsurance cost by $2,700,000. The return of premium to the Law Claims Levy Fund will have no effect on the consolidated accounts as premium between QLS Insurance Pte Ltd and the Law Claims Levy Fund is eliminated on consolidation.

21 Remuneration

(a) Council Members

The President and Vice-President’s firms are paid an honorarium of $170,000 and $56,660 respectively.

No remuneration is paid to any other Council member or their firm. Council members are reimbursed for expenses incurred in relation to Society business.
Notes in the Financial Report – continued

(b) Executive Staff

The number of executive officers of the Society whose remuneration falls within the following bands:

<table>
<thead>
<tr>
<th>Consolidated Parent entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2002</td>
</tr>
<tr>
<td>$100,000 – $109,999</td>
</tr>
<tr>
<td>$110,000 – $119,999</td>
</tr>
<tr>
<td>$150,000 – $159,999</td>
</tr>
<tr>
<td>$160,000 – $169,999</td>
</tr>
<tr>
<td>$170,000 – $179,999</td>
</tr>
</tbody>
</table>

Total remuneration received, or due and receivable from the Society by executive officers of the Society whose income is $100,000 or more $719,703 $719,703 $509,596

Total remuneration is calculated on the total cost basis that includes superannuation and any FBT charges related to employee benefits.

The Society employed 82.4 full time equivalent staff at the reporting date. Of the total staff 24 are employed in the Department of Professional Standards and remunerated from the Legal Practitioners’ Fidelity Guarantee Fund in accordance with S15(d) of the Queensland Law Society Act 1952.

22 Contingent Liabilities

There are no other known contingent liabilities of a significant nature at balance date. All known insurance claims have been actuarially assessed and expected liabilities have been brought to account as Reserve for Future Claims.

23 Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Parent entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
</tr>
<tr>
<td>Cash</td>
<td>(159,098)</td>
</tr>
<tr>
<td>Short Term Deposits</td>
<td>26,478,954</td>
</tr>
<tr>
<td></td>
<td>26,359,856</td>
</tr>
</tbody>
</table>

(b) Financing Facilities

The Queensland Law Society Incorporated has arranged a standby credit facility with its bankers to meet any financing requirements. The facility has a limit of $500,000.
Queensland Law Society Incorporated
Notes in the Financial Report – continued

(c) Reconciliation of Net Cash (Used)/Provided by Operating Activities to the Surplus/(Deficit) for the Year

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2002</th>
<th>Parent entity 2002</th>
<th>Parent entity 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficiency) for the Year</td>
<td>(10,940,382)</td>
<td>7,898,416</td>
<td>256,530</td>
</tr>
<tr>
<td>Depreciation</td>
<td>363,087</td>
<td>363,087</td>
<td>351,557</td>
</tr>
<tr>
<td>Contributions Distribution Account</td>
<td>1,037,391</td>
<td>1,037,391</td>
<td>1,226,156</td>
</tr>
<tr>
<td>Change in Assets and Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in Employee Benefits</td>
<td>39,800</td>
<td>39,800</td>
<td>66,000</td>
</tr>
<tr>
<td>Receivables</td>
<td>(819,529)</td>
<td>(192,918)</td>
<td>36,031</td>
</tr>
<tr>
<td>Payables</td>
<td>551,802</td>
<td>489,826</td>
<td>(148,480)</td>
</tr>
<tr>
<td>Insurance Claim Reserves</td>
<td>6,518,998</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investment in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QLS Insurance Pte Ltd</td>
<td>–</td>
<td>(8,592,365)</td>
<td>–</td>
</tr>
<tr>
<td>Decrease in Inventory</td>
<td>5,384</td>
<td>5,384</td>
<td>(4,890)</td>
</tr>
<tr>
<td>Net Cash (Used)/Provided by Operating Activities</td>
<td>(3,463,449)</td>
<td>1,048,621</td>
<td>1,782,904</td>
</tr>
</tbody>
</table>

(d) Due to the Society acting as the collecting agent for insurance premiums and the Legal Practitioners’ Fidelity Guarantee Fund contributions etc. gross receipts and payments disclosed in the Statement of Cash Flows exceed revenue and expenditure disclosed in the Society’s financial statements.

24 Financial Instruments

(a) Cash Assets
Cash is represented by amounts held in bank accounts.

(b) Other Financial Assets
Investments include cash invested on the short term money market 11am call account and funds directly managed by BT Funds Management Limited and UBS Asset Management (Australia) Limited. Funds managed by BT Funds Management Limited and UBS Asset Management (Australia) Limited are carried at market value and earned a return of 7.05% for the year.

Investments include cash invested on the short term money market 11am call account. The rate of return for the year was in a range 4.05% to 4.80%.

(c) Receivables
Receivables are carried at actual amounts and represented by debtor accounts, which range in terms from 7 to 50 days, accruals for amounts received in the months after balance date, and amounts prepaid. The credit risk has been determined when providing for doubtful debts.

(d) Payables
Payables are carried at actual amounts and represent accrued expenses applicable to the financial year ended 30 April 2002 and paid in the months after balance date.

(e) Net Fair Value
Cash, investments, receivables and creditors carrying amounts all approximate fair value.
Financial Statements

Certificate of
Queensland Law Society Incorporated

We have prepared the following financial statements pursuant to the provisions of the Financial Administration and Audit Act 1973 and other prescribed requirements and notify that—

(a) the foregoing financial statements, with other information and notes to and forming part thereof are in agreement with the accounts and records of the Queensland Law Society Incorporated;

(b) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(c) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards of the transactions of the Queensland Law Society Incorporated for the financial year 1 May 2001 to 30 April 2002 and of the financial position as at the close of that year.

17/7/2002
(Signed)
(Dated)
President

(Signed)
Treasurer
INDEPENDENT AUDIT REPORT

To the Council of the Queensland Law Society Incorporated

Scope

I have audited the general purpose financial statements of Queensland Law Society Incorporated prepared by Queensland Law Society Incorporated for the year ended 30 April 2002 in terms of section 450 of the Financial Administration and Audit Act 1977. The Financial Statements include the consolidated financial statements of the consolidated entity comprising Queensland Law Society Incorporated and the entities it controlled at the year-end or from time to time during the year. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, and Statement of Cash Flows. Notes to the financial report and certificates given by the President and Chief Executive Officer.

The Queensland Law Society Incorporated is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with GAAS Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with the understanding of the Queensland Law Society Incorporated and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with section 450 of the Financial Administration and Audit Act 1977, I certify that I have received all the information and explanations I have required, and in my opinion -

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

- the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other mandatory professional reporting requirements in Australia of the transactions of Queensland Law Society Incorporated and the consolidated entity for the financial year 30 May 2001 to 30 April 2002 and of the financial position of Queensland Law Society Incorporated and the consolidated entity at the end of that year.

[Signature]
N P Jackson, FCPA
Assistant Auditor-General
(Deputy of the Auditor-General)

Queensland Audit Office
Brisbane

24 JUL 2002
## Financial Statements

### Law Claims Levy Fund

#### Statement of Financial Performance

For the financial year ended 30 June 2002

<table>
<thead>
<tr>
<th>Revenue from Ordinary Activities</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Levies</td>
<td>100,500</td>
<td>61,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>639,642</td>
<td>1,685,324</td>
</tr>
<tr>
<td>Solicitors’ Deductibles</td>
<td>23,868</td>
<td>96,369</td>
</tr>
<tr>
<td><strong>Total Revenue from Ordinary Activities</strong></td>
<td>764,010</td>
<td>1,842,693</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses from Ordinary Activities</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims and Legal Expenses – Levy Fund</td>
<td>1,518,941</td>
<td>1,871,828</td>
</tr>
<tr>
<td>Claims and Legal Expenses – Deductibles</td>
<td>23,868</td>
<td>95,757</td>
</tr>
<tr>
<td>Increase in Provision for Outstanding Claims</td>
<td>3,518,998</td>
<td>–</td>
</tr>
<tr>
<td>Solicitors’ Deductible Refunds</td>
<td>–</td>
<td>2,612</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,805,043</td>
<td>–</td>
</tr>
<tr>
<td>Investment Manager’s Fees</td>
<td>13,121</td>
<td>75,084</td>
</tr>
<tr>
<td>Administration Services – APPIIL</td>
<td>–</td>
<td>87,473</td>
</tr>
<tr>
<td>Actuarial and Consulting Expenses</td>
<td>–</td>
<td>161,002</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>2,681</td>
<td>2,700</td>
</tr>
<tr>
<td>Brokerage Fees</td>
<td>11,884</td>
<td>85,750</td>
</tr>
<tr>
<td><strong>Total Expenses from Ordinary Activities</strong></td>
<td>8,894,536</td>
<td>2,380,206</td>
</tr>
</tbody>
</table>

