

Legal Contribution Trust

Financial Statements
For six months ended 30 June 2022

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	27
Key Performance Indicators	28
Estimates 30 June 2023	29



Auditor General

INDEPENDENT AUDITOR'S REPORT

2022

Legal Contribution Trust

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Legal Contribution Trust (Trust) which comprise:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the six months then ended
- 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 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), 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 responsibilities for the audit of the financial statements section of my report.

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

Responsibilities of the Trustees for the financial statements

The Trustees are responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it 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 Trustees are responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of 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 Trustees are those policies and procedures established 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).

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 2022.

The Trustees' responsibilities

The Trustees are 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 involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an 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 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 audit of 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 2022. 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 2022.

The Trustees' responsibilities for the key performance indicators

The Trustees are 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 Trustees 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 Trustees are 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 responsibilities

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 report on financial statements, 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.

Other information

The Trustees are responsible for the other information. The other information is the information in the entity's annual report for the six months ended 30 June 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report

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 2022 included in the annual report 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, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. 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.

A handwritten signature in black ink, appearing to read 'Steven Hoar', with a horizontal line underneath.

Steven Hoar
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 September 2022

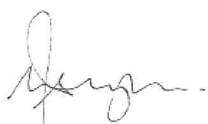
Legal Contribution Trust Financial Statements

Certification of Financial Statements

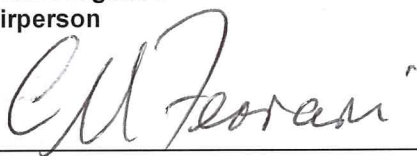
For the six months ended 30 June 2022

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 2022 and the financial position as at 30 June 2022.

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



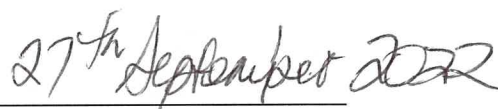
Catherine Ferrari
Trustee



Leanne Round
Chief Finance Officer

27 September 2022

Date



Date

27/9/22

Date



Legal Contribution Trust

Statement of Comprehensive Income

For the six months ended 30 June 2022

	For the Six Months Ended 30 Jun 22 \$	For the Six Months Ended 31 Dec 21 \$
Income		
Levies on solicitors' trust accounts	238,311	140,397
Interest on investments	16,806	22,480
Other income	800,702	329,380
Contributions by legal practitioners	38,580	4,480
Total income	1,094,399	496,737
Expenses		
Administration expenses	85,529	86,273
Audit fees - Auditor General	31,117	27,550
Legal fees	30,299	128,275
Supervising solicitors	148,623	340,761
Trust account inspector service	223,552	252,311
Total expenses	519,120	835,170
Surplus / (deficit) for the period	575,279	(338,433)
Total comprehensive gain/ (loss) for the period	575,279	(338,433)

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 2022

	<u>Notes</u>	<u>30 June 22</u> \$	<u>31 Dec 21</u> \$
Assets			
Current assets			
Cash and cash equivalents	3.1	15,799,794	15,696,155
Prepayments		2,836	5,671
Receivables	2.1	166,301	79,193
Total current assets		15,968,931	15,781,019
Total assets		15,968,931	15,781,019
Liabilities			
Current liabilities			
Payables	2.2	51,053	476,263
Provisions	2.3	71,775	33,932
Total current liabilities		122,828	510,195
Total liabilities		122,828	510,195
Net assets		15,846,103	15,270,824
Equity			
Accumulated surplus		15,846,103	15,270,824
Total equity		15,846,103	15,270,824

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 2022

	Accumulated surplus \$	Total equity \$
Balance at 30 June 2021	15,609,257	15,609,257
Deficit for the period	(338,433)	(338,433)
Other Comprehensive Income	-	-
Total comprehensive loss for the period	(338,433)	(338,433)
Balance at 31 December 2021	15,270,824	15,270,824
Surplus for the period	575,279	575,279
Other Comprehensive Income	-	-
Total comprehensive income for the period	575,279	575,279
Balance at 30 June 2022	15,846,103	15,846,103

