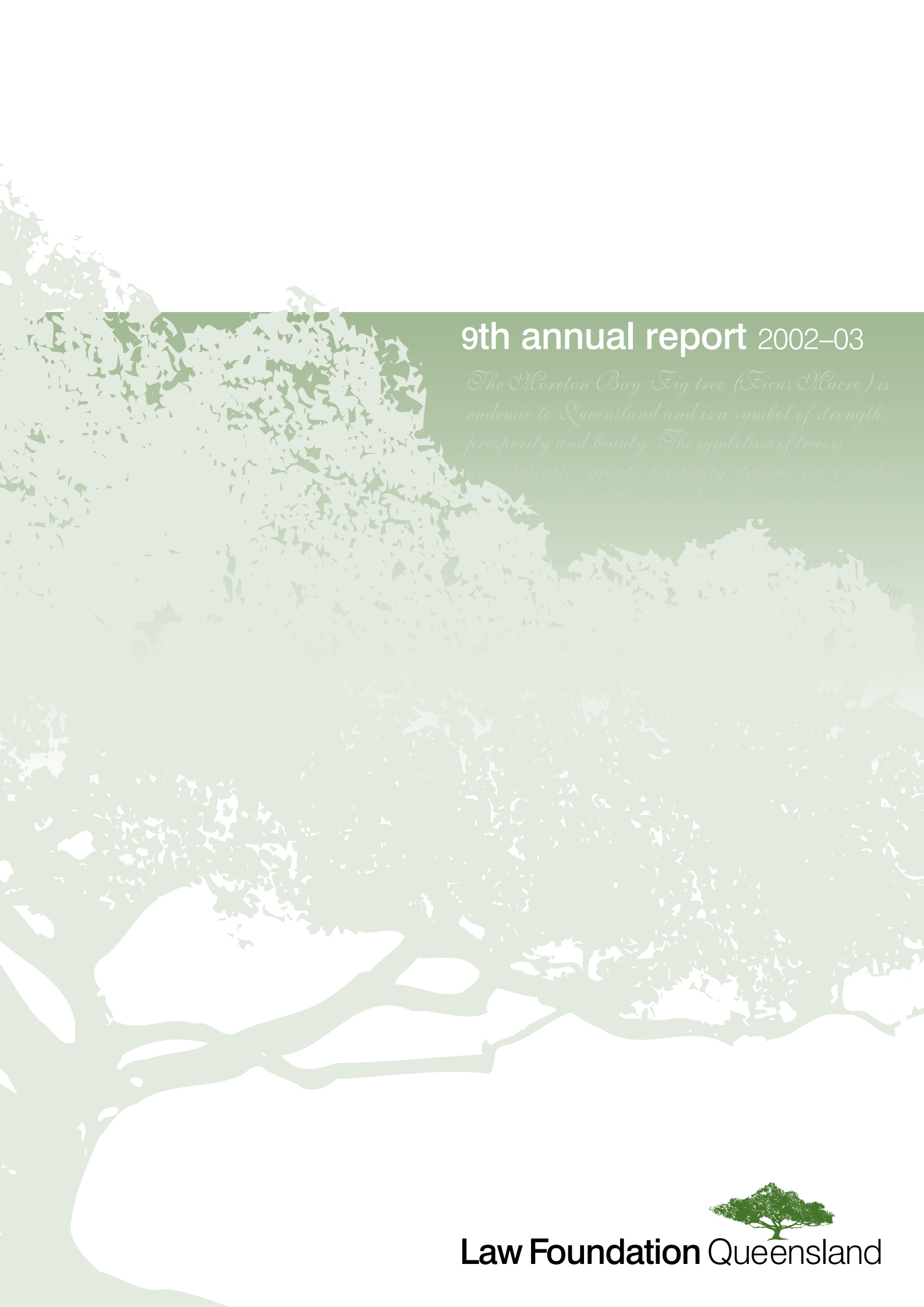


9th annual report 2002-03

The Moreton Bay Fig tree (Ficus Macro) is endemic to Queensland and is a symbol of strength, prosperity and beauty. The symbolism of trees is unmistakeable - growth, prosperity, strength, age & wisdom. The Moreton Bay Fig is a symbol of the Law Foundation's commitment to the growth and prosperity of the legal system in Queensland.