**(Deficiency) from ordinary activities**

(8,130,526)  (537,513)

### Retained Funds

<table>
<thead>
<tr>
<th>Retained Funds at the beginning of the Financial Year</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained Funds at the reporting date</td>
<td>7,504,053</td>
<td>24,434,579</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
### Law Claims Levy Fund
#### Statement of Financial Position
as at 30 June 2002

<table>
<thead>
<tr>
<th></th>
<th>2002 $</th>
<th>2001 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NOTES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Assets</td>
<td>29,594</td>
<td>22,257</td>
</tr>
<tr>
<td>Receivables</td>
<td>3,254,979</td>
<td>9,284</td>
</tr>
<tr>
<td>Loan – QLS Insurance Pte Ltd</td>
<td>286,792</td>
<td>–</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>5</td>
<td>7,309,798</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>10,881,163</td>
<td>24,476,848</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and Accruals</td>
<td>211</td>
<td>–</td>
</tr>
<tr>
<td>Provision for Outstanding Claims</td>
<td>3</td>
<td>1,518,998</td>
</tr>
<tr>
<td>Solicitors’ Deductibles</td>
<td>57,901</td>
<td>42,269</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,577,110</td>
<td>42,269</td>
</tr>
<tr>
<td><strong>Non – Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for Outstanding Claims</td>
<td>3</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Total Non – Current Liabilities</strong></td>
<td>2,000,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>3,577,110</td>
<td>42,269</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>7,304,053</td>
<td>24,434,579</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained Funds</td>
<td>7,304,053</td>
<td>24,434,579</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
## Financial Statements

### Law Claims Levy Fund

#### Statement of Cash Flows

For the Year Ended 30 June 2002

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2002 $ Inflows (Outflows)</th>
<th>2001 $ Inflows (Outflows)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from the Profession and Commutation Benefits</td>
<td>140,000</td>
<td>158,500</td>
</tr>
<tr>
<td>Claims and Expenses</td>
<td>(8,916,221)</td>
<td>(2,388,704)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>648,049</td>
<td>1,687,778</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>6(c)</td>
<td>(8,128,172)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Queensland Law Society Incorporated</td>
<td>(9,000,000)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(9,000,000)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net decrease in cash held</strong></td>
<td>(17,128,172)</td>
<td>(542,426)</td>
</tr>
<tr>
<td>Cash at the Beginning of the Financial Year</td>
<td>24,467,564</td>
<td>25,009,990</td>
</tr>
<tr>
<td>Cash at the End of the Financial Year</td>
<td>6(a)</td>
<td>7,339,392</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
Notes in the Financial Report
As at 30 June 2002

NOTES

1 Statement of Significant Accounting Policies
The significant policies which have been adopted in the preparation of the Fund’s financial statements are:

(a) Basis of Preparation
The financial statements are a general purpose financial report which has been prepared in compliance with Australian Accounting Standards.
They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values. These accounting policies are consistent with those of the previous year, except where there is a change which has been separately disclosed.

(b) Other Financial Assets
Investments under the control of professional fund managers are disclosed at market value at balance date and any movement in market value is accounted for in the Statement of Financial Performance. The cash float maintained by the Fund is invested on the short-term money market and valued at cost. Interest income is brought to account under the accrual basis.

(c) Income Tax
The Fund has been granted exemption from income tax by the Australian Taxation Office per Section 24AK of the Income Tax Assessment Act 1936.

(d) Additional Levies
Additional levies may be imposed in accordance with the indemnity rules and are accounted for separately and disclosed as income of the Fund.

(e) Solicitors’ Deductibles
Solicitors’ deductibles which are payable in accordance with the Master Policy agreement, are brought to account in the Statement of Financial Performance. The unexpended balance is accounted for as a current liability at balance date.

(f) Administration Expenses
Administration expenses incurred by the Fund are those associated with the investment activities of the Fund and the management fee paid to Australia Pacific Professional Indemnity Insurance Company Ltd (APPIIL) for claims handling.

(g) Claims
Claims reserves are determined for all open files. Movements in claim reserves are brought to account in the Statement of Financial Performance each year. The total claim reserve is disclosed in the Statement of Financial Position at balance date.

(h) Professional Indemnity Insurance
The Queensland Law Society Incorporated entered into a Master Policy agreement with Professional Indemnity Insurers to limit the maximum liability of the Fund for both individual claims and aggregate amounts. The Fund incurs all expenses up to a prescribed amount per individual claim until such time as the aggregate amount has been reached at which time the Professional Indemnity Insurers incur all future costs. The respective individual liability per claim is listed in Note 7.

(i) Comparative Figures
Where necessary, comparative figures have been re-classified to achieve consistency in disclosure with current financial year amounts and other disclosures.

2 Scope of Operation
The Law Claims Levy Fund is responsible for the professional indemnity insurance of practitioners for the years 1987 to 1995 and its role now is to administer the run out of insurance claims in the process of finalisation. The Fund has capped its liabilities at $5,000,000 by way of a stop loss insurance policy with QLS Insurance Pte Ltd.
The Law Claims Levy Fund will receive no further premium income. The Fund will continue to have investments managed by fund managers and receive investment income during the run out of insurance claims.
3 Change in Accounting Policy

The Law Claims Levy Fund had previously accounted for claims in the year they were paid. Claim reserves and actuarial assessments of reserves were disclosed as contingent liabilities along with funds on hand to support the Fund’s solvency and ability to pay claims as and when they fell due. With the incorporation of QLS Insurance Pte Ltd a wholly owned subsidiary of the Queensland Law Society Incorporated and the subsequent requirement to prepare consolidated financial statements it became necessary to adopt a consistent treatment for the recognition of claims in the process of finalisation. In the current financial year reserves on hand at balance date have been brought to account as an expense and also disclosed as a liability in the Statement of Financial Position. The change in accounting policy has increased the operating deficit for the year by $3,518,998.

In future accounting periods the change in the provision for outstanding claims will be brought to account. It is expected that in future accounting periods actual claim payments will match the reduction in the provision for outstanding claims.

4 Investment Income

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Received</td>
<td>11,011</td>
<td>11,820</td>
</tr>
<tr>
<td>Changes in Net Market Value of Investments</td>
<td>628,631</td>
<td>1,675,504</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>639,642</td>
<td>1,685,324</td>
</tr>
</tbody>
</table>

5 Other Financial Assets

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed Funds at Market Value</td>
<td>7,180,674</td>
<td>24,322,125</td>
</tr>
<tr>
<td>Short Term Deposits at Cost</td>
<td>129,124</td>
<td>123,202</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,309,798</td>
<td>24,445,327</td>
</tr>
</tbody>
</table>

6 Notes to the Statements of Cash Flows

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments on money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to related items in the balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>29,594</td>
<td>22,237</td>
</tr>
<tr>
<td>Investments</td>
<td>7,309,798</td>
<td>24,445,327</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,339,392</td>
<td>24,467,564</td>
</tr>
</tbody>
</table>

(b) Financing Facilities

The Law Claims Levy Fund has no external non-cash financing nor any standby credit facilities or any other loan facilities.

