

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Financial Statements

For the Year Ended 30 June 2010

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

For the Year Ended 30 June 2010

CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10
Directors' Declaration	23
Independent Audit Report	24

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Directors' Report

30 June 2010

Your directors present their report on the company for the financial year ended 30 June 2010.

General information

Principal Activities

The principal activities of Australian Lawyers Alliance Ltd during the financial year were to protect and promote the rights of individuals.

The entity's long term objective is to ensure that the Australian legal system provides justice. The Australian Lawyers Alliance does this by helping its members to help those who seek justice and informing the public, influencing law and policy makers.

In the short term, specific goals are to achieve positive Tort reform, introduction of a Bill of Rights by 2019, ensure fairness in the Criminal Justice system and education of members and the public.

In order to achieve the short and long term goals, the Company addresses law and policy makers directly in a transparent manner by means of submissions. It also provides Continuing Legal Education conferences and seminars to its members and non-affiliated legal practitioners, a magazine and e-newsletters to members and stakeholders and updates on topical legal issues to leading media around Australia.

The Company measures its success primarily through the number of members from year to year. Membership as at 30 June 2010 was 1467 (2009: 1465).

No significant change in the nature of the Company's activities occurred during the year.

Structure of the Company

The entity is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the entity is wound up, the Constitution of the Company states that each member is required to contribute a maximum of \$20 towards any outstanding obligations at that time. At June 30, 2010 the value of this collective liability of members was \$29,340 (2009: \$29,300)

Operating Results

The profit from ordinary activities amounted to \$ 1,070.

Dividends Paid or Declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Directors' Report

30 June 2010

Significant Changes in State of Affairs

In July 2009, the head office staff underwent a restructure and various roles were made redundant, including the role of Chief Executive Officer. Redundancies were paid according to statutory requirements.

The restructure was carried out to ensure the future financial viability of the organisation.

No other significant changes in Australian Lawyers Alliance Ltd's state of affairs occurred during the financial year.

After Balance Day Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Australian Lawyers Alliance Ltd, the results of those operations or the state of affairs of Australian Lawyers Alliance Ltd in future financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues

Australian Lawyers Alliance Ltd's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 5.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Directors' Information

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Directors' Report

30 June 2010

The following directors were in office during the year:

<u>Name</u>	<u>Qualifications</u>	<u>Experience</u>	<u>Special Responsibilities</u>
Clifton Baker (resigned 12/3/2010)	BA, LLB, LLM	Member since January 2006; Director October 2008-March 2010	Holds Tort Law Reform portfolio
Greg Barns	BA, LLB	Practices at the Tasmanian Bar and in Victoria. Non-executive director of a number of ASX listed mining companies. National Chairman of the Australian Republican Movement from 2000-02	Holds Media Liaison portfolio
Mark Blumer	Dip Law, Master of Law and Management	Director for 4 years prior to serving as National President; Branch President and Branch Committee Member, ACT for 8 years	National President
Geraldine Collins	BA, LLB, Accredited Specialist in Personal Injury	Director since July 2008	Holds Branch Liaison portfolio
Andrew Freer	BEC, LLB, GDLP	15 years experience as an Australian Legal Practitioner, including 10 years holding an unrestricted practising certificate. Member of the ALA since 1996. Previous ACT Branch President. Member of ACT Branch Committee for more than 10 years. Board Member of CARE Incorporated, ACT Based Financial Counselling Service since 1 July 2008	Holds Publications portfolio
Brian Hilliard	LLB, GDLP	Director since 2004	National President-Elect; holds Finance portfolio
Anthony Kerin	LLB, GDLP	Member since 2000; SA President since 2004; Director since 2005	Holds Constitution and Membership portfolio
Laura Neil	LLB	ALA member since 1995; Director 2008	Holds Conference portfolio
Tom Percy QC	LLB	Member of various Boards over many years, including Legal Practice Board of WA (current), also currently a Director of East Perth Football Club for 16 years, and Chairman of Nex Metals Exploration Ltd, a publicly listed mining company 2007 to present	Advises on Criminal Law and Human Rights matters; assists with media liaison.
Anthony Scarcella	LLB	NSW Branch Committee member since 2004; NSW Branch President (2008 - 2009); Branch Delegate to Motor Accident Assessment Service Review Group since 2006; NSW Branch Charter of Rights Chair since 2008; NSW Branch Newsletter Sub-Committee Member (2010 - 2011); NSW Branch Workers' Compensation Sub-Committee Member (2010 - 2011); Director since 2006; National External Education Co-Coordinator (2008 - 2009)	Holds Staff Liaison portfolio

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Directors' Report

30 June 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Brian Hilliard was appointed company secretary on 31/7/2009. Mark Blumer resigned as company secretary on the same date.