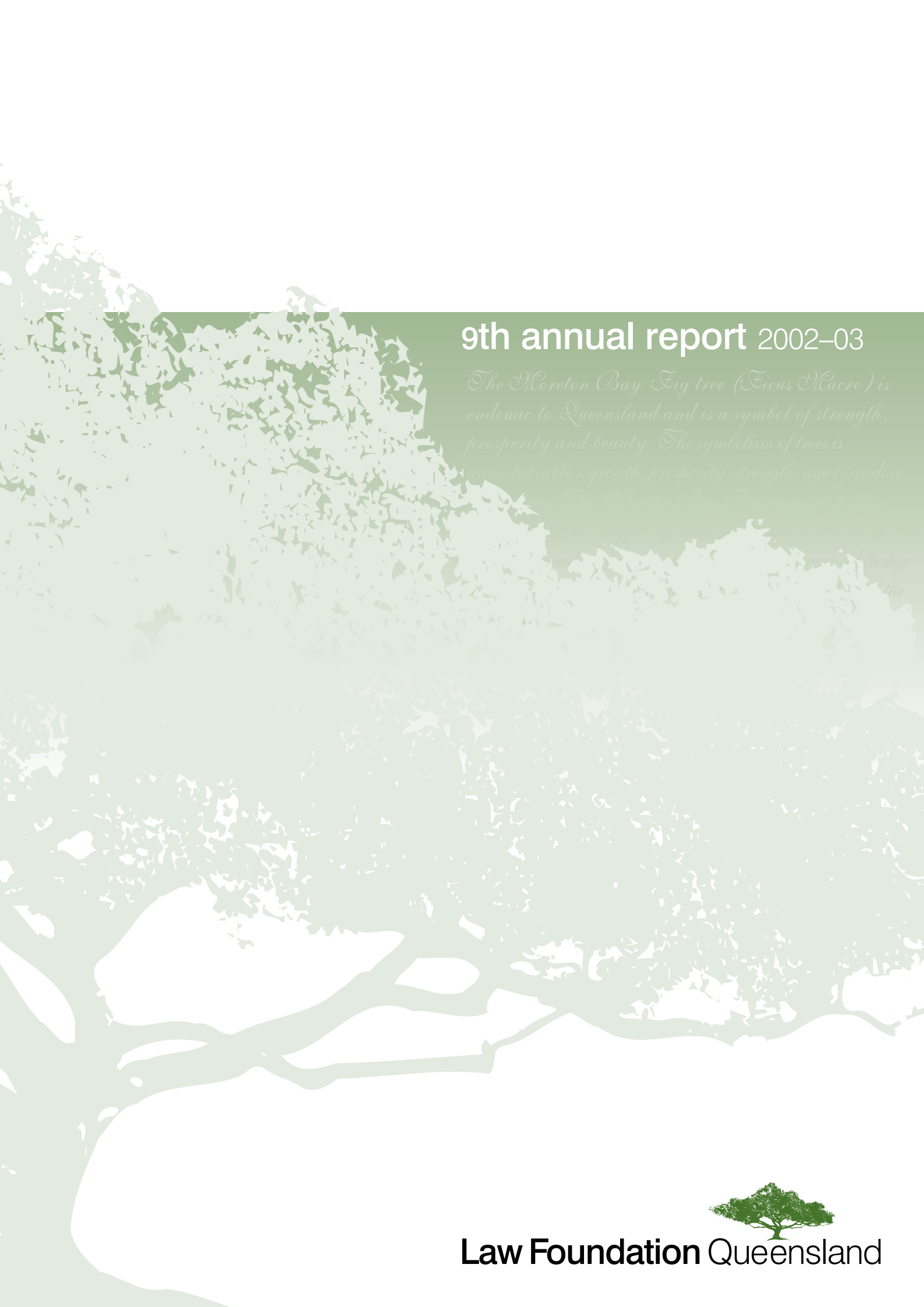