(c) Reconciliation of Net Cash Used in Operating Activities to the Surplus/(Deficiency) for the Year

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficiency) for the Year</td>
<td>(8,150,526)</td>
<td>(537,514)</td>
</tr>
</tbody>
</table>

Changes in Asset and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease/(Increase) in Receivables</td>
<td>(3,532,487)</td>
<td>(6,043)</td>
</tr>
<tr>
<td>Increase in Creditors</td>
<td>211</td>
<td>–</td>
</tr>
<tr>
<td>Increase in Solicitors’ Deductibles</td>
<td>15,632</td>
<td>1,131</td>
</tr>
<tr>
<td>Increase in Provision for Outstanding Claims</td>
<td>5,518,998</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net Cash Used in Operating Activities</strong></td>
<td>(8,128,172)</td>
<td>(542,426)</td>
</tr>
</tbody>
</table>
7 Contingent Liabilities

The nature of the Fund prohibits a definitive value to be determined for contingent liabilities. Under the present insurance agreements the total liability of the Fund for the respective years of insurance is limited to $100,000 (1987-1994) and $500,000 (1995) per individual claim and this amount is reduced by the amount of the solicitors’ deductible. Also an aggregate limit per respective year of insurance applies and this limits the total liability of the Fund.

The Fund capped all future claim payments to $5,000,000 effective from 1 July 2001 by way of a stop loss insurance policy with QLS Insurance Pte Ltd. Based on the actuarial advice in respect of the position of the Fund as at 30 April 2002 and the insurance in place the Society is of the opinion that the funds on hand of $7,828,071 together with future investment income and deductibles, will ensure that all future claims (estimated gross value $3,519,000) will be met as and when they fall due.

8 Financial Instruments

(a) Cash

Cash is represented by amounts held in bank accounts.

(b) Other Financial Assets

Investments include cash invested on the short term money market 11am call account and funds directly managed by BT Funds Management Limited and UBS Asset Management (Australia) Limited. Funds managed by BT Funds Management Limited and UBS Asset Management (Australia) Limited are carried at market value and earned a return of 7.05% for the year.

The rate of return for money invested on the short term money market was in the range 4.05% – 4.80% for the year.

(c) Receivables

Receivables are carried at actual amounts and represent accruals for interest received after balance date. There is no credit risk in relation to these receivables.

(d) Payables

Solicitors’ deductibles are carried at actual amounts and represent amounts received in advance of claim payments being made.

(e) Net Fair Value

Cash, investments, receivables and payables carrying amounts all approximate fair value.
We have prepared the foregoing financial statements pursuant to the provisions of the Financial Administration and Audit Act 1977 and other prescribed requirements and certify that—

(a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Law Claims Levy Fund;

(b) in our opinion—

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed Accounting Standards of the transactions of the Law Claims Levy Fund for the period 1 July 2001 to 30 June 2002 and of the financial position as at the close of that year.

17/7/02

(Date)

(Signed)

President

(Signed)

Of Executive Offices
Financial Statements

INDEPENDENT AUDIT REPORT

To the Council, Queensland Law Society Incorporated – Law Claims Levy Fund

Scope


The Queensland Law Society Incorporated is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with GAAS Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

I certify that I have received all the information and explanations I have required and, in my opinion –

(a) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects and

(b) the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of the Law Claims Levy Fund for the financial year 1 July 2001 to 30 June 2002 and of the financial position as at the end of that year.

N P Jackman FCPS
Assistant Auditor-General
(Deputy of the Auditor-General)

Queensland Audit Office
Brisbane

24 JUL 2002
QLS Insurance Pte Ltd
Director’s Report

We, the undersigned directors, on behalf of all the directors of the Company, submit this report to the members together with the financial statements of the Company for the period ended 30 April 2002. This is the first financial report and covers the period from incorporation on 23 June 2001 to 30 April 2002. Management accounts to 30 April 2002 were audited and verified by Pricewaterhouse Coopers, Singapore for consolidation purposes. A formal independent audit report will be issued with the 30 June 2002 year end accounts.

1 Directors

The directors in office at the date of this report are as follows:

Ronald Ashton (Appointed on 23 June 2001)
Joseph Tooma (Appointed on 23 June 2001)
Alan Cheah (Appointed on 23 June 2001)
Michael Meadows (Appointed on 28 June 2001 as Alternate to Ron Ashton)
Richard Wallace (Appointed on 28 June 2001 as Alternate to Joseph Tooma)

2 Principal Activities

The principal activities of the Company during the financial year are those of a general insurance company licensed under the Insurance Act, Chapter 142. The Company underwrites the risks of its parent and related corporations as defined under Section 6 of the Companies Act, Chapter 50 and such other companies as the Monetary Authority of Singapore may allow.

There have been no significant changes in these activities during the financial period.

3 Acquisitions and Disposals of Subsidiaries

There were no acquisitions or disposals of subsidiaries during the financial year.

4 Results For the Financial Year

Profit/(Loss) after taxation $(407,635)
and retained earnings at end of the period $8,592,365

5 Material Transfers to/from Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year except for the following item:

To future claim reserve 2,800,000

6 Issue of Shares and Debentures

During the financial year, the Company issued 9,000,000 ordinary shares of A$1.00 each at par for each and the proceeds were used as working capital.

7 Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial period nor at any time during the financial period was the Company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

8 Directors’ Interests in Shares and Debentures

Except as disclosed in this report, no directors who held office at the end of the financial period had interests in share and debentures of the Company or of related corporations either at the beginning or at the end of the financial year.

According to the register kept by the Company for the purposes of section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares in a related corporation are as follows:

<table>
<thead>
<tr>
<th>Ultimate holding company</th>
<th>At beginning of year</th>
<th>At end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland Law Society Inc</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Dividends

The directors do not recommend that a final dividend be paid.

Directors’ Actions Relating to Bad and Doubtful Debts

Before the Statement of Financial Performance and the Statement of Financial Position were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off and providing for bad and doubtful debts and have satisfied themselves that all known bad debts, if any, have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts in the financial statements of the Company inadequate to any substantial extent.

Directors’ Action Relating to Current Assets

Before the Statement of Financial Performance and the Statement of Financial Position were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise in the ordinary course of business their book values have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to current assets in the financial statements of the Company misleading.

Charges on Assets and Existence of Contingent Liabilities After Year End Date

At the date of this report:

(a) there does not exist any charge on the assets of the company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) there does not exist any contingent liability of the Company which has arisen since the end of the financial period.

Ability to Meet Obligations

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may affect the ability of the company to meet its obligations as and when they fall due.

Other Circumstances Affecting Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

Unusual Items

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Company during the financial period.

Unusual Items After Year End Date

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company for the financial period in which this report is made.

Directors’ Interests in Contracts

Since the beginning of the financial period, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

Options to Take Up Unissued Shares

During the financial period, no option to take up unissued shares of the Company was granted.

Options Exercised

During the financial period, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.
Financial Statements

QLS Insurance Pte Ltd
Director’s Report – Continued

20 Unissued Shares Under Option
At the end of the financial period, there were no unissued shares of the Company under option.

21 Auditors
The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

[Signatures]

Ronald Ashton
Director

Joseph Tomas
Director

Due: 17/7/02
# Financial Statements

QLS Insurance Pte Ltd  
Statement of Financial Position  
As at 30 April 2002

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2002</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Assets</td>
<td>12,127,424</td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>625,341</td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>12,752,767</td>
<td></td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>1,360,402</td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,360,402</td>
<td></td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td>11,392,365</td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future Claim Reserve</td>
<td>2,800,000</td>
<td></td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>8,592,365</td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL AND RESERVE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>9,000,000</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(407,635)</td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>8,592,365</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
### QLS Insurance Pte Ltd

#### Statement of Financial Performance
For the period ended 30 April 2002

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2002</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Written Premium</td>
<td>5,205,479</td>
<td></td>
</tr>
</tbody>
</table>

*Less:*

**Cost and operating expenses**
- Reinsurance Ceded 3,048,328
- Future Claim Reserves 2,800,000

**Underwriting Profit/(Loss)** (642,849)

**Interest Income** 512,047

**Other operating expenses** 276,833

**Profit/(Loss) before income tax** (407,635)

**Income tax**
- Singapore 0
- Other countries 0

**Net Profit/(Loss) for the period** (407,635)

The accompanying notes form an integral part of these financial statements.
# Cash Flow Statement