Meetings of Directors

During the financial year, four meetings of directors were held. Attendances by each director during the year were as follows:

Cliff Baker
Greg Barns
Mark Blumer
Geraldine Collins
Andrew Freer
Brian Hilliard
Anthony Kerin
Laura Neil
Tom Percy QC
Anthony Scarcella

Directors' Meetings	
Number eligible to attend	Number attended
3	1
4	2
4	4
4	3
4	3
4	4
4	4
4	3
4	2
4	4

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Australian Lawyers Alliance Ltd.

Insurance Premiums Paid for Directors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The total amount of premium paid was \$2,448.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Dated this 11 day of Oct 2010

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Storey Blackwood



Partner – Geoffrey Adcock
Level 4, 222 Clarence Street
Sydney NSW 2000

Dated this 11 day of October 2010

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Statement of Comprehensive Income

For the Year Ended 30 June 2010

	2010	2009
	\$	\$
Revenue	2 1,939,829	1,720,694
Employee benefits expense	(650,297)	(823,341)
Marketing costs	(138,479)	(139,810)
Rental and office expenses	(164,288)	(167,370)
Audit, legal and consulting fees	(211,230)	(128,792)
Other operating expenses	(774,465)	(517,824)
Profit (loss) before income tax	1,070	(56,443)
Income tax expense	-	-
Profit (loss) for the year	1,070	(56,443)
Other comprehensive income	-	-
Total comprehensive income (loss) for the year	1,070	(56,443)
Total comprehensive income (loss) attributable to members of the entity	1,070	(56,443)

The accompanying notes form part of these financial statements.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Statement of Financial Position

As At 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	637,181	622,559
Trade and other receivables	6	66,201	68,444
Other current assets	8	67,219	82,555
Total current assets		770,601	773,558
Non-current assets			
Property, plant and equipment	7	33,864	17,707
Total non-current assets		33,864	17,707
TOTAL ASSETS		804,465	791,265
LIABILITIES			
Current liabilities			
Trade and other payables	9	110,620	71,937
Short-term provisions	10	42,274	70,373
Other current liabilities	11	501,256	499,710
Total current liabilities		654,150	642,020
Non-current liabilities			
TOTAL LIABILITIES		654,150	642,020
NET ASSETS		150,315	149,245
EQUITY			
Retained earnings		150,315	149,245
TOTAL EQUITY		150,315	149,245

The accompanying notes form part of these financial statements.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Statement of Changes in Equity

For the Year Ended 30 June 2010

	2010	
	Retained Earnings	Total
	\$	\$
Balance at 1 July 2009	149,245	149,245
Profit attributable to members	1,070	1,070
Balance at 30 June 2010	150,315	150,315

	2009	
	Retained Earnings	Total
	\$	\$
Balance at 1 July 2008	205,688	205,688
Loss attributable to members	(56,443)	(56,443)
Balance at 30 June 2009	149,245	149,245

The accompanying notes form part of these financial statements.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Cash Flow Statement

For the Year Ended 30 June 2010

	2010	2009
Note	\$	\$
Cash from operating activities:		
Receipts from customers	2,127,130	1,833,087
Payments to suppliers and employees	(2,099,171)	(1,803,764)
Interest received	8,925	26,087
Net cash provided by (used in) operating activities	15 36,884	55,410
Cash flows from investing activities:		
Purchase of property, plant and equipment	(22,262)	-
Net cash provided by (used in) investing activities	(22,262)	-
Net increase (decrease) in cash held	14,622	55,410
Cash and cash equivalents at beginning of year	622,559	567,149
Cash at end of financial year	5 637,181	622,559

The accompanying notes form part of these financial statements.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Statement of Significant Accounting Policies

The financial report is for Australian Lawyers Alliance Ltd as an individual company, incorporated and domiciled in Australia. Australian Lawyers Alliance Ltd is a company limited by guarantee.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Revenue

Interest revenue is recognised using the effective interest rate method.

Revenue from the rendering of services is recognised upon the delivery of the service to the members.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives.

