

# Legal Contribution Trust

Annual Report  
30 June 2020

## Statement of Compliance

For the 12 months ended 30 June 2020

HON JOHN QUIGLEY MLA

ATTORNEY GENERAL

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Legal Contribution Trust for the reporting period ended 30 June 2020.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and section 390 of the *Legal Profession Act 2008*.



Michael Ferguson  
Trustee (Chairperson)

Date: 16. 09. 20.

### Contacts:

Postal Address  
C/- Law Society of  
Western Australia  
PO Box Z5345  
Perth WA 6831

Physical Address:  
L4/160 St Georges  
Terrace  
Perth WA 6000

Electronic  
Email: [lct@lawsocietywa.asn.au](mailto:lct@lawsocietywa.asn.au)  
Telephone: 08 9324 9600  
Facsimile: 08 9324 8699

## Overview

### Executive Summary

Performance highlight

- In this financial year, operating surplus of \$234,328 from the Legal Contribution Trust was applied to the Solicitors Guarantee Fund.

### Operational Structure

The Legal Contribution Trust is managed by trustees appointed by the Governor and administered by the Law Society of Western Australia.

The trustees meet as required to consider any claims made against the Solicitors Guarantee Fund and to manage the financial and administration operations of the Legal Contribution Trust.

The Law Society of Western Australia performs the financial and administration operations of the Legal Contribution Trust. The Chairman of the Legal Contribution Trust is appointed as the Accountable Officer for the Trust. The Manager, Finance and Administration from the Law Society of Western Australia acts as the Chief Finance Officer.

### Enabling Legislation

The Legal Contribution Trust was established in Western Australia by the *Legal Profession Act 2008*.

### Responsible Minister

The Hon. John Quigley, MLA, Attorney General

### Trust Objectives

The *Legal Profession Act 2008*, Section 399(1) states the functions of the Trust to be:

- a) to receive and invest money paid to it under this or any other Act;
- b) to apply money resulting from investments in the manner and for the purposes provided by this Part;
- c) to administer and control the Guarantee Fund;
- d) to exercise and discharge the functions conferred or imposed on it by this or any other Act.

### Organisational Structure

#### Trustees

The trustees holding office during the year under review were:

**Mr M Ferguson (Chairman)**

(appointed by the Law Society of Western Australia)

**Ms V Butler**

(appointed by the Legal Practice Board)

**Ms C Ferrari**

(appointed by the Attorney General)

#### Administered Legislation

The trustees assist the Attorney General in the administration of section 399(1) of the *Legal Profession Act 2008*.

## **Other Key Legislation Impacting on the Legal Contribution Trust's Activities**

In the performance of its functions, the Legal Contribution Trust complies with the following relevant written laws:

- *Financial Management Act 2006*;
- *Legal Profession Act 2008*

## **Performance Management Framework**

### **Outcome Based Management Framework**

The target outcome of the Legal Contribution Trust is the application to public purposes of moneys resulting from its operating surplus.

The Act directs that the operating surplus be applied to the Solicitors Guarantee Fund until the Fund reaches its maximum balance (of \$19,100,000) set by the Attorney General. Of additional surplus funds, 50% is applied to the Legal Aid Commission and the remaining 50% to the Law Society of Western Australia, community legal centres and other bodies in such sums as is agreed between the Minister and the Law Society of Western Australia from time to time.

The money applied to the Solicitors Guarantee Fund is held for the purpose of compensating persons who suffer pecuniary loss as the result of stealing or fraudulent conversion of property entrusted to legal practitioners for their benefit.

### **Changes to Outcome Based Management Framework**

The Legal Contribution Trust's Outcome Based Management Framework did not change during 2019-2020.

### **Shared Responsibilities**

The Legal Contribution Trust did not share any responsibilities with other agencies in 2019-2020.

## Agency Performance

### Report on Operations

The surplus for the financial year to 30 June 2020 was \$414,380.

	31 Jun 20	30 Jun 19
	\$	\$
<b>Income</b>		
Levies on solicitors' trust accounts	1,183,465	2,341,259
Interest on investments	245,905	296,898
Contributions by legal practitioners	35,708	34,700
<b>Total income</b>	<b>1,465,078</b>	<b>2,672,857</b>
<b>Expenses</b>		
Administration expenses	146,565	151,243
Audit fees - Auditor General	54,202	53,598
Legal fees	144,611	83,246
Supervising solicitors	97,926	253,322
Claims	2,546	-
Trust account inspector service	604,848	760,126
<b>Total expenses</b>	<b>1,050,698</b>	<b>1,301,535</b>
<b>Surplus for the period</b>	<b>414,380</b>	<b>1,371,322</b>
<b>Total comprehensive income for the period</b>	<b>414,380</b>	<b>1,371,322</b>

The main difference between the two reporting periods is a 1.2M drop in Income, mainly driven by lower interest rates thereby impacting on income from statutory Levies on solicitors' trust accounts.

