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Report to beneficiaries 2006–07

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

Profile

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 fifth annual report to beneficiaries setting out the activities and business affairs of that Trust for the 2006–07 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 trustees



Mr Raoul Giudes

Elected to Chair of the Board from 29 August 2001; re-appointed a Director in 2005; a partner of Guides & Elliot; a member of the QLS Council; a member of QLS Professional Standards committee; and a QLS past President.



Mr Justin O'Sullivan

Re-appointed a Director in 2005; Chair until 29 August 2001 when he retired as Chairman but continued as a Director; 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; a consultant to Laherty & O'Sullivan from November 1999 to 31 January 2007; and a QLS past President.



Mr Michael Meadows

Re-appointed a Director in 2005; a partner of Flower & Hart; Chair of QLS Professional Standards committee; Director of Lexon Insurance Pte Ltd.



Mr Ian Berry

Re-appointed a Director in 2005; principal of Ian Berry at Ipswich; QLS deputy President 2007–08; Chair of QLS Practice Development & Management committee; Deputy Chair of the QLS CPD committee; and member of QLS Professional Standards committee.



Mr Glenn Ferguson

Re-appointed a Director in 2005; partner of Ferguson Cannon Lawyers; a QLS past President; Vice President and President-Elect of LAWASIA; Executive Member of the Law Council of Australia; Chair of the College of Law Queensland; Foundation Fellow of the Australian Academy of Law; Director of Queensland-based insurance and superannuation companies; and Director of Lexon Insurance Pte Ltd.



Mr David Roberts

Re-appointed a Director in 2005; partner of Cooper Grace & Ward; Director of Davton Pty Ltd; and Director of Jomad Pty Ltd.



Mrs Joan Bennett

Re-appointed a Director in 2005; principal of Bennett & Associates in Brisbane; a member of the Legal Practitioners Admissions Board; and former member of the QLS Council.



Mr David Searles

Re-appointed a Director in 2005; a partner at Deacons (resigned 23 August 2007, following his appointment to the District Court of Queensland).

The Board regretfully accepted the resignation of Mr Hugh Grant as a Director in August 2006. Mr Grant had been a Board member since the incorporation of QLF and his contribution will be greatly missed.

Investment of funds

An overview

- The Foundation's funds, invested under the control of the Trustee, have on the overall, increased by 208% since inception (1 July 2000) which represents an annualised return of 17.44%.

The Australian shares within the account have generated an annual return of 24.58% over the seven years, with a total return of 365.70%

These figures are net of all fees.

- Over the same period of seven years, the Intech Growth funds have returned 8.4% per annum which equates to 75.91% in total, such figures being gross of ongoing fees.
- The Australian share market has returned 14.23% per annum, which equates to a total return of 153.85% over the same seven-year period.

In perspective

| \$100 invested seven years ago would now be represented as follows: | |
|--|----------|
| in the Foundation account (after fees) | \$308.20 |
| in the average Intech Growth Fund (before fees) | \$175.91 |
| in the Australian share market (before fees) | \$253.85 |

Projects funded or approved in principle during the period

The following funds have been made available to the beneficiaries of the trust in support of the named projects during the period 1 July 2006 to 30 June 2007.

To **QLS** being the final payment for the development of an ethics awareness program **\$80,000.00**

To **LAWASIA** as the final payment of the grant to assist in the relocation of the Secretariat to Brisbane, and being the first payment of the extended commitment of \$50,000.00 pa for two years commencing 1 January 2007 **\$50,000.00**

To **QLS** to assist in upgrading the web servers and software to an IBM recommended configuration **\$57,430.00**

To **QLS** to assist in the development of an integrated ethics database for use by the Ethics Officer, CRC and external advisors **\$25,000.00**

To **QLS** being the balance of the grant to assist in the development of an application to the Professional Standards Council for approval of a scheme to limit the civil liability of the Society's members **\$94,225.00**

To **QLS** to assist in the administration and continued development of the regional CLE program **\$80,000.00**

To **QPILCH** to assist that body in its education and development program for the benefit of the solicitor branch of the profession **\$60,000.00**

To **QLS** to assist in the sponsorship of the State Legal Educators' and Young Lawyers' Conference **\$7,000.00**

To **QLS** to assist in the sponsorship of commemorative plaques for senior members of the Society **\$7,500.00**

TC Beirne School of Law The board has also resolved to support the TC Beirne School of Law research proposal to the extent of \$15,000.00 per year for three years, and awaits information from that body as to the date of commencement of the project.

Video Conferencing LF–Q, with QLS, has extended the video conferencing network which, it is hoped, will assist members in the conduct of their practice, as well as serve as a bridge for those living in the more isolated areas of the State, to the main body of the profession, and to the QLS itself.