The depreciation rates used for each class of depreciable assets are:

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Statement of Significant Accounting Policies continued

(b) Property, Plant and Equipment continued

Class of Fixed Asset

Office Equipment	10-40%
------------------	--------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Statement of Significant Accounting Policies continued

(h) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the company.

(i) Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Australian Lawyers Alliance Ltd.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Statement of Significant Accounting Policies continued

(j) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- ◆ simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- ◆ simplifying the requirements for embedded derivatives;
- ◆ removing the tainting rules associated with held-to-maturity assets;
- ◆ removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- ◆ allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- ◆ reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

- (a) the objective of the entity's business model for managing the financial assets; and
- (b) the characteristics of the contractual cash flows.

The company does not anticipate early adoption of any of the above accounting standards.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

2 Revenue

	2010	2009
	\$	\$
Rendering of services	1,912,515	1,684,187
Merchandise income	12,227	10,420
Interest	8,925	26,087
Sundry income	6,162	-
	<u>1,939,829</u>	<u>1,720,694</u>

3 Profit from Ordinary Activities

(a) Expenses

Depreciation of property plant and equipment	6,105	5,329
Remuneration of auditor		
Auditing services	6,900	6,200
Accounting and taxation services	10,000	10,100
Total auditors' remuneration	<u>16,900</u>	<u>16,300</u>
Rental expense on operating leases	113,801	90,222

4 Directors' Remuneration

Reimbursement paid to President	47,273	47,273
---------------------------------	--------	--------

5 Cash and Cash Equivalents

Cash on hand	-	300
Cash at bank	560,063	395,200
Short-term bank deposits	77,118	227,059
	<u>637,181</u>	<u>622,559</u>

6 Trade and Other Receivables

CURRENT		
Trade receivables	66,201	68,444
	<u>66,201</u>	<u>68,444</u>

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

7 Property Plant and Equipment

	2010	2009
	\$	\$
Office equipment		
At cost	145,141	172,548
Less accumulated depreciation	(111,277)	(154,841)
Total property, plant and equipment	<u>33,864</u>	<u>17,707</u>

(a) Movements in Carrying Amounts

	Office Equipment	Total
	\$	\$
Balance at the beginning of year	17,707	17,707
Additions	22,507	22,507
Disposals	(245)	(245)
Depreciation expense	(6,105)	(6,105)
Carrying amount at the end of 30 June 2010	<u>33,864</u>	<u>33,864</u>

8 Other Assets

CURRENT

Prepayments	5,004	15,025
Refundable deposits	62,215	67,530
	<u>67,219</u>	<u>82,555</u>

9 Trade and Other Payables

CURRENT

Trade payables	52,259	3,885
Other payables	58,361	68,052
	<u>110,620</u>	<u>71,937</u>

10 Provisions

	Employee entitlements	Other provisions	Total
	\$	\$	\$
Opening balance at 1 July 2009	61,385	8,988	70,373
Additional provisions	25,714	-	25,714
Utilised during the period	(44,825)	-	(44,825)
Amount written off	-	(8,988)	(8,988)
Balance at 30 June 2010	<u>42,274</u>	<u>-</u>	<u>42,274</u>

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

10 Provisions continued

Analysis of Total Provisions

	2010	2009
	\$	\$
Current	42,274	70,373
	<u>42,274</u>	<u>70,373</u>

11 Other Liabilities

Current

Deferred income	501,256	499,710
	<u>501,256</u>	<u>499,710</u>

All membership income in advance is deferred income and is not owed to any external entity. The amount deferred represents the proportion of membership fees, conference registrations, and advertising and sponsorship revenue for which services are expected to be provided after the end of the financial year.

12 Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments

Less than one year	124,963	90,820
Between one and five years	122,167	189,208
	<u>247,130</u>	<u>280,028</u>

No capital commitments exist in regards to the operating lease commitments at year end.

13 Key Management Personnel Compensation

	Short-term benefits	Post employment benefit	Termination benefits	Total
	\$	\$	\$	\$
2010				
Total compensation	131,333	9,627	50,886	191,846
2009				
Total compensation	155,256	50,886	-	206,142

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

14 Related party transactions

During the year there were no related party transactions.