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 2022

		For the Six Months Ended 30 Jun 22 \$	For the Six Months Ended 31 Dec 21 \$
	<u>Notes</u>		
Cash flows from operating activities			
Levies on solicitors' trust accounts		159,071	132,174
Interest received		11,917	22,619
Other revenue		800,702	329,380
Contributions by legal practitioners		28,500	10,960
Payments to suppliers		(896,551)	(935,226)
Net cash used in operating activities	3.1.2	103,639	(440,093)
Net increase/(decrease) in cash and cash equivalents		103,639	(440,093)
Cash and cash equivalents at the beginning of the period		15,696,155	16,136,248
Cash and cash equivalents at the end of the period	3.1	15,799,794	15,696,155

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 2022

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 27 September 2022.

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) – Simplified Disclosures
- 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 and 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. These financial statements represent the financial transactions and position of the Trust and the Solicitors Guarantee Fund which it administers and controls in accordance with section 399 of the *Legal Profession Act 2008*.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the Trust as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense.

Cash flows are included in the Statement of cash flows on a net basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements

Legal Contribution Trust

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 Trust are interest income on investments held and amounts levied on solicitor's trust accounts under the *Legal Profession Act 2008*. This income is a set percentage of the interest the solicitors trust accounts earn in the period, as at the reporting date the set percentage is 51%.

Financial instruments

Financial assets and financial liabilities are recognised when the 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 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 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.

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

2. Other assets and liabilities

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

	Notes	30 Jun 22 \$	31 Dec 21 \$
Receivables	2.1	166,301	79,193
Payables	2.2	51,053	476,263
Provisions	2.3	71,775	33,932

2.1 Receivables

	30 June 22 \$	31 Dec 21 \$
<u>Current</u>		
GST receivable	40,907	48,009
Levies receivable on solicitors trust accounts	106,838	27,598
Interest receivable	8,476	3,586
Other receivables	10,080	-
Total receivables	166,301	79,193

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.

2.2 Payables

	30 June 22 \$	31 Dec 21 \$
<u>Current</u>		
Trade payables	21,453	448,713
Accrued expenses	29,600	27,550
Total Payables	51,053	476,263

Payables are recognised at the amounts payable when the Trust 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.

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

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 June 22	31 Dec 21
	\$	\$
<u>Current</u>		
Provision for future external intervention costs	71,775	33,932
Total Provisions	71,775	33,932

3. Financing

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

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

3.1 Cash and cash equivalents

3.1.1 Reconciliation of cash

	30 June 22	31 Dec 21
	\$	\$
Cash and deposits at call	3,350,431	6,990,076
Term deposits	12,449,363	8,706,079
	15,799,794	15,696,155
Represented by:		
Cash and cash equivalents	15,799,794	15,696,155
Balance at end of period	15,799,794	15,696,155

(b) Reconciliation of Surplus For the Period to Net

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.

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

3.1.2 Reconciliation of net surplus/(deficit) for the period to net cash flows from operating activities

	30 June 22	31 Dec 21
	\$	\$
Suplus/(deficit) for the period	575,279	(338,433)
	575,279	(338,433)
(Increase)/decrease in assets:		
Receivables and prepayments	(84,273)	(35,985)
Increase/(Decrease) in liabilities:		
Payables and provisions	(387,367)	(65,675)
Net cash used in operating activities	103,639	(440,093)

3.2 Commitments

There were no commitments as at 30 June 2022 (31 December 2021: Nil).

