



## 10th annual report 2003–04

*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, and nature. The Moreton Bay Fig is a symbol of the Law Foundation of Queensland, which*



**Law Foundation** Queensland

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# Report to beneficiaries 2003-04

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## Profile

I have much pleasure in delivering the Annual Report of Law Foundation–Queensland.

Queensland Law Foundation Pty Ltd (QLF) is trustee for Law Foundation–Queensland (LF-Q), which by Court approval, has received the assets previously held by Law Foundation Insurance Trust.

Pursuant to the Law Foundation–Queensland Trust, the following is the second annual report to beneficiaries setting out the activities and business affairs of that Trust for the 2003-2004 financial year. Included in this report are the Trust's Annual Accounts and Auditor's Report.

The Law Foundation–Queensland (LF-Q) trust was settled by the Honourable Chief Justice Paul de Jersey AC on 15 November 2002, and the Board of the trustee company, Queensland Law Foundation Pty Ltd (QLF), comprises:

## 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. The principal of Ian Berry at Ipswich, a 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. A partner of Hunt & Hunt, Director of Davton Pty Ltd, and a Director of Jomad Pty Ltd.



### Mrs Joan Bennett

Appointed a director 31 March 2004. The principal of Joan Bennett & Associates in Brisbane, a member of the QLS Council, Chair of its Symposium Committee, and member of the Legal Practitioners Board.



### Mr David Searles

Appointed a director 30 March 2004. A partner at McCullough Robertson from 1 May 1973 to 30 November 2004, currently a partner at Deacons, and a member of the Supreme Court Library Committee.

## Investment of funds

The Foundation's funds, invested under the control of the Trustee, have on the overall, increased by 71% since inception (1 July 2000). This figure after allowing for all deposits and withdrawals, equates to 14.35% per annum.

The Australian share component of the portfolio has returned 128.94%, or 23.01% per annum over the same period.

In order to place this figure in perspective it should be compared to some relevant benchmarks:

### 12 month performance to 30 June 2004

Foundation Account	14.35%
Intec Wholesale Growth Funds	3.3%
All Ordinaries (accumulation) Index	5.91%

### 4 year performance to 30 June 2004

Foundation Account	71%
<i>whereas by comparison</i>	
Intec Wholesale Growth Funds	13.86%
and All Ordinaries (accumulation) Index	24.82%

## Report to beneficiaries 2003-04 (cont.)

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<b>Projects funded or approved in principle during the period</b>	"A Profitable Practice" – seminars	\$49,227.00
	Technological research	\$19,500.00
	Northern Legal Education Conference	\$4,000.00
	QLS Library catalogue update	\$35,000.00
	Random draw prize for research participants	\$3,000.00
	Part payment Lawasia relocation of Secretariat	\$25,000.00

<b>Projects approved but not finalised prior to 30 June 2004</b>	Lawasia relocation of secretariat	\$25,000.00
	Dispute Management Foundation Ltd	\$50,000.00
	Video Conferencing System – LF-Q, with QLS, is investigating the possibility of QLS establishing a video conferencing network throughout Queensland. It is proposed that the system will be for use by the QLS members in the conduct of their practice, and also to serve as a bridge for those practising in the more isolated areas of the State, to the main body of the profession, and to the QLS itself.	

# Financial report 2003-04

Queensland Law Foundation Pty Ltd as trustee for  
the Law Foundation–Queensland

## Profit and Loss Statement for the year ended 30 June 2004

	Note	2004 \$	2003 \$
<b>Income</b>			
Trust distributions received		56,086	–
Dividends received		241,294	–
Interest received		143,956	–
Capital gain/(loss) from investments		958,152	–
Sundry income		6,519	–
		<b>1,406,007</b>	–
<b>Expenditure</b>			
Accountancy fees		7,150	–
Bank charges		516	–
Claim settlement		5,000	–
Depreciation		1,774	–
Fees and permits		200	–
Management fees		98,104	–
Meeting expenses		3,646	–
Postage		332	–
Printing and stationery		1,184	–
Sundry expenses		254	–
Superannuation contributions		2,145	–
Telephone		2,142	–
Travelling expenses		4,603	–
Wages		31,347	–
		<b>158,397</b>	–
<b>Net Profit</b>		<b>1,247,610</b>	–