### Solicitors Guarantee Fund

The maximum balance of the Solicitors Guarantee Fund was set by the Attorney General at \$19,100,000 in June 2008. Any future increases will be at the discretion of the Attorney General in consultation with the Law Society of Western Australia.

### Key performance indicators

The key performance indicators for the Legal Contribution Trust are contained in the financial statements.

### Significant Issues Impacting the Agency

#### Current and emerging issues and trends

The Solicitors Guarantee Fund had made a number of claims payouts in the last few years which reduced its maximum balance below the \$19.1 million. As a result, there has been no surplus available for distribution to public purposes.

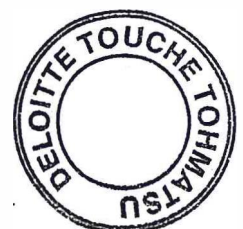
The Legal Contribution Trust's major source of income is a 51 % share of the total levies paid by financial institutions on solicitor trust accounts. The majority of the Legal Contribution Trust's other revenue is derived from interest income from the investment of funds held in the Solicitors Guarantee Fund. These sources of income have been significantly affected by declining interest rates over the period.

#### Changes in written law

There were no changes in any written law that affected the Legal Contribution Trust in this financial year.

# Legal Contribution Trust

Financial Statements  
For six months ended 30 June 2020



## **Contents**

Independent Auditor's Report .....	3
Certification of Financial Statements .....	6
Statement of Comprehensive Income .....	7
Statement of Financial Position.....	8
Statement of Changes in Equity.....	9
Statement of Cash Flows .....	10
Notes to the Financial Statements .....	11
Certification of key performance indicators .....	29
Key Performance Indicators .....	30



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### LEGAL CONTRIBUTION TRUST

#### Report on the financial statements

##### **Opinion**

I have audited the financial statements of the Legal Contribution Trust which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the six months then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Legal Contribution Trust for the six months ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

##### **Basis for opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Trust in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibility of the Trust for the financial statements**

The Trust is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trust is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Trust.



### ***Auditor's responsibility for the audit of the financial statements***

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

### **Report on controls**

#### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Legal Contribution Trust. The controls exercised by the Trust are those policies and procedures established by the Trust to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Legal Contribution Trust are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the six months ended 30 June 2020.

#### ***The Trust's responsibilities***

The Trust is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

#### ***Auditor General's responsibilities***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### ***Limitations of controls***

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

## **Report on the key performance indicators**

### ***Opinion***

I have undertaken a reasonable assurance engagement on the key performance indicators of the Legal Contribution Trust for the six months ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Legal Contribution Trust are relevant and appropriate to assist users to assess the Trust's performance and fairly represent indicated performance for the six months ended 30 June 2020.

### ***The Trust's responsibility for the key performance indicators***

The Trust is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Trust determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Trust is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

### ***Auditor General's responsibility***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**My independence and quality control relating to the reports on controls and key performance indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Matters relating to the electronic publication of the audited financial statements and key performance indicators**

This auditor's report relates to the financial statements and key performance indicators of the Legal Contribution Trust for the six months ended 30 June 2020 included on the Trust's website. The Trust's management is responsible for the integrity of the Trust's website. This audit does not provide assurance on the integrity of the Trust's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
17 September 2020

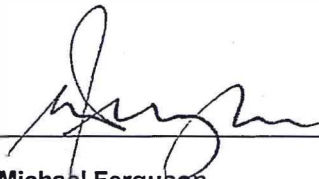
## Legal Contribution Trust Financial Statements

### Certification of Financial Statements

For the six months ended 30 June 2020

The accompanying financial statements of the Legal Contribution Trust have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions For the six months ended 30 June 2020 and the financial position as at 30 June 2020.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.

  
\_\_\_\_\_  
Michael Ferguson  
Chairperson

16. 09. 20.  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Catherine Ferrari  
Trustee

16/09/2020  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Lester Delaney  
Chief Finance Officer

16/09/20  
\_\_\_\_\_  
Date



# **Legal Contribution Trust** **Statement of Comprehensive Income**

For the six months ended 30 June 2020

	For the Six Months Ended 30 Jun 20 \$	For the Six Months Ended 31 Dec 19 \$
<b>Income</b>		
Levies on solicitors' trust accounts	397,299	786,167
Interest on investments	93,904	152,000
Contributions by legal practitioners	32,168	3,540
<b>Total income</b>	<b>523,371</b>	<b>941,707</b>
<b>Expenses</b>		
Administration expenses	74,542	72,022
Audit fees - Auditor General	27,101	27,101
Claim Settlements	2,546	-
Legal fees	88,141	56,470
Supervising solicitors	45,084	52,843
Trust account inspector service	273,097	331,751
<b>Total expenses</b>	<b>510,511</b>	<b>540,187</b>
<b>Surplus for the period</b>	<b>12,860</b>	<b>401,520</b>
<b>Total comprehensive income for the period</b>	<b>12,860</b>	<b>401,520</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