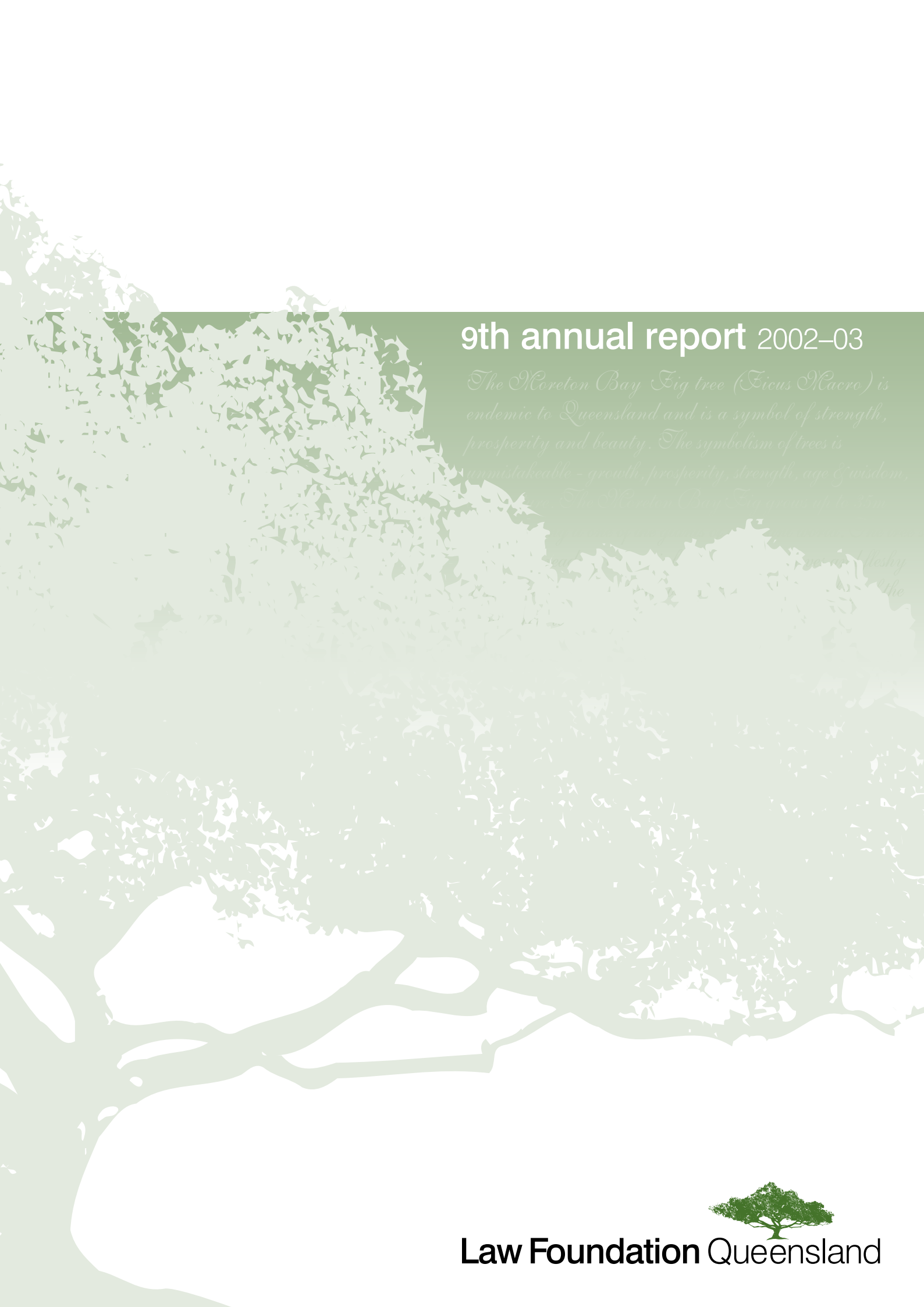
Law Foundation Queensland