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

Queensland Law Foundation Pty Ltd as trustee for  
the Law Foundation—Queensland

### Profit and Loss Statement for the year ended 30 June 2004

		2004	2003
	Note	\$	\$
Profit/(loss) from ordinary activities before tax		1,247,610.01	—
Income tax expense		—	—
Profit (loss) from ordinary activities after income tax		1,247,610.01	—
Total available for distribution (loss)		1,247,610.01	—
Distribution to beneficiaries:		1,247,610.01	—
Total distribution		1,247,610.01	—
Accumulated income (losses) at end of financial year		—	—

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

Queensland Law Foundation Pty Ltd as trustee for  
the Law Foundation—Queensland

## Balance Sheet as at 30 June 2004

		2004	2003
	Note	\$	\$
<b>Current assets</b>			
Petty cash imprest		66	—
Cash at bank		10,328	—
		10,394	—
<b>Non-current investments</b>			
Investments in managed funds (at cost)		9,484,869	—
		9,484,869	—
<b>Fixed assets</b>			
Plant and equipment	2	3,685	—
		3,685	—
<b>Total assets</b>		9,498,948	—
<b>Current liabilities</b>			
Beneficiaries current accounts	3	2,198,933	—
		2,198,933	—
<b>Total liabilities</b>		2,198,933	—
<b>Net assets</b>		7,300,015	—
<b>Trust funds</b>			
Settlement sum		10	—
Trust capital		7,300,005	—
<b>Total trust funds</b>		7,300,015	—

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



# Notes to the financial report 2003-04

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## 1 Statement of significant accounting policies

This financial report is a special purpose financial report prepared in order to satisfy the requirements of the trust deed to prepare a financial report. The trustee has determined that the trust is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards:

AAS 1: Profit and loss or other operating statements

AAS 5: Materiality

AAS 8: Events occurring after reporting date

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is also prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

This is the first year of operations for the Law Foundation–Queensland Trust. The assets of the trust were transferred from the Law Foundation Insurance Trust as set out in the court order. The minimum capital to be transferred to the new trust was \$7.3 million as recorded in the trustee's minutes.

### Investments

Investments are brought to account at cost. Dividends and interests are brought to account when received.

### Property, plant and equipment

Property, plant and equipment are carried at cost or independent valuation.

All assets, excluding freehold land and buildings are depreciated on diminishing value method at rates between 20% to 37.5%.

### Employee entitlements

Contributions are made to an employee superannuation fund and are charged as expenses when incurred.

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

### 2 Plant and equipment

	2004	2003
	\$	\$
Office furniture and equipment at cost	7,625	—
<b>Less</b> Accumulated depreciation	3,940	—
	3,685	—
<b>Total plant and equipment</b>	<b>3,685</b>	<b>—</b>

### 3 Beneficiaries current accounts

	2004	2003
	\$	\$
Balance brought forward	1,088,112	—
<b>Add</b> Share of profit (loss)	1,247,610	—
	<b>2,335,722</b>	<b>—</b>
<b>Less</b> Drawings	136,789	—
	<b>2,198,933</b>	<b>—</b>

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 2004;
- (ii) the state of affairs of the Trust as at that date.



**Raoul Giudes**  
**(Chairperson)**

3 October 2005  
Brisbane

### Independent Auditors' Report to the Trustees of the Law Foundation– Queensland

#### Scope

We have audited the financial report, being a special purpose financial report, of the Law Foundation–Queensland, for the financial year ended 30 June 2004 being the Statement by Trustee, Profit and Loss Statement, Balance Sheet and Notes To and Forming Part of the financial statements. The trustee is responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements under the Trust Deed and the needs of the beneficiaries. We have conducted an independent audit of this financial report in order to express an opinion on it to the Trustee. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the beneficiaries.

The financial report has been prepared for distribution to beneficiaries. We disclaim any assumption of responsibility for any reliance on this report or on the financial report 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, or evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards and Urgent Issues Group Consensus Views.

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–Queensland present fairly the financial position as at 30 June 2004, and the results of its operations for the period then ended, in accordance with the accounting policies as described in Note 1 of the financial statements and comply with the prescribed requirements of the Trust Deed.