# Legal Contribution Trust Statement of Financial Position

As at 30 June 2020

	<u>Notes</u>	<u>30 Jun 20</u> \$	<u>31 Dec 19</u> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3.1	16,364,845	16,320,315
Prepayments		2,535	5,571
Receivables	2.1	233,305	283,158
<b>Total current assets</b>		<u>16,600,685</u>	<u>16,609,044</u>
<b>Total assets</b>		<u>16,600,685</u>	<u>16,609,044</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	2.2	83,353	100,396
Provisions	2.3	169,213	173,389
<b>Total current liabilities</b>		<u>252,566</u>	<u>273,785</u>
<b>Total liabilities</b>		<u>252,566</u>	<u>273,785</u>
<b>Net assets</b>		<u>16,348,119</u>	<u>16,335,259</u>
<b>Equity</b>			
Accumulated surplus		16,348,119	16,335,259
<b>Total equity</b>		<u>16,348,119</u>	<u>16,335,259</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



## Legal Contribution Trust Statement of Changes in Equity

For the six months ended 30 June 2020

	<u>Notes</u>	<u>Accumulated surplus \$</u>	<u>Total equity \$</u>
<b>Balance at 30 June 2019</b>		<b>15,933,739</b>	<b>15,933,739</b>
Surplus for the period		401,520	401,520
Other Comprehensive Income		-	-
Total comprehensive income for the period		<u>401,520</u>	<u>401,520</u>
<b>Balance at 31 December 2019</b>		<b><u>16,335,259</u></b>	<b><u>16,335,259</u></b>
Surplus for the period		12,860	12,860
Other Comprehensive Income		-	-
Total comprehensive income for the period		<u>12,860</u>	<u>12,860</u>
<b>Balance at 30 June 2020</b>		<b><u>16,348,119</u></b>	<b><u>16,348,119</u></b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Legal Contribution Trust Statement of Cash Flows

For the six months ended 30 June 2020

	<u>Notes</u>	<u>30 Jun 20</u> <u>\$</u>	<u>31 Dec 19</u> <u>\$</u>
<b>Cash flows from operating activities</b>			
Levies on solicitors' trust accounts		467,334	878,024
Interest received		136,787	101,187
Contributions by legal practitioners		22,020	9,620
Other receipts		-	-
Payments to suppliers		(581,611)	(750,143)
<b>Net cash generated by operating activities</b>	<b>3.1.2</b>	<u><b>44,530</b></u>	<u><b>238,688</b></u>
Net increase in cash & cash equivalents		44,530	238,688
Cash & cash equivalents at the beginning of the period		16,320,315	16,081,627
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>3.1</b>	<u><b>16,364,845</b></u>	<u><b>16,320,315</b></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



## **Legal Contribution Trust Notes to the Financial Statements**

For the six months ended 30 June 2020

### **1. Basis of preparation**

The Legal Contribution Trust (the "Trust") is a body established under the *Legal Profession Act 2008*. The Legal Contribution Trust is a not-for-profit entity (as profit is not its principal objective).

These financial statements were authorised for issue by the Accountable Authority of the Legal Contribution Trust on 16<sup>th</sup> September 2020.

### **Statement of compliance**

These general purpose financial statements are prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (the instructions or TI)
- 3) Australian Accounting Standards (AAS) including applicable interpretations
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### **Basis of preparation**

The financial statements are presented in Australian dollars apply the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

### **Judgements and estimates**

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

### **Income**

Income is recognised and measured at the fair value received or receivable. The main sources of income for the entity is interest income on investments held and amounts levied on solicitors trust accounts under the *Legal Contribution Trust Act 1967*. This income is a set percentage of the interest the solicitors trust accounts earn in the period.

### **Financial instruments**

Financial assets and financial liabilities are recognised when the Legal Contribution Trust becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial

## Legal Contribution Trust

### Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Financial liabilities are derecognised when, and only when it is discharged, cancelled or expires.

The Legal Contribution Trust has the following two categories of financial instruments:

- Financial assets measured at amortised cost; and
- Financial liabilities measured at amortised cost.