QLS Insurance Pte Ltd

For the period ended 30 April 2002

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inf/Outflows</td>
<td>$</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Receipt of Share Capital</td>
<td>9,000,000</td>
</tr>
<tr>
<td>Premium Received</td>
<td>6,250,000</td>
</tr>
<tr>
<td>Reinsurance and Administration Expenses</td>
<td>(3,634,623)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>512,047</td>
</tr>
<tr>
<td><strong>Cash flows provided by operating activities</strong></td>
<td>12,127,424</td>
</tr>
<tr>
<td>Net Increase/(Decrease) in Cash held</td>
<td>12,127,424</td>
</tr>
<tr>
<td>Cash at the beginning of the Financial Period</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash at the end of the Financial Period</strong></td>
<td>12,127,424</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
## QLS Insurance Pte Ltd
### Statement of Changes in Equity
#### Year ended 30 April 2002

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued capital</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>9,000,000 ordinary shares of $1 each paid up to $1 per share</td>
<td></td>
</tr>
<tr>
<td>Balance at the end of year</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>$(407,635)</td>
</tr>
<tr>
<td>Net Profit/(Loss) for the year</td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>$8,592,365</td>
</tr>
</tbody>
</table>
1 Corporate Information
The Company is a limited liability company, which is incorporated in the Republic of Singapore. The Company is a wholly-owned subsidiary of Queensland Law Society Inc., an association incorporated in Australian under the Queensland Law Society Incorporated Act 1952. The registered office of the Company is located at 8 Cross Street #11-00 PWC Building Singapore 048424.

The principal activities of the Company during the financial year are those of a general insurance company licensed under the Insurance Act, Chapter 142. The Company underwrites the risks of its parent and related corporations as defined under Section 6 of the Companies Act, Chapter 50 and such other companies as the Monetary Authority of Singapore may allow. There have been no significant changes in these activities during the financial year. The Company operates in Singapore and had no employees as at 30 April 2002.

2 Summary of Significant Accounting Policies
The significant policies which have been adopted in the preparation of the company’s financial statements are:

(a) Basis of Preparation
The financial statements are a general-purpose financial report. They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets. These accounting policies are consistent with those of the previous year, except where there is a change which has been separately disclosed.

(b) Income Tax
The company is registered in Australia for income tax and GST. The company is also to pay tax in Singapore and credits are available in Australia for any tax paid in Singapore.

(c) Other Financial Assets
Investments under the control of professional fund managers are disclosed at market value at balance date and any movement in market value is accounted for in the Statement of Financial Performance. The cash float maintained by the company is invested on the short-term money market and valued at cost. Interest income is brought to account under the accrual basis.

(d) Comparative Figures
As this is the first reporting period for the company, no comparative figures are available.

3 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid Fees and Accruals</td>
<td>$13,670</td>
</tr>
<tr>
<td>Reinsurer Unearned Premium</td>
<td>$611,671</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$625,341</strong></td>
</tr>
</tbody>
</table>

4 Payables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned Premium</td>
<td>$1,044,520</td>
</tr>
<tr>
<td>Other Payables and Accruals</td>
<td>$315,882</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,360,402</strong></td>
</tr>
</tbody>
</table>

5 Claims and Reserves
Claims reserves are determined for all open files. The total Future Claim Reserve is disclosed in the Statement of Financial Position at balance date and has been determined by independent actuarial assessment.
6 Reinsurance Ceded
The company took out a reinsurance contract with St Paul Re effective from 1 July 2001 to 30 June 2004. The company has the option to commute the contact prior to 30 June of each year, refer note 8.

7 Other Operating Expenses

<table>
<thead>
<tr>
<th>2002</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Fees</td>
<td>19,090</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>14,317</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>106</td>
</tr>
<tr>
<td>Couriers</td>
<td>79</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>17,105</td>
</tr>
<tr>
<td>Management Fees – RO International Pte Ltd</td>
<td>55,429</td>
</tr>
<tr>
<td>Management Fees – Brown Consulting</td>
<td>158,000</td>
</tr>
<tr>
<td>MAS Annual Fees/Masnet Charges</td>
<td>3,756</td>
</tr>
<tr>
<td>Professional Fees – Lambda</td>
<td>3,000</td>
</tr>
<tr>
<td>Secretarial Fees</td>
<td>5,014</td>
</tr>
<tr>
<td>Stationary</td>
<td>10</td>
</tr>
<tr>
<td>Sundry Expenses</td>
<td>85</td>
</tr>
<tr>
<td>Tax Advice Fees</td>
<td>2,865</td>
</tr>
</tbody>
</table>

276,833

8 Events Occurring After Balance Date
In June 2002 the company agreed to a request from the Queensland Law Society Incorporated to amend the level of insurance cover provided. As a result of a reduction in the cover required the company determined a new premium providing a premium refund to the Society of $3,250,000 effective for the year ending 30 June 2002. The change in insurance coverage required by the Society has significantly reduced the level of risk transferred to the company. The Directors have subsequently reviewed the level of reinsurance required and decided to exercise the company’s right to commute the reinsurance contract prior to 30 June 2002. The commutation will see a refund due on the reinsurance contract of $2,700,000 plus investment income earned in the past twelve months.

9 Notes to the Statement of Cash Flows
(a) Reconciliation of Cash

<table>
<thead>
<tr>
<th>2002</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>13,875</td>
</tr>
<tr>
<td>Short Term Investments</td>
<td>12,113,549</td>
</tr>
</tbody>
</table>

12,127,424

(b) Reconciliation of Net Cash Used in Operating Activities to the Surplus/Deficit for the Year

<table>
<thead>
<tr>
<th>2002</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficiency for the Year</td>
<td>(407,655)</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td>4,160,402</td>
</tr>
<tr>
<td>(Decrease)/Increase in Creditors</td>
<td>9,000,000</td>
</tr>
<tr>
<td>Share Capital</td>
<td>(625,345)</td>
</tr>
</tbody>
</table>

12,127,424
Financial Statements

QLS Insurance Pte Ltd
Statement of Directors

We, Ranadi Ashton and Joseph Tanna, being directors of QLS INSURANCE PTE LTD, do hereby
state that in the opinion of the directors:

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the
state of affairs of the Company as at 30 April 2002 and of the results of the Company for the
financial period then ended; and

(b) as the date of this statement, there are reasonable grounds to believe that the Company will be
able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS

[Signature]
Ranadi Ashton
Director

[Signature]
Joseph Tanna
Director

Date 17/7/02
### Legal Practitioners’ Fidelity Guarantee Fund
#### Statement of Financial Performance
For the financial year ended 30 April 2002

<table>
<thead>
<tr>
<th>Revenue from Ordinary Activities</th>
<th>NOTES</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Practitioners Fees</td>
<td>1</td>
<td>86,796</td>
<td>83,990</td>
</tr>
<tr>
<td>Additional Practitioner Fees</td>
<td>2</td>
<td>1,590,761</td>
<td>3,127,200</td>
</tr>
<tr>
<td>Distribution received from Interest on Trust Accounts</td>
<td></td>
<td>1,837,515</td>
<td>2,426,193</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td></td>
<td>114,898</td>
<td>145,999</td>
</tr>
<tr>
<td>Solicitors Complaints Tribunal Fines</td>
<td></td>
<td>64,600</td>
<td>38,900</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td>28</td>
<td>176</td>
</tr>
<tr>
<td>Costs Recovered</td>
<td>3</td>
<td>116,248</td>
<td>57,828</td>
</tr>
<tr>
<td>Total Revenue from Ordinary Activities</td>
<td></td>
<td>3,810,846</td>
<td>5,880,286</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses from Ordinary Activities</th>
<th>NOTES</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Expenses</td>
<td>4</td>
<td>1,794,804</td>
<td>1,602,941</td>
</tr>
<tr>
<td>Claims Payments</td>
<td></td>
<td>1,098,675</td>
<td>854,409</td>
</tr>
<tr>
<td>Complaint and Disciplinary Investigative Costs</td>
<td></td>
<td>37,938</td>
<td>78,982</td>
</tr>
<tr>
<td>Expenses Reimbursed to the Queensland Law Society Incorporated</td>
<td>5</td>
<td>691,550</td>
<td>592,623</td>
</tr>
<tr>
<td>Legal Ombudsman Expenses</td>
<td></td>
<td>49,311</td>
<td>91,434</td>
</tr>
<tr>
<td>Solicitors Complaints Tribunal Costs</td>
<td>6</td>
<td>413,670</td>
<td>381,194</td>
</tr>
<tr>
<td>Receivership costs</td>
<td></td>
<td>29,886</td>
<td>18,428</td>
</tr>
<tr>
<td>Total Expenses from Ordinary Activities</td>
<td></td>
<td>4,115,834</td>
<td>3,620,011</td>
</tr>
</tbody>
</table>