9th annual report 2002-03

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Law Foundation Queensland



9th annual report 2002-03

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Law Foundation Queensland

Table of contents

Report to beneficiaries	3
Profile	3
Board of the Trustees	4
Queensland Law Foundation Trust (QLFT)	5
Law Foundation Insurance Trust (LFIT)	5
Law Foundation – Queensland (LFQ)	5
Investment of funds	6
Projects funded or approved in principle	6
Projects approved but not finalised	6
Financial report	7
Profit and loss statement	7
Balance sheet	8
Notes to the financial report	10
Statement by Trustee	12
Auditor's report	13

Report to beneficiaries 2002-03

Profile

I have much pleasure in delivering the Foundation's Annual Report.

Queensland Law Foundation Pty Ltd (QLF) is trustee for the Queensland Law Foundation Trust (QLFT), the Law Foundation Insurance Trust (QLFT), and Law Foundation – Queensland (LFQ). Pursuant to these trusts the following is the ninth annual report to beneficiaries setting out the activities and business affairs of the Trust for the 2002–03 financial year. Included in this report are the Trusts' Annual Accounts and Auditor's Report.

The Queensland Law Foundation Trust was settled by Sir Walter Campbell AO QC on 31 May 1994.

The Council of the Queensland Law Society (QLS) resolved in 1995 to support new initiatives that could benefit members of the Queensland Law Society, in particular: business developments, diversification and commercial activities. The Council decided that a Foundation unencumbered by statutory and regulatory functions would be the appropriate vehicle to support and to promote commercially oriented activities. Moreover, it was considered that the Foundation as a separate entity would have greater flexibility to pursue funding from sources such as federal agencies and other foundations. After taking professional advice, it was decided to establish two trusts with the same corporate trustee

The trust established for the purpose of commercial activities was the Queensland Law Foundation Trust and the second trust was the Law Foundation Insurance Trust, which was set up for the purpose of holding the shares in our in-house insurance company.

As advised in last year's Annual Report QLFT no longer holds any assets or operates any business.

As further advised in that report, the settlement agreement made between GIO and LFIT has been implemented and the funds received by LFIT invested through the Foundation's broker, Wilsons HTM.

Under the power provided by s3.1 of the Articles of Association of QLF, a new trust has been established under the name of Law Foundation – Queensland (LFQ) for the purpose of receiving the assets previously held by LFIT, and investing the same, such assets and resulting income to be held on behalf of the beneficiaries described in s5.2 of the new trust as being:

- “(a) the Society;
- (b) all persons who at that time are Members; and
- (c) an entity which is considered by the Trustee to have purposes consistent with the purposes of the Trust, as expressed in section 3.1, which has been nominated as a Beneficiary by the Trustee and that nomination is not withdrawn or cancelled by the Trustee in writing.”

“The Society” means The Queensland Law Society Incorporated, any successor to that body, or any other body, which, in the opinion of the Trustee represents the solicitors progression in Queensland.

Board of the Trustees



Mr Raoul Giudes

Elected to Chair the Board from 29 August 2001. Appointed a director in 1995. A partner of Guides & Elliot, a member of the QLS Council and a QLS past president.



Mr Justin O'Sullivan

Chair until 29 August 2001 when he retired. He was appointed a director in 1995. He was a partner of Justin F O'Sullivan & Edgar from 1951 to June 1988, a consultant to Justin O'Sullivan & Edgar from 1 July 1998 to 30 September 1999, and has been a consultant to Laherty & O'Sullivan since November 1999. He is a QLS past president and continues as a director.



Mr Hugh Grant

Appointed a director in 1995. Senior partner of Grant & Simpson, Governor of Iwasaki Foundation, Director of Iwasaki Sang Go Co Australia Pty Ltd, Director of Capricornia Credit Union Ltd, QLS past president.



Mr Michael Meadows

Appointed a director 17 December 1999. A partner of Flower & Hart, Chair of QLS Law Claims Committee, Deputy Chair of the QLS Professional Standards, and a member of the QLS Council.



Mr Ian Berry

Appointed a director 17 December 1999. Principal of Ian Berry at Ipswich, member of the QLS Council and Chair of its Small Practices Committee.



Mr Glenn Ferguson

Appointed a director 20 December 2000. Partner of Ferguson Cannon O'Connor, QLS President, and a member of the Solicitors Board of Queensland.



Mr David Roberts

Appointed a director 20 December 2000. Partner of Hunt & Hunt, Director of Davton Pty Ltd, and a Director of Jomad Pty Ltd.



Mrs Margot de Groot

Retired from the Board 26 November 2003 to pursue further studies in the United States of America. Mrs de Groot was a valued member of the Board for 3 years, and made a very positive contribution to the decision making of the Board in that period.

I take the opportunity of congratulating her and thanking her for her participation and wish her well in the future. She is a very talented person and I am sure will make a significant contribution to the Legal Profession in addition to the contribution already made.

Queensland Law Foundation Trust (QLFT)

As previously reported, QLFT no longer holds any assets or operates any business.

Law Foundation Insurance Trust (LFIT)

Approval of the Court was obtained to transfer the assets of LFIT to the new trust and the Board resolved that as funds became available from the sale of equities, they would be transferred to the new trust and that all cash investments would be transferred similarly.