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

## 2. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Legal Contribution Trust's controlled operations utilised for economic benefits and liabilities incurred during normal operations:

	Notes	30 Jun 20 \$	31 Dec 19 \$
Receivables	2.1	233,305	283,158
Payables	2.2	83,353	100,396
Provisions	2.3	169,213	173,389

### 2.1 Receivables

	30 Jun 20 \$	31 Dec 19 \$
<u>Current</u>		
GST receivable	159,315	106,398
Levies receivable	29,867	99,903
Interest receivable	33,815	76,697
Other receivables	10,308	160
<b>Total receivables</b>	<b>233,305</b>	<b>283,158</b>

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**2.2 Payables**

	30 Jun 20	31 Dec 19
	\$	\$
<u>Current</u>		
Trade payables	56,252	59,825
Accrued expenses	27,101	40,571
<b>Total Payables</b>	<b>83,353</b>	<b>100,396</b>

Payables are recognised at the amounts payable when the entity becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

**2.3 Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

The accounting estimate has been made on the basis of mitigating the expenses incurred in respect of future costs associated with rental, review, storage and destruction of archived practice files. These costs are still outstanding and are expected to be settled in future reporting periods.

	30 Jun 20	31 Dec 19
	\$	\$
Provision for claims to be paid	2,546	-
Provision for future external intervention costs	166,667	173,389
<b>Total Provisions</b>	<b>169,213</b>	<b>173,389</b>

**3. Financing**

This section sets out the material balances and disclosures associated with the cash flows of the Legal Contribution Trust.

	Notes
Cash and cash equivalents	3.1
Reconciliation of cash	3.1.1
Reconciliation of net surplus for the period to net cash flows from operating activities	3.1.2
Commitments	3.2

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**3.1 Cash and cash equivalents**

**3.1.1 Reconciliation of cash**

	30 Jun 20	31 Dec 19
	\$	\$
Cash and deposits at call	3,054,982	3,146,763
Term deposits	13,309,863	13,173,552
	<u>16,364,845</u>	<u>16,320,315</u>
Represented by:		
Cash and cash equivalents	16,364,845	16,320,315
Balance at end of period	<u>16,364,845</u>	<u>16,320,315</u>

For the purpose of the statement of cash flows, cash and cash equivalent assets comprise cash on hand and short-term deposits that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**3.1.2 Reconciliation of net surplus for the period to net cash flows from operating activities**

	30 Jun 20	31 Dec 19
	\$	\$
Surplus for the period	12,860	401,520
	12,860	401,520
(Increase)/decrease in assets:		
Receivables and prepayments	52,889	(26,565)
Increase/(Decrease) in liabilities:		
Payables and provisions	(21,219)	(136,267)
Net cash generated by operating activities	<u>44,530</u>	<u>238,688</u>

**3.2 Commitments**

There were no commitments as at 30 June 2020 (and no commitments as at 31 December 2019).

## Legal Contribution Trust

### Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

#### 4. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Legal Contribution Trust.

	Notes
Financial risk management	4.1
Contingent assets and liabilities	4.2
Contingent assets	4.2.1
Contingent liabilities	4.2.2

##### 4.1 Financial risk management

Financial instruments held by the Legal Contribution Trust are financial assets at amortised cost and financial liabilities at amortised cost. The Trust has limited exposure to financial risks. The entity's overall risk management program focuses on managing the risks identified below.

###### (a) Summary of risks and risk management

###### Credit risk

Credit risk arises when there is the possibility of the Legal Contribution Trust's receivables defaulting on their contractual obligations resulting in financial loss to the Trust.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 4.1(c) 'Credit risk exposure' and Note 2.1 'Receivables'.

Credit risk associated with the Trust's financial assets is minimal because the main receivable consists of interest on investments and statutory income (levies) relating to solicitor trust accounts. In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

###### Liquidity risk

Liquidity risk arises when the Legal Contribution Trust is unable to meet its financial obligations as they fall due.

The Trust is exposed to liquidity risk through its trading in the normal course of business.

The Trust has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

###### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Legal Contribution Trust's income or the value of its holdings of financial instruments. The Trust does not trade in foreign currency and is not materially exposed to other price risks.

Other than as detailed in the interest rate sensitivity analysis table at Note 4.1(e), the Trust's exposure to market risk for changes in interest rates relates primarily to cash investments in term deposits. The Trust has no borrowings.



## Legal Contribution Trust

### Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

#### (b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	30 Jun 20	31 Dec 19
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	16,364,845	16,320,315
Financial assets at amortised cost <sup>(a)</sup>	73,990	176,760
<b>Total financial assets</b>	<u>16,438,835</u>	<u>16,497,075</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	83,353	100,396
<b>Total financial liability</b>	<u>83,353</u>	<u>100,396</u>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**(c) Credit risk exposure**

The following table details the credit risk exposure on the Trust's financial assets using a provision matrix.