#### Surplus/(Deficit) from Ordinary Activities

| Surplus/(Deficit) from Ordinary Activities             |       | (304,988) | 2,260,275 |
| Retained Funds at the beginning of the Financial Year |       | 1,570,876 | (689,599) |
| Retained Funds at the reporting date                   |       | 1,265,888| 1,570,876 |

The accompanying notes form part of the accounts.
### Legal Practitioners' Fidelity Guarantee Fund
#### Statement of Financial Position
as at 30 April 2002

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Assets</td>
<td>$52,880</td>
<td>$10,507</td>
</tr>
<tr>
<td>Receivables</td>
<td>$16,143</td>
<td>$14,082</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>$2,014,998</td>
<td>$2,123,280</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>$2,084,021</strong></td>
<td><strong>$2,147,869</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$2,084,021</strong></td>
<td><strong>$2,147,869</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>$500,133</td>
<td>$317,493</td>
</tr>
<tr>
<td>Provisions for Employee Entitlements</td>
<td>$141,000</td>
<td>$102,000</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>$641,133</strong></td>
<td><strong>$419,493</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Liabilities</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for Employee Entitlements</td>
<td>$177,000</td>
<td>$157,500</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td><strong>$177,000</strong></td>
<td><strong>$157,500</strong></td>
</tr>
</tbody>
</table>

| **Total Liabilities**           | **$818,133**| **$576,993**|
| **Net Assets**                  | **$1,265,888**| **$1,570,876**|
| **EQUITY**                      | **$1,265,888**| **$1,570,876**|

The accompanying notes form part of the accounts.
## Financial Statements

### Legal Practitioners’ Fidelity Guarantee Fund

#### Statement of Cash Flows

For the year ended 30 April 2002

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inflows (Outflows)</td>
<td>Inflows (Outflows)</td>
</tr>
<tr>
<td>Contributions by Practitioners and Cost Recoveries</td>
<td>1,400,545</td>
<td>2,675,242</td>
</tr>
<tr>
<td>Distribution Received from Interest on Trust Accounts</td>
<td>1,837,515</td>
<td>2,426,193</td>
</tr>
<tr>
<td>Claim Payments and Administration Expenses</td>
<td>(3,420,730)</td>
<td>(4,492,700)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>116,761</td>
<td>145,759</td>
</tr>
</tbody>
</table>

Net Increase/(Decrease) in Cash held

| 9 | (65,909) | 754,494 |

Cash at the beginning of the Financial Year

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,153,787</td>
<td>1,379,293</td>
</tr>
</tbody>
</table>

Cash at the end of the Financial Year

| 9 | 2,067,878 | 2,133,787 |

The accompanying notes form part of the accounts.
Scope of Operation

The Legal Practitioners’ Fidelity Guarantee Fund is established under the Queensland Law Society Act 1952 (“the Act”) and is administered by the Queensland Law Society.

The Fund is applied to reimburse persons who suffer loss through stealing or fraudulent misappropriation by a practitioner (or his or her clerk or employee) of any money or other property held on trust.

The Fund is also used to defray costs incurred in the administration of disciplinary matters, audit of solicitors’ trust accounts and receivership of solicitors’ trust accounts.

A major source of income for the Fund is a share of interest earned on solicitors’ trust accounts. The Fund is subject to a statutory cap under section 20(5) of the Act. Due to this cap the Fund has had no opportunity to build up reserves to meet claims as and when they are received.

The Council of the Society has recommended to government that the Fund be abolished. The Society has made submissions to Government for legislative change. If the Fund is to continue then the solution to its long term financial viability is to ensure the Fund receives the interest earned on solicitors trust accounts.

With a view to ensuring that all approved claims can be paid, the Council of the Society has imposed a special levy on practitioners (refer Note 2).

NOTES

1 Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the Legal Practitioners’ Fidelity Guarantee Fund’s financial statements are:

(a) Basis of Preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards.

They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets.

These accounting policies are consistent with those of the previous year, except where there is a change which has been separately disclosed (refer note 2).

(b) Other Financial Assets

Investments during the year comprising short term deposits are valued at cost.

Investment income is brought to account under the accrual basis.

(c) Income Tax

The Fund has been granted exemption from income tax by the Australian Taxation Office per Section 24AK of the Income Tax Assessment Act 1936.

(d) Employee Entitlements

Annual Leave

The annual leave provision has been calculated based on current wage and salary rates, including on-costs and represents the amount which the Fund has a present obligation to pay resulting from employees’ services provided up to the balance date.

Long Service Leave

The liability for long service leave entitlements represents the present value of the estimated future cash outflows to be made by the Fund resulting from the employees’ services up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the Fund’s experience with staff departures. Related on-costs have also been included in the liability.

(e) Claims

Claims are brought to account in the year they are paid/approved and no accruals are made for claims that are in the process of finalisation.

(f) Comparative Figures

Where necessary comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.
2 Additional Practitioner Fees.

The Council of the Queensland Law Society resolved to raise a levy of $300 (2001, $600) per practitioner in accord with S21 of the Queensland Law Society Act. The levy is necessary to assist the Fund meet it’s financial commitments as and when they fall due. The levy for the 2003 financial year is $200 per practitioner.

3 Costs Recovered

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Claims</td>
<td>50,000</td>
<td>5,251</td>
</tr>
<tr>
<td>Defaulting Practitioners</td>
<td>66,028</td>
<td>42,557</td>
</tr>
<tr>
<td>Receivership's</td>
<td>220</td>
<td>2,790</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>9,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>116,248</td>
<td>57,828</td>
</tr>
</tbody>
</table>

4 Administration Expenses

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Audit Fees – Fidelity Fund</td>
<td>5,268</td>
<td>5,550</td>
</tr>
<tr>
<td>Audit Fees – Interest on Trust Accounts</td>
<td>2,600</td>
<td>5,450</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>42</td>
<td>61</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,757</td>
<td>2,327</td>
</tr>
<tr>
<td>Offsite Storage</td>
<td>20,525</td>
<td>20,530</td>
</tr>
<tr>
<td>Payroll Tax</td>
<td>61,524</td>
<td>53,191</td>
</tr>
<tr>
<td>Photocopy Expenses</td>
<td>6,716</td>
<td>6,981</td>
</tr>
<tr>
<td>Postage</td>
<td>11,244</td>
<td>10,371</td>
</tr>
<tr>
<td>Printing and Stationary</td>
<td>12,842</td>
<td>24,217</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>9,836</td>
<td>24,562</td>
</tr>
<tr>
<td>Registrations and Subscriptions</td>
<td>7,434</td>
<td>10,128</td>
</tr>
<tr>
<td>Rent and Electricity</td>
<td>261,472</td>
<td>261,806</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,200,251</td>
<td>1,014,787</td>
</tr>
<tr>
<td>Staff Advertising</td>
<td>8,759</td>
<td>–</td>
</tr>
<tr>
<td>Staff Training</td>
<td>5,407</td>
<td>7,175</td>
</tr>
<tr>
<td>Sundry Expenses</td>
<td>6,436</td>
<td>5,462</td>
</tr>
<tr>
<td>Superannuation</td>
<td>122,841</td>
<td>101,094</td>
</tr>
<tr>
<td>Taxi and Couriers</td>
<td>4,186</td>
<td>2,861</td>
</tr>
<tr>
<td>Telephone</td>
<td>13,640</td>
<td>11,594</td>
</tr>
<tr>
<td>Trust Account Audit Expenses</td>
<td>31,044</td>
<td>36,794</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,794,804</td>
<td>1,602,941</td>
</tr>
</tbody>
</table>
### Financial Statements