The network is now located in the following areas:

- 1 Cairns;
- 2 Mt Isa;
- 3 Townsville;
- 4 Rockhampton;
- 5 Mackay;
- 6 Gladstone
- 7 Bundaberg;
- 8 Dalby;
- 9 Toowoomba;
- 10 Sunshine coast;
- 11 Brisbane;
- 12 Gold Coast;
- 13 Hervey Bay;
- 14 Gympie; and
- 15 Ipswich.

Host sites are being sought for the areas of Redcliffe and Warwick.

Initially the system was established over an ISDN network and members were charged a user fee to cover Telstra call charges, but not line rental charges.

The Foundation, this year, has completed the switch of the network to Internet Protocol which enables the network to be offered **free of charge** to members save only the out of pocket charges which are made to the QLS.

Total expenditure on this project to date **\$780,055.34**

Expenses in support of the QLS video conferencing network will be ongoing as new sites are added to the network, and, in addition, there is a **monthly** charge for the provision of bandwidth to each site and to the central bridge, of approximately **\$11,000.00 + GST**.

Proposed project – a scheme to assist solicitors in need

In its report last year, the Directors of QLF acknowledged the personal and practical difficulties experienced by a number of solicitors. These difficulties have come to light through the Society's Professional Standards department and LawCare.

Reports from these bodies indicate that some solicitors unfortunately have to face health and/or personal difficulties, including serious illness of a family member etc. In consequence, these solicitors often encounter difficulties within their practices.

- In co-operation with QLS, the Foundation envisages there being set up certain programs to provide hands on, in practice, assistance to the solicitor members of QLS, free of charge to the QLS member.

Confidentiality will be assured with the Solicitor Assist services being provided by practicing solicitors on a solicitor/client basis. Other service providers (eg accountants, practice managers, etc) will similarly operate under strict confidentiality arrangements.

These services are, broadly speaking:

1 Solicitor Assist

Solicitor Assist will offer assistance to solicitors, free of charge, via other experienced practitioners, management consultants, accountants, etc (as appropriate), in addressing various difficulties which might arise in the course of their practice (whether from personal problems or other reasons).

2 Solicitor Assist – Hot Line

Solicitor Assist Hot Line, is a proposed telephone advisory service, provided by two (2) experienced legal practitioners funded by the Foundation in conjunction with QLS, whereby a solicitor could ring in to discuss and take advice in relation to a day to day legal issue which might arise in connection with his or her handling of a particular client file.

Benevolent Fund

It is also proposed to set up a Benevolent Fund, whereby a solicitor member of the QLS experiencing financial difficulties, could be assisted by the advance of an unsecured loan, to a limit yet to be determined, and which Benevolent Fund could be accessed, in appropriate circumstances, by a dependant of such a solicitor.

Current progress

1 Solicitor Assist

Applications are currently being sought from experienced members of the legal community throughout Queensland, to join a panel which will provide confidential assistance for a member under the Solicitor Assist project.

2 Solicitor Assist Hot Line

Contemporaneously, the Board is assessing the merits of certain practitioners to provide the hotline service, and it is envisaged that they will comprise:

- a solicitor expert in litigious matters; and
- a solicitor expert in non-litigious matters and conveyancing.

3 Benevolent Fund

Plans are presently being implemented to finalise the details required for the establishment of the Benevolent Fund and will shortly be advertised in *Proctor*.

Financial report 2006–07

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

Income Statement for the year ended 30 June 2007

| | Note | 2007 \$ | 2006 \$ |
|--|------|------------------|------------------|
| Income | | | |
| Trust Distributions Received | | 78,805 | 88,253 |
| Dividends Received | | 348,202 | 389,535 |
| Interest Received | | 132,087 | 96,990 |
| Capital Gain/(Loss) from Investments | | 2,563,447 | 1,101,230 |
| Sundry Income | | – | 524 |
| | | 3,122,541 | 1,676,532 |
| Expenditure | | | |
| Accountancy Fees | | 6,831 | 15,158 |
| Bank Charges | | 376 | 493 |
| Computer Expenses | | 3,578 | 2,510 |
| Depreciation | | 1,729 | 3,033 |
| Donations | | 100 | – |
| Fees and Permits | | 212 | 212 |
| Interest Paid | | – | 2 |
| Internet Expenses | | 779 | 453 |
| Legal Costs | | – | 2,858 |
| Management Fees | | 145,026 | 128,521 |
| Meeting Expenses | | 5,152 | 9,501 |
| Postage | | 504 | 426 |
| Printing and Stationery | | 1,119 | 513 |
| Sundry Expenses | | 297 | 2,466 |
| Superannuation Contributions | | 8,106 | 2,836 |
| Telephone | | 2,082 | 2,353 |
| Travelling Expenses | | 2,277 | 81 |
| Video Conference Expenses | | 3,818 | 91 |
| Wages | | 90,074 | 32,882 |
| | | 272,060 | 204,389 |
| Profit (loss) before income tax | | 2,850,481 | 1,472,143 |
| Income tax expense | | – | – |
| Profit (loss) after income tax | | 2,850,481 | 1,472,143 |

The accompanying notes form part of these financial statements.