4. Financial Instruments and Contingencies

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

	Notes
Financial instruments	4.1
Contingent assets and liabilities	4.2
Contingent assets	4.2.1
Contingent liabilities	4.2.2

4.1 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 June 22	31 Dec 21
	\$	\$
Financial assets		
Cash and cash equivalents	15,799,794	15,696,155
Financial assets at amortised cost ^(a)	125,394	31,184
Total financial assets	15,925,188	15,727,339
Financial liabilities		
Financial liabilities at amortised cost	51,053	476,263
Total financial liability	51,053	476,263

(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 2022

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 Trust. A contingent asset is not recognised in the financial report since this may result in the recognition of income that may never be realised.

The total estimated financial settlement at 30 June 2022 is nil (31 December 2021: \$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 2022 is nil (31 December 2021: \$154,494).

Legal Contribution Trust

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

5. Other disclosures

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

	Notes
Key management personnel	5.1
Related party transactions	5.2
Remuneration of auditors	5.3
Events occurring after the end of the reporting period	5.4
Supplementary financial information	5.5
Explanatory statement	5.6

5.1 Key Management Personnel

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

5.2 Related parties' transactions

The Trust is not considered to be a wholly owned public sector entity that is controlled by the State of Western Australia.

Outside of normal citizen type transactions with the Trust, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

The Trust had no related or affiliated bodies for the six months ended 30 June 2022 (31 December 2021: Nil).

5.3 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the six months ended 30 June 2022 is as follows:

	30 June 22 \$	31 Dec 21 \$
Auditing the accounts, financial statements, controls, and key performance indicators	31,117	27,550

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

5.4 Events occurring after the end of the reporting period

Legal Profession Uniform Law Application Act 2022

The introduction of the *Legal Profession Uniform Law Application Act 2022* in Western Australia from 1 July 2022 removes the application of the *Financial Management Act 2006* and *Auditor General Act 2006* to the Legal Contribution Trust. It also removes the six-monthly reporting requirement.

In future reporting periods, the financial statements of the Legal Contribution Trust will be audited annually by auditors approved by the Attorney General.

There were no other events occurring after the end the reporting period that has significantly affected or may significantly affect the operation of the Trust in future financial periods.

5.5 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 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 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 2022, the balance of the Solicitors Guarantee Fund is \$15,846,103 (31 December 2021: \$15,270,824). The surplus for the period was \$575,279 (31 December 2021: deficit of \$338,433).

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 5.5(b) and 5.5(c).

The financial information in the attached supplements form part of the balance included in the Trust financial statements for the six months ended 30 June 2022.

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

(b) Solicitors Guarantee Fund – Statement of Financial Position

	30 Jun 22 \$	31 Dec 21 \$
Assets		
Current assets		
Cash and cash equivalents	15,407,673	15,045,576
Receivables	29,636	24,299
Legal Contribution Trust appropriation receivable	480,569	611,924
Total current assets	15,917,878	15,681,799
Total assets	15,917,878	15,681,799
Liabilities		
Current liabilities		
Payables	-	377,043
Provision	71,775	33,932
Total current liabilities	71,775	410,975
Total liabilities	71,775	410,975
Net assets	15,846,103	15,270,824
Equity		
Accumulated surplus	15,846,103	15,270,824
Total equity	15,846,103	15,270,824

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

For the six months ended 30 June 2022

(c) Solicitors Guarantee Fund - Statement of Comprehensive Income for the six months ended 30 June 2022

	For the Six Months Ended 30 Jun 22 \$	For the Six Months Ended 31 Dec 21 \$
Income		
Contributions by legal practitioners	38,580	4,480
Appropriation from the Legal Contribution Trust	-	-
Other Income	800,000	329,380
Interest on investments	16,806	22,480
Total income	855,386	356,340
Expenses		
Supervising solicitors	148,623	340,760
Appropriation to the Legal Contribution Trust	131,355	353,983
Other expenses	129	30
Total expenses	280,107	694,773
Surplus/(deficit) for the period	575,279	(338,433)
Total comprehensive gain/(loss) for the period	575,279	(338,433)

(d) Other supplementary information

There were no losses of public money or other public property through theft or default during the six months ended 30 June 2022 (31 December 2021: nil).