	Total \$	Current \$	Days past due			
			<30 days \$	31-60 days \$	61-90 days \$	>91 days \$
<b>30 Jun 20</b>						
Expected credit loss rate		0.00%	0.00%	0.00%	0.00%	0.00%
Cash and cash equivalents	16,364,845	16,364,845	-	-	-	-
Financial assets at amortised cost <sup>(a)</sup>	73,990	73,990	-	-	-	-
	<b>16,438,835</b>	<b>16,438,835</b>	-	-	-	-
Expected credit losses <sup>(b)</sup>		-	-	-	-	-
<b>31 Dec 19</b>						
Expected credit loss rate		0.00%	0.00%	0.00%	0.00%	0.00%
Cash and cash equivalents	16,320,315	16,320,315	-	-	-	-
Financial assets at amortised cost <sup>(a)</sup>	176,760	176,760	-	-	-	-
	<b>16,497,075</b>	<b>16,497,075</b>	-	-	-	-
Expected credit losses <sup>(b)</sup>		-	-	-	-	-

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(b) The entity does not expect to have any credit losses as the assets are cash and the main source of income is statutory levies on solicitor trust accounts.

# **Legal Contribution Trust** **Notes to the Financial Statements (continued)**

For the six months ended 30 June 2020

## **(d) Liquidity risk and interest rate exposure**

The following table details the Legal Contribution Trust's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities										
Weighted average effective interest rate %	Carrying amount \$	Interest rate exposure			Nominal amount \$	Maturity dates				
		Fixed interest rate	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
1.37%	16,364,845	13,309,864	-	3,054,981	16,364,845	3,054,981	8,622,404	4,687,460	-	-
-	73,990	-	-	73,990	73,990	40,175	30,887	2,928	-	-
	16,438,835	13,309,864	-	3,128,971	16,438,835	3,095,156	8,653,291	4,690,388	-	-
-	83,353	-	-	83,353	83,353	83,353	-	-	-	-
	83,353	-	-	83,353	83,353	83,353	-	-	-	-
Weighted average effective interest rate %	Carrying amount \$	Interest rate exposure			Nominal amount \$	Maturity dates				
		Fixed interest rate	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
1.99%	16,320,315	13,173,552	165,083	2,981,680	16,320,315	3,146,764	9,845,087	3,328,464	-	-
	176,760	-	-	176,760	176,760	100,160	16,723	59,877	-	-
	16,497,075	13,173,552	165,083	3,158,440	16,497,075	3,246,924	9,861,810	3,388,341	-	-
-	100,396	-	-	100,396	100,396	100,396	-	-	-	-
	100,396	-	-	100,396	100,396	100,396	-	-	-	-



(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**(e) Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of the Legal Contribution Trust's financial assets and liabilities at variable interest rates at the reporting date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$	-100 basis points Surplus \$	Equity \$	+100 basis points Surplus \$	Equity \$
<b>30 Jun 20</b>					
<u>Financial Assets</u>					
Cash and cash equivalents	-	-	-	-	-
<b>Total Increase/(Decrease)</b>		-	-	-	-
	Carrying amount \$	-100 basis points Surplus \$	Equity \$	+100 basis points Surplus \$	Equity \$
<b>31 Dec 19</b>					
<u>Financial Assets</u>					
Cash and cash equivalents	165,083	(1,651)	(1,651)	1,651	1,651
<b>Total Increase/(Decrease)</b>		(1,651)	(1,651)	1,651	1,651

## **Legal Contribution Trust**

### **Notes to the Financial Statements (continued)**

For the six months ended 30 June 2020

#### **4.2 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

##### **4.2.1 Contingent assets**

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. A contingent asset is not recognised in the financial report since this may result in the recognition of income that may never be realised.

There are legal proceedings to recover funds paid out to claimants. The total estimated financial settlement at 30 June 2020 is \$nil (31 December 2019: \$nil).

##### **4.2.2 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust. It can also be a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Solicitors Guarantee Fund was established to provide a source of compensation for defaults by law practices arising from or constituted by acts or omissions of associates. At any point in time there can be numerous claims under investigation. Each claim is investigated by external legal counsel and recommendations are made to the Trustees for the appropriate outcome of each claim. There is uncertainty surrounding each claim until they are fully investigated and a final recommendation is made to the Trustees by the external legal counsel. Until such determination is made, the Trust does not recognise any liability with respect to the claims under investigation.

The total estimated financial settlement amount of claims being investigated as at 30 June 2020 is \$363,370 (31 December 2019: \$1,466).

#### **5. Other disclosures**

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	<b>Notes</b>
Initial application of Australian Accounting Standards	5.1
Future impact of Australian Account Standards not yet operative	5.2
Key management personnel	5.3
Related party transactions	5.4
Remuneration of auditors	5.5
Events occurring after the end of the reporting period	5.6
Supplementary financial information	5.7
Explanatory statement	5.8

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**5.1 Initial application of Australian Accounting Standards**

The entity cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements' or by an exemption from TI 1101. The entity has applied the following Australian Accounting Standards for the first time from their application date of 1 January 2020.