Law Foundation – Queensland (LFQ)

S3.1 of the Articles of Association of the trustee company QLF Pty Ltd provides:

“The company is to be –

- a) trustee of the Foundation;
- b) trustee of the Insurance Trust; and
- c) trustee of any other trust created from time to time and approved by the directors which has as its objects the advancement in Queensland of –
 - 1) the law or the legal profession;
 - 2) education in law and legal studies; or
 - 3) the provision of services to the legal profession;

...”

On 15 November 2002 a deed to establish a trust to be known as “The Law Foundation - Queensland” was entered into between The Honourable Chief Justice Paul de Jersey AC as Settlor and Queensland Law Foundation Pty Ltd as Trustee.

The beneficiaries of the trust deed are described under s5.2 as being :

“ ...

- a) the Society;
- b) all persons who at that time are members; and
- c) an entity which is considered by the Trustee to have purposes consistent with the purposes of the Trust, as expressed in section 3.1, which has been nominated as a Beneficiary by the Trustee and that nomination is not withdrawn or cancelled by the Trustee in writing.”

The new trust, (LFQ) is now in place and all investments previously held in the name of LFIT have been transferred to LFQ.

Report to beneficiaries 2002–03 (cont.)

Investment of funds

The Foundation's funds invested under the control of the Trustees have achieved a return over the 2002–03 financial year of 3.7%, after allowing for all deposits and withdrawals. In order to place this figure in perspective it should be compared to some relevant benchmarks:

12 month performance to 30/06/03	
Foundation Account	3.7%
<i>whereas by comparison</i>	
Intec Wholesale Growth Funds	-1.7%
Assirt Multi Sector 70+ Funds	-4.7%
All Ordinaries (accumulation) Index	-1.1%

In order to evaluate the performance since inception of the fund, the start point of 1 July 2000 is used, as it facilitates more useful comparisons.

3 year performance to 30/6/03	
Foundation Account	36.9%
<i>whereas by comparison</i>	
Intec Wholesale Growth Funds	-0.2%
Assirt Multi Sector 70+ Funds	-2.4%
All Ordinaries (accumulation) Index	2.8%

Projects funded or approved in principle during the period

Marketing Consultancy Program	\$11,077.00
QLS Web site redevelopment	\$80,000.00
Northern Legal Studies Conference	\$6,100.00

Projects approved but not finalised prior to 30/06/03

Lawasia relocation of secretariat	\$50,000.00
Dispute Management Foundation Ltd	\$50,000.00
"A Profitable Practice" Seminars	\$49,227.00
"Research and Benchmarking of Legal Firms"	\$19,500.00

Financial report 2002-03

Queensland Law Foundation Pty Ltd as trustee for
The Law Foundation Insurance Trust

Profit & Loss Statement for the year ended 30 June 2003

		2003	2002
Income	Note	\$	\$
Trust Distributions Received		8,928	7,313
Dividends Received		160,753	145,161
Interest Received		585,717	126,041
Capital Gain/(Loss) from Investments		265,773	565,644
Sundry Income		–	66
Total Income		1,021,171	844,225
Expenditure		\$	\$
Accountancy Fees		22,759	21,093
Bank Charges		107	253
Depreciation		1,058	1,278
Directors' Retirement		–	1,927
Fees & Permits		344	200
Fringe Benefits Tax		–	1,815
Interest Paid		–	55
Internet Expenses		–	109
Legal Costs		6,906	174,944
Management Fees		68,357	65,154
Meeting Expenses		3,830	1,685
Postage		299	584
Printing & Stationery		539	347
Superannuation Contributions		813	719
Telephone		1,382	1,301
Travelling Expenses		6,388	9,020
Wages		9,086	9,126
Total Expenditure		121,868	289,610
	Net profit	899,303	554,615

The accompanying notes form part of these financial statements. This report is to be read in conjunction with the attached audit report.

Queensland Law Foundation Pty Ltd as trustee for
The Law Foundation Insurance Trust

Profit & Loss Statement for the year ended 30 June 2003

		2003	2002
	Note	\$	\$
Profit/(Loss) from ordinary activities before tax		899,303.07	554,615.46
Income tax expense		(111,452.00)	111,452.00
Profit (Loss) from ordinary activities after income tax		1,010,755.07	443,163.46
Profit (Loss) on extraordinary items		–	(1,841,619.12)
Income tax attributable to profit on extraordinary items		–	–
Profit (Loss) on extraordinary items after tax		–	(1,841,619.12)
Profit from ordinary activities and extraordinary items after income tax		1,010,755.07	(1,398,455.66)
Accumulated income (Accumulated losses) at beginning of year		118,436.43	1,516,892.09
Total Available for Distribution (Loss)		1,129,191.50	118,436.43
Distribution to Beneficiaries		899,303.07	–
Total Distribution		899,303.07	–
Accumulated Income (Losses) at end of financial year		229,888.43	118,436.43

The accompanying notes form part of these financial statements. This report is to be read in conjunction with the attached audit report.