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

Balance Sheet as at 30 June 2007

| | | 2007 | 2006 |
|--|------|-------------------|-------------------|
| | Note | \$ | \$ |
| Current Assets | | | |
| Petty Cash Imprest | | (81) | (2) |
| Cash at Bank | | 30,162 | 61,705 |
| | | 30,081 | 61,703 |
| Non-Current Investments | | | |
| Investments in Managed Funds (at cost) | | 13,927,129 | 11,751,107 |
| | | 13,927,129 | 11,751,107 |
| Fixed Assets | | | |
| Plant and Equipment | 2 | 3,319 | 5,048 |
| | | 3,319 | 5,048 |
| Total Assets | | 13,960,529 | 11,817,858 |
| Current Liabilities | | | |
| Beneficiaries Current Accounts | 3 | 6,654,414 | 4,515,547 |
| Sundry Creditors | | 103 | 103 |
| Amounts Withheld | 4 | 5,997 | 1,893 |
| | | 6,660,514 | 4,517,843 |
| Total Liabilities | | 6,660,514 | 4,517,843 |
| Net Assets | | 7,300,015 | 7,300,015 |
| Trust Funds | | | |
| Settlement Sum | | 10 | 10 |
| Trust Capital | | 7,300,005 | 7,300,005 |
| Total Trust Funds | | 7,300,015 | 7,300,015 |

The accompanying notes form part of these financial statements.

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

Statement of Changes in Equity for the year ended 30 June 2007

| | Trust Capital | Settlement Sum | Total |
|--|------------------|-------------------|-----------|
| | \$ | \$ | \$ |
| Balance as at 1 July 2004 | 7,300,005 | 10 | 7,300,015 |
| add Profit attributable to Beneficiaries | | | |
| less Distribution to Beneficiaries | | | |
| Balance as at 1 July 2005 | 7,300,005 | 10 | 7,300,015 |
| add Profit attributable to Beneficiaries | | | |
| less Distribution to Beneficiaries | | | |
| Balance as at 1 July 2006 | 7,300,005 | 10 | 7,300,015 |
| add Profit attributable to Beneficiaries | | | |
| less Distribution to Beneficiaries | | | |
| Balance as at 1 July 2007 | 7,300,005 | 10 | 7,300,015 |

The accompanying notes form part of these financial statements.

Notes to the financial report 2006–07

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:

- AASB 1031: Materiality
- AASB 110: Events after the Balance Sheet Date
- AASB 116: Property, Plant and Equipment
- AASB 119: Employee Benefits

No other Australian Accounting Standards, Australian Accounting Interpretations 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.

Financial Instruments

Investments in managed funds are stated at cost value. Any realised gains or losses are taken directly to the profit and shown on the income statement.

Property, Plant and Equipment

Property, plant and equipment are carried at cost or independent valuation. All assets, excluding freehold land and buildings are depreciated over the useful lives of the assets to the business.

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

| | 2007 | 2006 |
|--|--------------|--------------|
| | \$ | \$ |
| Office furniture and equipment at cost | 13,562 | 13,562 |
| Less accumulated depreciation | 10,243 | 8,514 |
| | 3,319 | 5,048 |
| Total plant and equipment | 3,319 | 5,048 |

3 Beneficiaries Current Accounts

| | 2007 | 2006 |
|-----------------------------------|------------------|------------------|
| Beneficiary | \$ | \$ |
| Balance brought forward | 4,515,847 | 3,710,479 |
| Add Share of profit (loss) | 2,850,481 | 1,472,143 |
| | 7,366,328 | 5,182,622 |
| Less Drawings | 711,914 | 666,775 |
| | 6,654,414 | 4,515,847 |

4 Amounts Withheld

| | 2007 | 2006 |
|---|-------|-------|
| | \$ | \$ |
| Amounts withheld from salary wages and other payments | 5,997 | 1,893 |

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

Director's declaration

The directors of the trustee declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

The directors of the trustee company declare that:

- 1 the financial statements and notes, as set on pages 1 to 5, present fairly the trust's financial position as at 30 June 2007 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements;
- 2 in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

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



Director
Justin O'Sullivan

Dated this seventh day of December 2007

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 2007 being the Director's Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity 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.

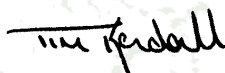
Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, or evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken 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 Australian Accounting Interpretations.

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 presents fairly the financial position as at 30 June 2007, 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

Dated: 20 December 2007
Brisbane

BDO Kendalls