There were no write offs of public money or other public property during the six months ended 30 June 2022 (31 December 2021: nil).

There were no gifts of public property during the six months ended 30 June 2022 (31 December 2021: nil).

Legal Contribution Trust

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

5.6 Explanatory Statement

All variances between estimates (original budget) and actual results for the six months ended 30 June 2022, and between the actual results for the six months ended 30 June 2022 and the six months ended 31 December 2021 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of total cost of services (total expenses) for the Statement of comprehensive income and Statement of cash flows, and are great than 10% and 1% of Total Assets for the Statement of financial position.

Statement of comprehensive income

	Notes	Estimates For the Six Months Ended 30 Jun 22 \$	Actuals For the Six Months Ended 30 Jun 22 \$	Actuals For the Six Months Ended 31 Dec 21 \$	Variance between estimates and actual results for 31 Dec 21 \$	Variance between actual results for 31 Dec 21 and 30 Jun 21 \$
Income						
Levies on solicitors' trust accounts	(1) (a)	103,371	238,311	140,397	134,940	97,914
Interest on investments	(b)	17,891	16,806	22,480	(1,085)	(5,674)
Contributions by legal practitioners	(c)	33,849	38,580	4,480	4,731	34,100
Sundry Income	(2) (d)	-	800,702	329,380	800,702	471,322
Total income		155,111	1,094,399	496,737	939,288	597,662
Expenses						
Administration expenses		82,504	85,529	86,273	3,025	(744)
Audit fees - Office of the Auditor General		29,000	31,117	27,550	2,117	3,567
Legal fees	(3) (e)	80,348	30,299	128,275	(50,049)	(97,976)
Supervising solicitors	(4) (f)	109,916	148,623	340,761	38,707	(192,138)
Trust account inspector service	(5) (g)	249,046	223,552	252,311	(25,494)	(28,759)
Total expenses		550,814	519,120	835,170	(31,694)	(316,050)
Surplus for the period		(395,703)	575,279	(338,433)	970,982	913,712
Total comprehensive income for the period		(395,703)	575,279	(338,433)	970,982	913,712

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

Major Estimate and Actual (2022) Variance Narratives

1. Levies on solicitors' trust accounts is greater than expected due to higher balances being retained in solicitor trust accounts at law practices and significant increases in cash rate since May 2022.
2. Sundry income is higher than forecast as a result of settlement of a claim.
3. Legal fees are less than expected due to the completion of a settlement.
4. Supervising solicitor fees are higher than forecast due to more than anticipated invoices for external interventions under section 512(6) of the *Legal Profession Act 2008*.
5. Trust account inspector costs were less than expected due to a reduction in the number of Trust account inspectors during the period.

Major Actual (June 2022) and Comparative (December 2021) Variance Narratives

- a) Levies on solicitors' trust accounts is greater than the prior period due to higher balances being retained in solicitor trust accounts at law practices and significant increases in cash rate since May 2022.
- b) Interest on investments is lower than the prior year due to low interest rates and a reduction of investments in term deposits.
- c) Contributions by legal practitioners are higher than the prior period as the annual renewal period of practising certificates falls in May each year.
- d) Sundry income is higher than the prior period as a result of settlement of a claim in the current period.
- e) Legal fees are lower than in the prior period due to the claim settlement.
- f) Supervising solicitor fees are lower than the prior period due to a large number of out-dated invoices being paid in the prior period under section 512(6) of the *Legal Profession Act 2008*.
- g) Trust account inspector costs were less than the prior period due to a reduction in the number of Trust account inspectors in the current period.