15 Cash Flow Information

Reconciliation of Cash Flow from Operations with Surplus after Income Tax

	2010	2009
	\$	\$
Net income/loss for the period	1,070	(56,443)
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus		
Depreciation	6,105	5,329
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	7,558	22,586
(Increase)/decrease in prepayments	10,021	10,346
Increase/(decrease) in trade payables and accruals	40,229	52,080
Increase/(decrease) in provisions	(28,099)	21,512
	<u>36,884</u>	<u>55,410</u>

16 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2010	2009
	\$	\$
Financial Assets		
Cash and cash equivalents	637,181	622,559
Loans and receivables	66,201	68,444
	<u>703,382</u>	<u>691,003</u>
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	110,620	71,937
	<u>110,620</u>	<u>71,937</u>

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

16 Financial Risk Management continued

Financial Risk Management Policies

Consisting of senior committee members, the finance committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk, and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

16 Financial Risk Management continued

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave)	110,620	71,937					110,620	71,937
Total contractual outflows	110,620	71,937	-	-	-	-	110,620	71,937
Total expected outflows	110,620	71,937	-	-	-	-	110,620	71,937
Financial assets - cash flows realisable								
Cash and cash equivalents	637,181	622,559	-	-	-	-	637,181	622,559
Trade, term and loans receivables	66,201	68,444	-	-	-	-	66,201	68,444
Total anticipated inflows	703,382	691,003	-	-	-	-	703,382	691,003
Net (outflow)/inflow on financial instruments	592,762	619,066	-	-	-	-	592,762	619,066

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties) ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

16 Financial Risk Management continued

	2010	2009
	\$	\$
Cash and cash equivalents		
- AA Rated	637,181	622,559
	<u>637,181</u>	<u>622,559</u>

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below.

	Note	2010		2009	
		Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	(i)	637,181	637,181	622,559	622,559
Trade and other receivables	(i)	66,201	66,201	68,444	68,444
Total financial assets		<u>703,382</u>	<u>703,382</u>	691,003	691,003
Financial Liabilities					
Trade and other payables	(i)	110,620	110,620	71,937	71,937
Total financial liabilities		<u>110,620</u>	<u>110,620</u>	71,937	71,937

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave and deferred income which is not considered a financial instrument.

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates.

The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

16 Financial Risk Management continued

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year Ended 30 June 2010		
+ 2% in interest rates	12,743	12,743
- 2% in interest rates	(8,582)	(8,582)
	Profit	Equity
	\$	\$
Year Ended 30 June 2009		
+ 2% in interest rate	13,074	13,074
- 2% in interest rate	(10,715)	(10,715)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as the company is not exposed to foreign currency fluctuations.

17 Capital Management

Management control the capital of the company to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The company's capital consists of financial liabilities, supported by financial assets.

Management effectively manage the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the company since the previous year. The strategy of the company is to ensure that sufficient cash is on hand to meet trade and sundry payables.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Notes to the Financial Statements

For the Year Ended 30 June 2010

17 Capital Management continued

The gearing ratios for the years ended 30 June 2010 and 30 June 2009 are as follows:

	2010	2009
	\$	\$
Total borrowings	-	-
Trade and other payables	110,620	71,937
Total	110,620	71,937
Less cash and cash equivalents	(637,181)	(622,559)
Net debt/(surplus)	(526,561)	(550,622)
Total equity/reserves + retained earnings	150,315	149,245
Total Capital	(376,246)	(401,377)

18 Company Details

The registered office and principal place of the company is:

Australian Lawyers Alliance Ltd
Suite 5, Level 7
189 Kent Street, Sydney NSW 2000

19 Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 each towards any outstanding obligations of the company. At 30 June 2010 the number of members was 1,467 (2009: 1,465).

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 6 to 22, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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

Director 

Dated this11..... day ofOct..... 2010

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Independent Audit Report to the members of Australian Lawyers Alliance Ltd

Report on the Financial Report

We have audited the accompanying financial statements of Australian Lawyers Alliance Ltd (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The Responsibility of the Director for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Lawyers Alliance Ltd on _____, would be in the same terms if provided to the directors as at the date of this auditor's report.

Australian Lawyers Alliance Ltd

ABN 96 086 880 499

Independent Audit Report to the members of Australian Lawyers Alliance Ltd

Auditor's Opinion

In our opinion the financial statements of Australian Lawyers Alliance Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



Storey Blackwood



Partner - Geoffrey Adcock
Level 4, 222 Clarence Street
Sydney NSW 2000

Dated this12.....day ofOctober.....2010