BDO KENDALLS  
Chartered Accountants



T J Kendall  
Partner  
Brisbane: 13/10/05

# Financial report 2003-04

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

## Profit and Loss Statement for the year ended 30 June 2004

		2004	2003
	Note	\$	\$
<b>Income</b>			
Trust distributions received		—	8,928
Dividends received		—	160,753
Interest received		—	585,717
Capital gain/(loss) from investments		—	265,773
		—	1,021,171
<b>Expenditure</b>			
Accountancy fees		—	22,759
Bank charges		—	107
Depreciation		—	1,058
Fees and permits		—	344
Legal costs		—	6,906
Management fees		—	68,357
Meeting expenses		—	3,830
Postage		—	299
Printing and stationery		—	539
Superannuation contributions		—	813
Telephone		—	1,382
Travelling expenses		—	6,388
Wages		—	9,086
		—	121,868
<b>Net profit</b>		<b>—</b>	<b>899,303</b>

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

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

### Profit and Loss Statement for the year ended 30 June 2004

		2004	2003
	Note	\$	\$
<b>Profit/(loss) from ordinary activities before tax</b>		–	899,303.07
Income tax expense		–	(111,452.00)
<b>Profit (loss) from ordinary activities after income tax</b>		–	1,010,755.07
Accumulated income (accumulated losses) at beginning of year		–	118,436.43
<b>Total available for distribution (loss)</b>		–	1,129,191.50
<b>Distribution to beneficiaries:</b>		–	
Beneficiary		–	899,303.07
Total distribution		–	899,303.07
<b>Accumulated income (losses) at end of financial year</b>		–	229,888.43

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

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

## Balance Sheet as at 30 June 2004

		2004	2003
	Note	\$	\$
<b>Current assets</b>			
Cash on hand		10	–
Petty cash imprest		–	89
Cash at bank – Westpac Flexi Deposit A/C		–	2,923
		10	3,012
<b>Non-current investments</b>			
Investments in managed funds (at cost)		–	6,625,049
Investment in bank bill		–	1,756,329
		–	8,381,378
<b>Fixed assets</b>			
Plant and equipment	2	–	5,459
		–	5,459
<b>Total assets</b>		10	8,389,849
<b>Current liabilities</b>			
Beneficiaries current accounts	3	–	858,213
Sundry creditors		–	1,733
		–	859,946
<b>Total liabilities</b>		–	859,946
<b>Net assets</b>		10	7,529,903
<b>Trust funds</b>			
Settlement sum		10	10
Accumulated profit		–	229,888
Trust capital		–	7,300,005
<b>Total trust funds</b>		10	7,529,903

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

# Notes to the financial report 2003-04

## 1 Statement of significant accounting policies

This financial report is a special purpose financial report prepared in order to satisfy the requirements of the trust deed to prepare a financial report. The trustee has determined that the trust is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards:

AAS 1: Profit and loss or other operating statements

AAS 5: Materiality

AAS 8: Events occurring after reporting date

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is also prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The trust transferred all assets held into the Law Foundation–Queensland Trust, as instruction under the court order. The minimum capital to be transferred to the new trust was \$7.3 million as recorded in the trustee's minutes.

## 2 Plant and equipment

	\$	\$
Office furniture and equipment at cost	–	5,394
<b>Less</b> Accumulated depreciation	–	1,229
	–	<b>4,165</b>
Low value pool	–	2,231
<b>Less</b> Accumulated depreciation	–	937
	–	<b>1,294</b>
<b>Total plant and equipment</b>	<b>–</b>	<b>5,459</b>

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



### 3 Beneficiaries current accounts

Beneficiary	\$	\$
Balance brought forward	–	56,087
Add Share of profit (loss)	–	899,303
	–	955,390
Less Drawings	–	97,177
	–	858,213

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 2004;
- (ii) the state of affairs of the Trust as at that date.



**Raoul Giudes**  
**(Chairperson)**

3 October 2005  
Brisbane

### Independent Auditors' Report to the Trustees of the Law Foundation Insurance Trust

#### Scope

We have audited the financial report, being a special purpose financial report, of the Law Foundation Insurance Trust, for the financial year ended 30 June 2004 being the Statement by Trustee, Profit and Loss Statement, Balance Sheet and Notes To and Forming Part of the financial statements. The trustee is responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements under the Trust Deed and the needs of the beneficiaries. We have conducted an independent audit of this financial report in order to express an opinion on it to the Trustee. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the beneficiaries.

The financial report has been prepared for distribution to beneficiaries. We disclaim any assumption of responsibility for any reliance on this report or on the financial report 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, or evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards and Urgent Issues Group Consensus Views.

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 present fairly the financial position as at 30 June 2004, and the results of its operations for the period then ended, in accordance with the accounting policies as described in Note 1 of the financial statements and comply with the prescribed requirements of the Trust Deed.



BDO KENDALLS  
Chartered Accountants



T J Kendall  
Partner  
Brisbane: 13/10/05