Financial report 2002-03 (cont.)

Queensland Law Foundation Pty Ltd as trustee for
The Law Foundation Insurance Trust

Balance Sheet as at 30 June 2003

		2003	2002
	Note	\$	\$
Current Assets			
Petty Cash Imprest		89	91
Cash at Bank - Westpac Flexi Deposit A/C		2,923	23,766
		3,012	23,857
Non-Current Receivables			
Sale Consideration Outstanding		–	2,805,503
Provision for Settlement		–	(1,500,000)
Debtors - Long Term		–	47,584
		–	1,353,087
Non-Current Investments			
Investments in Managed Funds (at cost)		6,625,049	6,220,526
Investment in Bank Bill		1,756,329	–
		8,381,378	6,220,526
Fixed Assets			
Plant and Equipment	2	5,459	2,524
		5,459	2,524
	Total Assets	8,389,849	7,599,994
Current Liabilities			
Beneficiaries Current Accounts	3	858,213	56,087
Sundry Creditors		1,733	14,004
Provision for Income Tax		–	111,452
		859,946	181,543
	Total Liabilities	859,946	181,543
	Net Assets	7,529,903	7,418,451
Trust Funds			
Settlement Sum		10	10
Undistributed Profits		229,888	118,436
Trust Capital		7,300,005	7,300,005
	Total Trust Funds	7,529,903	7,418,451

The accompanying notes form part of these financial statements. This report is to be read in conjunction with the attached audit report.

2) Plant and equipment

	2003	2002
Plant and equipment	\$	\$
Office Furniture & Equipment at Cost	5,394	1,401
Less Accumulated Depreciation	1,229	494
	4,165	907
Low Value Pool	2,231	1,617
Less Accumulated Depreciation	937	-
	1,294	1,617
Total plant and equipment	5,459	2,524

3) Beneficiaries current accounts

	2003	2002
Beneficiaries current accounts	\$	\$
Balance Brought Forward	56,087	367,481
Add Share of Profit (Loss)	899,303	-
	955,390	367,481
Less Drawings	97,177	311,394
	97,177	311,394
Total beneficiaries current accounts	858,213	56,087

This statement is to be read in conjunction with the audit report.

Statement by Trustee

In the opinion of the Trustee, the accompanying financial statements have been drawn up in accordance with the basis set out in Note 1 to the accounts so as to present fairly:

- (i) The results of the operations of the Trust for the year ended 30 June 2003.
- (ii) The State of affairs of the Trust as at that date.



Raoul Giudes (Chairperson)

2 June 2004
Brisbane

Auditor's Report to the Beneficiaries of the Law Foundation Insurance Trust

Purpose

The special purpose financial statements have been prepared for distribution to the Trust's beneficiaries for the purpose of fulfilling the trustees' financial reporting requirements to the beneficiaries. The trustee is responsible for the financial statements are appropriate to meet the requirements of the Trust Deed and are appropriate to meet the needs of the beneficiaries.

Scope

We have conducted an independent audit of the attached financial statements set out on pages 3 to 7, being a special purpose financial report of The Law Foundation Insurance Trust, in order to express an opinion on them to the beneficiaries for the year ended 30 June 2003.

No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the beneficiaries. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the beneficiaries, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of 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 the accounting policies described in Note 1 to the financial statements.

As the Trust is a non-reporting entity, these policies do not require the application of all Accounting Standards and UIG Consensus Views and, as such, the trust has applied AASB 1025: Application of the Reporting Entity Concept and Other Amendments. Accounting Standards have only been applied to the extent described in Note 1 to the financial statements.

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

Audit Opinion

In our opinion, the financial report of The Law Foundation Insurance Trust presents fairly the Trust's financial position as at 30 June 2003 and its performance and cash flows for the year ended on that date.



Graham Aland
Partner Alands Accountants
2 June 2004 Brisbane