#### Legal Practitioners’ Fidelity Guarantee Fund
**Notes in the Financial Report – continued**

5 Expenses Reimbursed to Queensland Law Society Incorporated *

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>1,950</td>
<td>942</td>
</tr>
<tr>
<td>Computer Maintenance and Resources</td>
<td>84,408</td>
<td>70,659</td>
</tr>
<tr>
<td>Council Travel</td>
<td>22,222</td>
<td>22,728</td>
</tr>
<tr>
<td>Honoraria</td>
<td>9,615</td>
<td>11,154</td>
</tr>
<tr>
<td>Insurance</td>
<td>27,589</td>
<td>26,996</td>
</tr>
<tr>
<td>Payroll Tax</td>
<td>14,507</td>
<td>11,502</td>
</tr>
<tr>
<td>Postage</td>
<td>20,220</td>
<td>26,576</td>
</tr>
<tr>
<td>Printing and Stationary</td>
<td>60,493</td>
<td>61,733</td>
</tr>
<tr>
<td>Rent</td>
<td>76,049</td>
<td>62,836</td>
</tr>
<tr>
<td>Salaries</td>
<td>302,257</td>
<td>234,757</td>
</tr>
<tr>
<td>Staff Advertising</td>
<td>4,522</td>
<td>2,721</td>
</tr>
<tr>
<td>Staff Amenities</td>
<td>3,755</td>
<td>3,904</td>
</tr>
<tr>
<td>Staff Training</td>
<td>4,534</td>
<td>3,521</td>
</tr>
<tr>
<td>Superannuation</td>
<td>25,693</td>
<td>22,312</td>
</tr>
<tr>
<td>Taxi and Courier</td>
<td>3,987</td>
<td>3,472</td>
</tr>
<tr>
<td>Telephone</td>
<td>29,971</td>
<td>26,850</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>691,550</td>
<td>592,623</td>
</tr>
</tbody>
</table>

* Includes contributions to the Queensland Law Society Incorporated for shared expenditure – Rule 116(3)(e). These contributions recognise the managerial and administrative tasks performed by Society staff on behalf of the Fund. The monetary level of the contributions is based on a detailed time survey conducted for a period of time by Society staff.

The Legal Practitioners’ Fidelity Guarantee Fund has incurred the above listed administration costs to comply with the functions and duties which have been previously listed in the Scope of Operations note to the Accounts.

6 Solicitors Complaints Tribunal

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerk of The Tribunal</td>
<td>78,975</td>
<td>124,274</td>
</tr>
<tr>
<td>Legal Costs to Investigate and Prosecute</td>
<td>311,360</td>
<td>242,705</td>
</tr>
<tr>
<td>Shorthand Fees</td>
<td>8,980</td>
<td>7,519</td>
</tr>
<tr>
<td>Sundry Expenses</td>
<td>14,355</td>
<td>6,696</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>413,670</td>
<td>381,194</td>
</tr>
</tbody>
</table>

7 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid Fees and Accruals</td>
<td>9,168</td>
<td>5,245</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>6,975</td>
<td>8,837</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,143</td>
<td>14,082</td>
</tr>
</tbody>
</table>

8 Payables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Claims *</td>
<td>285,219</td>
<td>186,650</td>
</tr>
<tr>
<td>Other Payables and Accruals</td>
<td>214,914</td>
<td>130,863</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>500,133</td>
<td>317,493</td>
</tr>
</tbody>
</table>

* Refer to Note 1(e) for details concerning payment of approved claims.
Legal Practitioners' Fidelity Guarantee Fund
Notes in the Financial Report – continued

9 Notes to the Statement of Cash Flows

(a) Reconciliation of Cash
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments on money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>52,880</td>
<td>10,507</td>
</tr>
<tr>
<td>Other Financial Assets – Short Term Investments</td>
<td>2,014,998</td>
<td>2,125,280</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,067,878</strong></td>
<td><strong>2,135,787</strong></td>
</tr>
</tbody>
</table>

(b) Financing Facilities
The Legal Practitioners’ Fidelity Guarantee Fund has no external non-cash financing nor any standby credit facilities or any other loan facilities.

(c) Reconciliation of Net Cash Used in Operating Activities to the Surplus/(Deficiency) for the Year

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficiency) for the Year</td>
<td>(304,988)</td>
<td>2,260,275</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease)/Increase in Creditors</td>
<td>182,640</td>
<td>(1,536,633)</td>
</tr>
<tr>
<td>Increase in Provision for Employees Entitlements</td>
<td>58,500</td>
<td>36,000</td>
</tr>
<tr>
<td>(Increase) in Receivables</td>
<td>(2,061)</td>
<td>(5,148)</td>
</tr>
<tr>
<td>Net Cash Used in Operating Activities</td>
<td>(65,909)</td>
<td>754,494</td>
</tr>
</tbody>
</table>

10 Contingent Liability

(a) Claims
Due to the nature of the Fund, it is not possible or practical to determine a definite value of contingent liabilities. At 30 April 2002 the Fund was in the process of considering a number of claims, the estimated value of which was approximately $1,423,700. There are no other known contingent liabilities of a significant nature as at balance date.

11 Financial Instruments

(a) Cash
Cash is represented by amounts held in bank accounts.

(b) Investments
Investments include cash invested on the short term money market 11am call account. The rate of return for the year was in the range 4.05% to 4.80%.

(c) Receivables
Receivables are carried at actual amounts and represent accruals for amounts received in the months after balance date or amounts prepaid. There is no credit risk in relation to these receivables.

(d) Payables
Payables are carried at actual amounts and represent accrued expenses applicable to the financial year ended 30 April 2002 and paid in the months after balance date.

(e) Net Fair Value
Cash, investments, receivables and payables carrying amounts all approximate fair value.
Financial Statements

Certificate of
Legal Practitioners' Fidelity Guarantee Fund

We have prepared the foregoing financial statements pursuant to the provisions of the Financial Administration and Audit Act 1977 and other prescribed requirements and certify that –

(a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Legal Practitioners' Fidelity Guarantee Fund;

(b) in our opinion -

1) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

2) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards of the financial position of the Legal Practitioners' Fidelity Guarantee Fund for the financial year 1 May 2001 to 30 April 2002 and of the financial position as at the close of that year.

17/7/02

(Signed)
President

(Signed)
Chief Executive Officer
INDEPENDENT AUDIT REPORT

To the Council, Queensland Law Society Incorporated – Legal Practitioners’ Fidelity Guarantee Fund

Scope

I have audited the general purpose financial statements of the Legal Practitioners’ Fidelity Guarantee Fund for the financial year ended 30 April 2002 in terms of section 16(1) of the Queensland Law Society Act 1952. The Legal Practitioners’ Fidelity Guarantee Fund is a trust fund vested in the Queensland Law Society Incorporated and the financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the financial report and certificates given by the President and Chief Executive Officer.

The Queensland Law Society Incorporated is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have studied the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material aspects, the financial statements are presented fairly in accordance with prescribed requirements in Australia which include Australian Accounting Standards as to present a view which is consistent with my understanding of the Legal Practitioners’ Fidelity Guarantee Fund’s financial position, and the performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

I certify that I have received all the information and explanations I have required and, in my opinion -

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects, and

- the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other mandatory professional reporting requirements in Australia, of the transactions of the Legal Practitioners’ Fidelity Guarantee Fund for the financial year 01 May 2001 to 30 April 2002 and of the financial position as at the end of that year.