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

Statement of Cash Flows

	Notes	Estimates For the Six Months Ended 30 Jun 22 \$	Actuals For the Six Months Ended 30 Jun 22 \$	Actuals For the Six Months Ended 31 Dec 21 \$	Variance between estimates and actual results for 31 Dec 21 and 30 Jun 21 \$	Variance between actual results for 31 Dec 21 and 30 Jun 21 \$
Cash flows from operating activities						
Levies on solicitors' trust accounts	(1) (a)	103,371	159,071	132,174	55,700	26,897
Interest received	(2) (b)	17,891	11,917	22,619	(5,974)	(10,702)
Sundry Revenue	(3) (c)	-	800,702	329,380	800,702	471,322
Contributions by legal practitioners	(4) (d)	33,849	28,500	10,960	(5,349)	17,540
Payments to suppliers	(5)	(480,814)	(896,551)	(935,226)	(415,737)	38,675
Net cash generated by operating activities		(325,703)	103,639	(440,093)	429,342	543,732
Net (decrease)/increase in cash & cash equivalents		(325,703)	103,639	(440,093)	429,342	543,732
Cash & cash equivalents at the beginning of the period		15,684,981	15,696,155	16,136,248	11,174	(440,093)
Cash & cash equivalents at the end of the period		15,359,278	15,799,794	15,696,155	440,516	103,639

Legal Contribution Trust

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

Major Estimate and Actual (2022) Variance Narratives

1. Levies on solicitors' trust accounts is greater than expected due to higher balances being retained in solicitor trust accounts at law practices and significant increases in cash rate since May 2022.
2. Interest received on investments is lower than anticipated due to low interest rates and a reduction of investments in term deposits.
3. Sundry revenue is higher than forecast as a result of a claim settlement.
4. Contributions by legal practitioners are lower than expected due to the timing of the receipts.
5. Payments to suppliers are higher than expected due to the timing of payments for historical invoices associated with external interventions under section 512(6) of the *Legal Profession Act 2008*.

Major Actual (June 2022) and Comparative (December 2021) Variance Narratives

- a) Levies on solicitors' trust accounts is greater than the prior period due to higher balances being retained in solicitor trust accounts at law practices and significant increases in cash rate since May 2022.
- b) Interest received on investments is lower than the prior year due to low interest rates and a reduction of investments in term deposits.
- c) Sundry revenue received is higher than the prior period as a result of settlement of a claim in the current period.
- d) Contributions by legal practitioners are higher than the prior period as the annual renewal period of practising certificates falls in May each year.

Legal Contribution Trust
Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

Statement of Financial Position

	Notes	Estimates For the Six Months Ended	Actuals For the Six Months Ended	Actuals For the Six Months Ended	Variance between estimates and actual results for 31 Dec 21	Variance between actual results for 31 Dec 21 and 30 Jun 21
		30 Jun 22 \$	30 Jun 22 \$	31 Dec 21 \$	\$	\$
Current assets						
Cash and cash equivalents		15,359,279	15,799,794	15,696,155	440,515	103,639
Prepayments		6,804	2,836	5,671	(3,968)	(2,835)
Receivables		23,100	166,301	79,193	143,201	87,108
Total current assets		15,389,183	15,968,931	15,781,019	579,748	187,912
Total assets		15,389,183	15,968,931	15,781,019	579,748	187,912
Liabilities						
Current liabilities						
Payables	(a)	192,420	51,053	476,263	(141,367)	(425,210)
Provisions		33,932	71,775	33,932	37,843	37,843
Total current liabilities		226,352	122,828	510,195	(103,524)	(387,367)
Total liabilities		226,352	122,828	510,195	(103,524)	(387,367)
Net assets		15,162,831	15,846,103	15,270,824	683,272	575,279
Equity						
Accumulated surplus		15,162,831	15,846,103	15,270,824	683,272	575,279
Total equity		15,162,831	15,846,103	15,270,824	683,272	575,279

Legal Contribution Trust
Notes to the Financial Statements (continued)
For the six months ended 30 June 2022

Major Estimate and Actual (2022) Variance Narratives

Nil.