**AASB 2018-7**

*Amendments to Australian Accounting Standards –Definition of Material*

This Standard clarifies the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. There is no financial impact.

*The Legal Contribution Trust's income is derived principally from statutory sources which is measured under AASB 1058 and is unaffected by this change.*

**AASB 2019-1**

*Amendments to Australian Accounting Standards – References to the Conceptual Framework*

Australian Accounting Standards and Interpretations govern the accounting for many types of transactions and balances. Where there are 'gaps', AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, paragraph 10 requires management to apply judgement in developing an appropriate accounting policy. In making this judgement, where Australian Accounting Standards do not deal with similar and related issues, paragraph 11(b) requires management to then refer to the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses laid out in the new Conceptual Framework.

As the new Conceptual Framework is different to its predecessor, entities looking to the new Conceptual Framework to develop accounting policies under AASB 108, paragraph 11(b) will need to take note of the:

- Updated definitions of an 'asset' and 'liability'
- Updated recognition criteria for including assets and liabilities in financial statements
- New concepts on measurement, including factors to consider when selecting a measurement basis (e.g. cost vs fair value)
- New concepts on presentation and disclosure, including classifying items as income vs other comprehensive income, and
- New guidance on derecognition of assets and liabilities.

*The Legal Contribution Trust has not developed new accounting policies in the period and definitions and recognition criteria remain as per prior accounting periods. There is no financial impact to the Trust on application.*

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

AASB 2019-5	<p><i>Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i></p> <p>This Standard AASB 2019-5 inserts a requirement in AASB 1054 for entities to make the same disclosures for International Financial Reporting Standards (IFRS Standards) that have been issued by the International Accounting Standards Board (IASB) but where the equivalent AAS has yet to be issued by the AASB.</p> <p><i>There are no additional disclosures to the Trust on application.</i></p>
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**5.2 Future impact of Australian Accounting Standards not yet operative**

The entity cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements' or by an exemption from TI 1101. Where applicable, the entity plans to apply Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 2020-1	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i></p> <p>This Standard amends AASB 101 Presentation of Financial Statements to:</p> <ul style="list-style-type: none"> <li>• Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period</li> <li>• Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability</li> <li>• Explain that rights are in existence if covenants are complied with at the end of the reporting period</li> <li>• Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</li> </ul> <p><i>The Legal Contribution Trust will apply updated definitions and recognition criteria as necessary.</i></p>	1 Jan 2022

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

		Operative for reporting periods beginning on/after
AASB 2020-2	<p><i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i></p> <p>This Standard makes amendments to numerous Standards and the Conceptual Framework for Financial Reporting so that they apply explicitly to:</p> <ul style="list-style-type: none"> <li>• For-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards</li> <li>• Other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021.</li> </ul> <p><i>There is no financial impact to the Legal Contribution Trust.</i></p>	1 Jul 2021
AASB 1060	<p><i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)</i></p> <p><i>Entities preparing general purpose financial statements in accordance with this Standard are not required to comply with the disclosure requirements of other Accounting Standards. However, the recognition and measurement requirements of all Accounting Standards must be applied.</i></p> <p><i>The disclosure requirements in AASB 1060 replace those required under ‘Reduced Disclosure Requirements’ (RDR) which shaded those disclosure requirements of Accounting Standards that were not applicable to Tier 2 entities. The number of disclosures required by this Standard are generally less than RDR.</i></p> <p><i>The Legal Contribution Trust will apply updated disclosure requirements as necessary.</i></p>	1 Jul 2021



**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

		Operative for reporting periods beginning on/after
AASB 2020-3	<p><i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i></p> <p>This Standard makes amendments to the following Standards:</p> <ul style="list-style-type: none"> <li>• Annual Improvements to AASB 1 First-time Adoption of International Financial Reporting Standards; AASB 9 Financial Instruments; AASB 16 Leases; and AASB 141 Agriculture</li> <li>• AASB 116 Property, Plant and Equipment</li> <li>• AASB 17 Provisions, Contingent Liabilities and Contingent Assets</li> <li>• AASB 3 Business Combinations.</li> </ul> <p><i>The Legal Contribution Trust will apply updated amendments as necessary.</i></p>	1 Jan 2022

### 5.3 Key Management Personnel

The key management personnel of the Legal Contribution Trust are the Trustees. No remuneration is paid to the Trustees. There were no transactions with the Trustees in the period or balances outstanding at period end.

### 5.4 Related parties transactions

Administration fees amounting to \$71,476 (31 December 2019: \$71,476) were paid/payable to the Law Society of Western Australia during the period on normal commercial terms and condition.

As at 30 June 2020, the Legal Contribution Trust owed the Law Society of Western Australia \$Nil (31 December 2019: \$Nil).