[Signature]

N.P. Jackson, FCPA
Assistant Auditor-General
(Delegated of the Auditor-General)

Queensland Audit Office
Brisbane

24 Jul 2002
## General Trust Accounts’ Contribution Fund
### Statement of Financial Performance
for the financial year ended 30 April 2002

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Ordinary Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned on Solicitors’ Trust Accounts</td>
<td>11,994,362</td>
<td>13,141,285</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>72,256</td>
<td>101,370</td>
</tr>
<tr>
<td><strong>Total Revenue from Ordinary Activities</strong></td>
<td>12,066,618</td>
<td>13,242,653</td>
</tr>
</tbody>
</table>

| Expenses from Ordinary Activities |      |      |
| Administration | 2 | 31,649 | 29,210 |
| Audit Fee | | 2,486 | 2,400 |
| Distributions – |      |      |
| Legal Aid Commission of Queensland | | 9,024,362 | 9,908,283 |
| Department of Justice – Supreme Court Library | | 1,205,248 | 1,321,104 |
| Queensland Law Society Inc Contributions Distribution Account | | 1,205,249 | 1,321,104 |
| Grants Fund | | 601,624 | 660,552 |
| **Total Expenses from Ordinary Activities** | 12,066,618 | 13,242,653 |

| Surplus (Deficiency) from Ordinary Activities | 0 | 0 |
| Retained Funds at the beginning of the Financial Year | 0 | 0 |

| Retained Funds at the reporting date | 0 | 0 |

The accompanying notes form part of the accounts.
## General Trust Accounts’ Contribution Fund
### Statement of Financial Position
as at 30 April 2002

<table>
<thead>
<tr>
<th></th>
<th>NOTE</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Assets</td>
<td>4</td>
<td>4,281</td>
<td>156</td>
</tr>
<tr>
<td>Receivables</td>
<td>5</td>
<td>976,229</td>
<td>938,964</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td></td>
<td>1,152,459</td>
<td>1,002,239</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>2,132,969</td>
<td>1,941,339</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td>2,132,969</td>
<td>1,941,339</td>
</tr>
<tr>
<td>Payables</td>
<td>4</td>
<td>2,132,969</td>
<td>1,941,339</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>2,132,969</td>
<td>1,941,339</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained Funds</td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
**General Trust Accounts’ Contribution Fund**  
**Statement of Cash Flows**  
**For the year ended 30 April 2002**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2002 $ Inflows (Outflows)</th>
<th>2001 $ Inflows (Outflows)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned on Solicitors’ Trust Accounts</td>
<td>11,957,042</td>
<td>13,181,097</td>
</tr>
<tr>
<td>Distributions and Administration</td>
<td>(11,874,987)</td>
<td>(13,507,318)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>72,310</td>
<td>101,865</td>
</tr>
</tbody>
</table>

Net Increase (Decrease) in Cash held 5 154,565 (24,356)  
Cash at the beginning of the Financial Year 1,002,375 1,026,731  
Cash at the end of the Financial Year 5 1,156,740 1,002,375

The accompanying notes form part of the accounts.
NOTES

1 Accounting Policies

The significant policies which have been adopted in the preparation of the General Trust Accounts’ Contribution Fund’s financial statements are:

(a) Basis of Preparation

The financial statements are a general purpose financial report which has been prepared in accordance with the provisions of the Financial Management Standard, which requires compliance with Australian Accounting Standards.

They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets. These accounting policies are consistent with those of the previous year, except where there is a change which has been separately disclosed.

(b) Other Financial Assets

Investments during the year comprising bank bills and short term deposits are valued at cost. Investment income is brought to account under the accrual basis.

2 Administration

The Queensland Law Society Act 1952 authorises the Society to be recompensed for the costs and expenses incurred in the administration of the General Trust Accounts’ Contribution Fund. Society staff perform all managerial and administrative tasks on behalf of the Fund, and continually review bank contributions to ensure they are maintaining satisfactory levels.

3 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Bank Contributions</td>
<td>975,724</td>
<td>926,405</td>
</tr>
<tr>
<td>Accrued Interest on Investments</td>
<td>2,505</td>
<td>2,559</td>
</tr>
<tr>
<td></td>
<td>978,229</td>
<td>938,964</td>
</tr>
</tbody>
</table>

4 Payables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Fees</td>
<td>10,126</td>
<td>7,360</td>
</tr>
<tr>
<td>Funds accumulated at 30 April to be included in 30 June distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Aid Commission of Queensland</td>
<td>1,592,133</td>
<td>1,450,484</td>
</tr>
<tr>
<td>Department of Justice – Supreme Court Library</td>
<td>212,284</td>
<td>195,398</td>
</tr>
<tr>
<td>Queensland Law Society Inc Contributions Distribution Account</td>
<td>212,284</td>
<td>193,398</td>
</tr>
<tr>
<td>Grants Fund</td>
<td>106,142</td>
<td>96,699</td>
</tr>
<tr>
<td></td>
<td>2,132,969</td>
<td>1,941,339</td>
</tr>
</tbody>
</table>

5 Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments on money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>4,281</td>
<td>136</td>
</tr>
<tr>
<td>Other Financial Assets, short-term investments</td>
<td>1,152,459</td>
<td>1,002,239</td>
</tr>
<tr>
<td></td>
<td>1,156,740</td>
<td>1,002,375</td>
</tr>
</tbody>
</table>
General Trust Accounts’ Contribution Fund
Notes in the Financial Report – continued

(b) Financing Facilities
The General Trust Accounts’ Contribution Fund has no external non-cash financing nor any standby credit facilities or any other loan facilities.

(c) Reconciliation of Net Cash Provided by Operating Activities to the Result for the Year

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result for the Year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/Decrease in Receivables</td>
<td>(37,265)</td>
<td>40,310</td>
</tr>
<tr>
<td>Increase/(Decrease) in Creditors</td>
<td>191,630</td>
<td>(64,666)</td>
</tr>
<tr>
<td>Net Increase/(Decrease) in Cash Held</td>
<td>154,365</td>
<td>(24,356)</td>
</tr>
</tbody>
</table>

6 Financial Instruments

(a) Cash
Cash is represented by amounts held in bank accounts.

(b) Other Financial Assets
Investments include cash invested on the short-term money market 11am call account. The rate of return for the year was in a range 4.05 % to 4.80 %.

(c) Receivables
Receivables are carried at actual amounts and represent bank contribution and interest accruals for amounts received in the month after balance date. There is no credit risk in relation to these receivables.

(d) Payables
Payables are carried at actual amounts and represent accrued distributions resulting from the interest accrual referred to above as part of receivables.

(e) Bank Contributions
Bank contributions represent interest paid by banks on solicitors’ trust accounts. Interest is paid on these funds at rates negotiated between the Queensland Law Society and the individual banks. The negotiated interest rates are linked to money market rates of interest and automatically adjust for any interest rate movement.

(f) Net Fair Value
Cash, investments, receivables and payables carrying amounts all approximate fair value.
Financial Statements

Certificate of
General Trust Accounts’ Contribution Fund

We have prepared the foregoing financial statements pursuant to the provisions of the Financial Administration and Audit Act 1977 and other prescribed requirements and certify that

(a) the foregoing financial statements with other information and notes thereto and forming part hereof are in agreement with the accounts and records of the General Trust Accounts’ Contribution Fund;

(b) in our opinion:

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects and

(ii) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards of the transactions of the General Trust Accounts’ Contribution Fund for the financial year 1 May 2001 to 30 April 2002 and of the financial position as at the close of that year.

17/7/02
(Date)

(Signed) President

(Signed) Chief Executive Officer
INDEPENDENT AUDIT REPORT

To the President, Queensland Law Society Incorporated – General Trust Accounts’ Contribution Fund

Scope


The Queensland Law Society Incorporated is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with GAAS Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity’s financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

I certify that I have received all the information and explanations I have required and, in my opinion –

1. the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

2. the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of the General Trust Accounts’ Contribution Fund for the financial year 1 May 2001 to 30 April 2002 and of the financial position as at the end of that year.