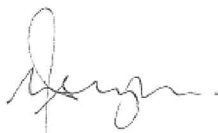
Major Actual (June 2022) and Comparative (December 2021) Variance Narratives

- a) Payables are significantly lower than in the prior period due to the payment of historical invoices associated with external interventions under section 512(6) of the *Legal Profession Act 2008* in the current period.

Legal Contribution Trust
Audited key performance indicators for the six months ended 30 June 2022

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 2022.



Michael Ferguson
Chairperson



Catherine Ferrari
Trustee

27 September 2022

Date

27th September 2022

Date



Legal Contribution Trust

Key Performance Indicators

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

The *Legal Profession Act 2008* (the Act) directs that the operating surplus be applied to the Solicitors Guarantee Fund (SGF) 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 SGF 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 Trust allocation on the size of the 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 20	Nil	N/A	16,140,540
30 Jun 21	Nil	N/A	15,609,257
31 Dec 21	Nil	N/A	15,270,824
30 Jun 22	Nil	N/A	15,846,103

Due to the Trust's prior period operating deficits, the SGF remains below the maximum balance of \$19,100,000.

Efficiency

The following table shows the percentage of gross income of the Trust retained or appropriated to the beneficiaries named in the Act 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/ (deficit)	Percentage of Gross Revenue Available for Retention or Appropriation to Nominated Beneficiaries
	\$	\$	\$	\$
31 Dec 20	229,136	436,715	(207,579)	-91%
30 Jun 21	169,941	701,224	(531,283)	-313%
31 Dec 21	496,737	835,170	(338,433)	-68%
30 Jun 22	1,094,399	519,120	575,279	53%

For the six months ended 30 June 2022, the operating surplus has mainly arisen due to the settlement of a claim.

Legal Contribution Trust

Estimates 30 June 2023

Statement of Comprehensive Income

The below estimates are provided to comply with the requirements of TI 953 'Publication and Presentation of Estimates' paragraph 5(ii). The Trust has received an exemption from the Under Treasurer from publishing the annual estimates on a website as the Trust does not have a website. The exemption has been provided on the basis that the estimates should instead be included in the Trust's Annual Report.

Estimates for the year ended 30 June 2023

	Estimates for the year ended 30 Jun 23 \$
Income	
Levies on solicitors' trust accounts	385,200
Interest on investments	176,637
Contributions by legal practitioners	45,400
Total income	607,237
Expenses	
Administration expenses	185,470
Audit fees - Auditor General	55,000
External Investigations	165,000
Legal fees	123,500
Supervising solicitors	215,000
Trust account inspector service	-
Total expenses	743,970
Deficit for the period	(136,733)
Total comprehensive loss for the period	(136,733)

Legal Contribution Trust
Estimates 30 June 2023
Statement of Financial Position

Estimates for the year ended 30 June 2023

	Estimates for the year ended 30 Jun 23
	\$
Assets	
Current assets	
Cash and cash equivalents	15,719,202
Prepayments	3,112
Receivables	35,200
Total current assets	15,757,514
Total assets	15,757,514
Liabilities	
Current liabilities	
Payables	3,500
Provisions	21,520
Total current liabilities	25,020
Total liabilities	25,020
Net assets	15,732,494
Equity	
Accumulated surplus	15,732,494
Total equity	15,732,494

**Legal Contribution Trust
Estimates 30 June 2023
Statement of Cash Flows**

Estimates for the year ended 30 June 2023

	Estimates for the year ended 30 June 2023 \$
Cash flows from operating activities	
Levies on solicitors' trust accounts	385,200
Interest received	176,637
Contributions by legal practitioners	45,400
Payments to suppliers	(736,500)
Net cash generated by operating activities	(129,262)
Net (decrease)/increase in cash & cash equivalents	(129,262)
Cash & cash equivalents at the beginning of the period	15,848,464
Cash & cash equivalents at the end of the period	15,719,202