### 5.5 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit For the six months ended 30 June 2020 is as follows:

	30 Jun 20 \$	31 Dec 19 \$
Auditing the accounts, financial statements, controls, and key performance indicators	27,101	27,101

## **Legal Contribution Trust**

### **Notes to the Financial Statements (continued)**

For the six months ended 30 June 2020

#### **5.6 Events occurring after the end of the reporting period**

Other than as described below, there are no events subsequent to the end of the reporting period that has significantly affected, or may significantly affect the operations of the Legal Contribution Trust, the results of those operations or the state of affairs of the Legal Contribution Trust in future financial periods.

Subsequent to the end of the reporting period, \$2,546 was paid (plus interest of \$21) in relation to claims that were being investigated as at 30 June 2020. As a result of the acceptance of these claims a provision was recognised at 30 June 2020 as this is considered an adjusting post balance date event.

#### **5.7 Supplementary financial information**

##### **(a) Solicitors Guarantee Fund – supplementary statement**

The Solicitors Guarantee Fund is created under Part 12 of the *Legal Profession Act 2008* (the Act). The value of the Solicitors Guarantee Fund forms part of the assets and liabilities of the Legal Contribution Trust and are disclosed in the statement of financial position, statement of comprehensive income and the accompanying notes.

Pursuant to Section 399 (1) (c) of the Act, the Legal Contribution Trust controls and administers the Solicitors Guarantee Fund. It is from the Solicitors Guarantee Fund that claims are settled and costs incurred in administering claims are paid.

The maximum value of the Solicitors Guarantee Fund is set by the Attorney General pursuant to Section 388 of the Act. The maximum value of the Solicitors Guarantee Fund has been set by the Attorney General at \$19,100,000.

Income earned by the Legal Contribution Trust is retained as part of the Solicitors Guarantee Fund until it reaches its maximum balance. Income in excess of the maximum balance is appropriated to external beneficiaries pursuant to Section 388 of the Act.

As at 30 June 2020, the balance of the Solicitors Guarantee Fund is \$16,348,119 (31 December 2019: \$16,335,259). Operating surplus of \$12,860 (31 December 2019: \$401,520) was retained by the Legal Contribution Trust.

The statement of financial position and statement of comprehensive income of the Solicitors Guarantee Fund are presented as a supplement to the financial statements of the Trust as disclosed on note 5.7(b) and 5.7(c).

The financial information in the attached supplements form part of the balance included in the Legal Contribution Trust financial statements For the six months ended 30 June 2020.

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**(b) Solicitors Guarantee Fund – Statement of Financial Position**

	30 Jun 20	31 Dec 19
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,926,617	14,839,835
Receivables	61,327	87,469
Legal Contribution Trust appropriation receivable	1,529,388	1,594,815
<b>Total current assets</b>	<u>16,517,332</u>	<u>16,522,119</u>
<b>Total assets</b>	<u>16,517,332</u>	<u>16,522,119</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables	-	13,471
Provision	169,213	173,389
<b>Total current liabilities</b>	<u>169,213</u>	<u>186,860</u>
<b>Total liabilities</b>	<u>169,213</u>	<u>186,860</u>
<b>Net assets</b>	<u>16,348,119</u>	<u>16,335,259</u>
<b>Equity</b>		
Accumulated surplus	16,348,119	16,335,259
<b>Total equity</b>	<u>16,348,119</u>	<u>16,335,259</u>



**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

(c) Solicitors Guarantee Fund - Statement of Comprehensive Income for the six months ended 30 June 2020

	For the Six Months Ended 30 Jun 20 \$	For the Six Months Ended 31 Dec 19 \$
<b>Income</b>		
Contributions by legal practitioners	32,168	3,540
Appropriation from the Legal Contribution Trust	-	299,756
Interest on investments	93,756	151,095
<b>Total income</b>	<b>125,924</b>	<b>454,391</b>
<b>Expenses</b>		
Supervising solicitors	45,062	52,842
Appropriation to the Legal Contribution Trust	65,427	-
Claim Settlements	2,546	-
Other expenses	29	29
<b>Total expenses</b>	<b>113,064</b>	<b>52,871</b>
<b>Surplus for the period</b>	<b>12,860</b>	<b>401,520</b>
<b>Total comprehensive income for the period</b>	<b>12,860</b>	<b>401,520</b>

**Legal Contribution Trust**  
**Notes to the Financial Statements (continued)**  
For the six months ended 30 June 2020

**5.8 Explanatory Statement**

Comparison of actual results with those of the preceding six months.

Variations between actual results and those of the preceding period greater than \$10,000 are considered significant.