[Signature]

N P Jackson FCWA
Assistant Auditor-General
(Delegated by the Auditor-General)

24 JUL 2002

Queensland Audit Office
Brisbane
Grants Fund
Statement of Financial Performance
For the financial year ended 30 April 2002

<table>
<thead>
<tr>
<th></th>
<th>NOTE</th>
<th>2002 $</th>
<th>2001 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue from Ordinary Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution from General Trust Accounts’ Contribution Fund (Trust Account Interest)</td>
<td>601,624</td>
<td>660,552</td>
<td></td>
</tr>
<tr>
<td>Interest on Investments</td>
<td></td>
<td>21,765</td>
<td>25,033</td>
</tr>
<tr>
<td>Grants Recovered</td>
<td></td>
<td>11,057</td>
<td>3,333</td>
</tr>
<tr>
<td><strong>Total Revenue from Ordinary Activities</strong></td>
<td></td>
<td>634,446</td>
<td>688,918</td>
</tr>
<tr>
<td><strong>Expenses from Ordinary Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration and Committee Expenses</td>
<td>2</td>
<td>27,977</td>
<td>26,439</td>
</tr>
<tr>
<td>Audit Fees</td>
<td></td>
<td>1,900</td>
<td>1,850</td>
</tr>
<tr>
<td>Grants Approved</td>
<td></td>
<td>235,392</td>
<td>229,800</td>
</tr>
<tr>
<td>Legal Aid for Community Legal Centres</td>
<td></td>
<td>374,614</td>
<td>411,351</td>
</tr>
<tr>
<td><strong>Total Expenses from Ordinary Activities</strong></td>
<td></td>
<td>659,883</td>
<td>669,440</td>
</tr>
<tr>
<td><strong>Surplus (Deficiency) from Ordinary Activities</strong></td>
<td></td>
<td>(5,437)</td>
<td>19,478</td>
</tr>
<tr>
<td>Retained Funds at the beginning of the Financial Year</td>
<td>302,501</td>
<td>283,023</td>
<td></td>
</tr>
<tr>
<td><strong>Retained Funds at the reporting date</strong></td>
<td></td>
<td>297,064</td>
<td>302,501</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
## Grants Fund
### Statement of Financial Position
as at 30 April 2002

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>NOTE</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Assets</td>
<td>695</td>
<td>9,790</td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>3</td>
<td>108,175</td>
<td>99,011</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>498,610</td>
<td>491,085</td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>607,480</td>
<td>599,886</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>NOTE</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>4</td>
<td>310,416</td>
<td>297,385</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>310,416</td>
<td>297,385</td>
</tr>
</tbody>
</table>

| Net Assets              |      | 297,064 | 302,501 |

| Equity                  | Retained Funds | 297,064 | 302,501 |

The accompanying notes form part of the accounts.
Grants Fund
Statement of Cash Flows
For the year ended 30 April 2002

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2002 $ Inflows (Outflows)</th>
<th>2001 $ Inflows (Outflows)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution from General Trust Accounts’ Contributions Fund</td>
<td>592,181</td>
<td>664,201</td>
</tr>
<tr>
<td>Grants Paid and Administration Expenses</td>
<td>(615,795)</td>
<td>(611,408)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>22,044</td>
<td>25,018</td>
</tr>
<tr>
<td>Net (Decrease) Increase in Cash held</td>
<td>5</td>
<td>(1,570)</td>
</tr>
<tr>
<td>Cash at the beginning of the Financial Year</td>
<td>500,875</td>
<td>423,064</td>
</tr>
<tr>
<td>Cash at the end of the Financial Year</td>
<td>5</td>
<td>499,305</td>
</tr>
</tbody>
</table>

The accompanying notes form part of the accounts.
NOTES

1 Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the Grants Fund’s financial statements are:

(a) Basis of Preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards.

They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets. These accounting policies are consistent with those of the previous year, except where there is a change which has been separately disclosed.

(b) Other Financial Assets

Investments during the year comprising bank bills and short term deposits are valued at cost. Investment income is brought to account under the accrual basis.

2 Administration and Committee Expenses

Section 36M of the Queensland Law Society Act 1952 provides that the Secretary of the Society shall be the Secretary of the Grants Committee, in the absence of any other such appointment by that Committee, to assist that Committee in the administration of the Grants Fund.

For administrative work performed by the Secretary and for maintenance of accounting records, management and investment of surplus monies, an administration fee is paid by the Grants Fund to the Society pursuant to Section 72 of the Trusts Act 1973.

3 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Distribution Due from the –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Trust Accounts’ Contribution Fund</td>
<td>106,142</td>
<td>96,699</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>2,033</td>
<td>2,312</td>
</tr>
<tr>
<td></td>
<td>108,175</td>
<td>99,011</td>
</tr>
</tbody>
</table>

4 Payables

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants Approved but not yet Paid</td>
<td>238,439</td>
<td>245,171</td>
</tr>
<tr>
<td>Administration Fees</td>
<td>5,947</td>
<td>2,102</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>1,886</td>
<td>1,850</td>
</tr>
<tr>
<td>Legal Aid for Community Legal Centres</td>
<td>66,144</td>
<td>48,262</td>
</tr>
<tr>
<td></td>
<td>310,416</td>
<td>297,385</td>
</tr>
</tbody>
</table>

5 Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments on money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash/(Bank Overdraft)</td>
<td>695</td>
<td>9,790</td>
</tr>
<tr>
<td>Other Financial Assets (short term investments)</td>
<td>408,610</td>
<td>491,085</td>
</tr>
<tr>
<td></td>
<td>499,505</td>
<td>500,875</td>
</tr>
</tbody>
</table>
Grants Fund
Notes in the Financial Report – continued

(b) Financing Facilities
The Grants Fund has no external non-cash financing nor any standby credit facilities or any other loan facilities.

(c) Reconciliation of Net Cash Provided by/(Used in) Operating Activities to the Surplus/(Deficiency) for the Year

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficiency) for the Year</td>
<td>$(5,437)</td>
<td>$25,478</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(Increase) in Receivables</td>
<td>$(9,164)</td>
<td>$3,634</td>
</tr>
<tr>
<td>Increase/(Decrease) in Payables</td>
<td>$13,031</td>
<td>$48,699</td>
</tr>
<tr>
<td>Net cash movement from operating activities</td>
<td>$(1,570)</td>
<td>$77,811</td>
</tr>
</tbody>
</table>

6 Heal Street Building Grant
A grant of $88,999 was paid to the Queensland Law Society in March 1988 to enable the purchase of a building on behalf of the Caxton Street Legal Service. The building is held by the Society in trust for the Grants Fund and upon the sale of the property for whatever reason, the proceeds of the sale revert to the Grants Fund in total.

7 Contingent Liabilities
There were no known contingent liabilities at 30 April 2002.

8 Financial Instruments
(a) Cash
Cash is represented by amounts held in bank accounts.

(b) Investments
Investments include cash invested on the short-term money market 11am call account. The rate of return for the year was in a range 4.05% to 5.20%.

(c) Receivables
Receivables are carried at actual amounts and represent accruals for amounts received in the months after balance date. There is no credit risk in relation to these receivables.

(d) Payables
Payables are carried at actual amounts and represent accrued distributions resulting from the accruals referred to above as part of receivables.

(e) Net Fair Value
Cash, investments, receivables and payables carrying amounts all approximate fair value.
Financial Statements

Certificate of
Grants Fund

We have prepared the following financial statements pursuant to the provisions of the Financial Administration and Audit Act 1977 and other prescribed requirements and certify that:

(a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Grants Fund,

(b) in our opinion:

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with at all material respects, and

(ii) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards of the transactions of the Grants Fund for the financial year 1 May 2001 to 30 April 2002 and of the financial position as at the close of that year.

17/7/02
(Dated)

(Signed) President

(Signed) Chief Executive Officer
INDEPENDENT AUDIT REPORT

To the Council, Queensland Law Society Incorporated – Grants Fund

Scope

I have audited the general purpose financial statements of the Grants Fund for the financial year ended 30 April 2002 in terms of section 30(4) of the Queensland Law Society Act 1957. The Grants Fund is a trust fund vested in the Queensland Law Society Incorporated and the financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statements of Cash Flows, Notes in the financial report and certificates given by the President and Chief Executive Officer.

The Queensland Law Society Incorporated is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO Auditing Standards which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the interest on Trust Account's financial position, and the performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

I certify that I have received all the information and explanations I have required and, in my opinion -

. the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

. the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other mandatory professional reporting requirements in Australia, of the transactions of the Grants Fund for the financial year 01 May 2001 to 30 April 2002 and of the financial position as at the end of that year.

N.F. Jackson FCPA
Assistant Auditor-General
(Delegate of the Auditor-General)

Queensland Audit Office
Brisbane

24 JUL 2002