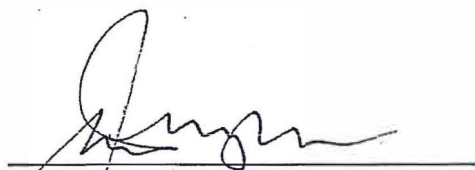
	Notes	For the Six Months Ended 30 Jun 20 \$	For the Six Months Ended 31 Dec 19 \$	Variance between actual results for 30 Jun 20 and 31 Dec 19 \$
<b>Income</b>				
Interest earned on solicitors' trust accounts	(a)	397,299	786,167	(388,868)
Interest on investments		93,904	152,000	(58,096)
Contributions by legal practitioners	(b)	32,168	3,540	28,628
<b>Total income</b>		<b>523,371</b>	<b>941,707</b>	<b>(418,336)</b>
<b>Expenses</b>				
Administration expenses		74,542	72,022	2,520
Audit fees - Office of the Auditor General		27,101	27,101	-
Claims settlements		2,546	-	2,546
Legal fees	(c)	88,141	56,470	31,671
Supervising solicitors		45,084	52,843	(7,759)
Trust account inspector service	(d)	273,097	331,751	(58,654)
<b>Total expenses</b>		<b>510,511</b>	<b>540,187</b>	<b>(29,676)</b>
<b>Surplus for the period</b>		<b>12,860</b>	<b>401,520</b>	<b>(388,660)</b>
<b>Total comprehensive income for the period</b>		<b>12,860</b>	<b>401,520</b>	<b>(388,660)</b>

- a) Interest earned on solicitors' trust accounts and investments has decreased significantly due to a drop in the available interest rates in the period.
- b) Contributions by legal practitioners are generally higher in the six months ended 30 June as it falls within the annual renewal period of practising certificates, which is in May each year.
- c) Legal fees are higher as compared to the previous period due to advice sought in the period in relation to claims being investigated and Legal fees in relation to the draft Legal Profession Uniform Law Application Bill and advice sought on the impact of the proposed Uniform Law Bill on the Legal Contribution Trust.
- d) Trust account inspectors services are below in comparison to the prior period mainly due to a trust account inspector termination payout in the prior period and the position subsequently remaining vacant.

**Legal Contribution Trust**  
**Audited key performance indicators for the six months ended 30 June 2020**

**Certification of key performance indicators**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Legal Contribution Trust's performance, and fairly represent the performance of the Legal Contribution Trust for the six months ended 30 June 2020.



**Michael Ferguson**  
Chairperson

16.09.20

Date



**Catherine Ferrari**  
Trustee

16/09/2020

Date

## Legal Contribution Trust

### Key Performance Indicators

The target outcome of the Legal Contribution Trust (LCT) is the application to public purposes of moneys resulting from its operating surplus.

The *Legal Profession Act 2008* directs that the operating surplus be applied to the Solicitors Guarantee Fund until the Fund reaches its maximum balance (of \$19,100,000) set by the Attorney General. Of additional surpluses, 50% is applied to the Legal Aid Commission and the remaining 50% to the Law Society of Western Australia, community legal centres and other bodies in such sums as is agreed between the Minister and the Law Society from time to time.

The money applied to the Solicitors Guarantee Fund is held for the purpose of compensating persons who suffer pecuniary loss as the result of stealing or fraudulent conversion of property entrusted to legal practitioners for their benefit.

### Indicators

#### Effectiveness

The impact of the LCT allocation on the size of the Solicitors Guarantee Fund (SGF).

Six Months Ended	LCT surplus retained in SGF or Distributed to Beneficiaries	Percentage of operating surplus appropriated to the SGF	Total SGF Funds
	\$		\$
31 Dec 18	551,294	100%	15,060,565
30 Jun 19	743,783	100%	15,933,739
31 Dec 19	299,756	100%	16,335,259
30 Jun 20	Nil	N/A	16,348,119

There was no allocation to the SGF in the current period, as the LCT recorded a deficit.

#### Efficiency

The following table shows the percentage of gross income of the Legal Contribution Trust retained or appropriated to the beneficiaries named in the *Legal Profession Act 2008* as the designated beneficiaries.

The greater the percentage of gross income available for retention or appropriation the greater the efficiency.

Six Months Ended	Gross income	Expenses	Operating Surplus	Percentage of Gross Revenue Available for Retention or Appropriation to Nominated Beneficiaries
	\$	\$	\$	\$
31 Dec 18	1,295,556	797,408	498,148	38%
30 Jun 19	1,377,301	504,127	873,174	63%
31 Dec 19	941,707	540,187	401,520	43%
30 Jun 20	523,371	510,511	12,860	2%

For the six months ended 30 June 2020, the decrease in operating surplus as a percentage on gross revenue is mainly driven by the reduced interest income from Solicitor Trust Accounts and Investments held in the period, as explained previously in note 5.8.