



**The Commercial Law Association
of Australia Limited**

ACN 001 290 115

Annual Report 2006



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Chief Executive Officer:

Max Wilson BA, Grad Cert Management Communication, AFAIM

Commercial Law Quarterly Editors:

Dr Elisabeth Peden BA Hons, LLB Hons (Syd), PHD (Cantab)

Dr Gregory Tolhurst LLM (Syd)

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Review of Activities



President's Message

This year marks my first term as President, and I am pleased to report that we have maintained a high level of member activities and embarked on new programs.

There have been many firsts for the Association this year. John North, President of the Law Council of Australia, addressed our June seminar and provided an insight into the commercial implications of doing business with countries with different corporate governance structures.

We launched an International Seminar Series, in conjunction with the International Law Section of the Law Council of Australia. Our opening seminar was 'Free Trade Agreements — An Update' with guest speaker Andrew Percival, Special Counsel, Chambers Corrs Westgarth. In the second seminar in the series, Vivienne Bath, Senior Lecturer and Director of the Centre for Asian and Pacific Law, University of Sydney, spoke on doing business in and with China.

A milestone this year was reached with a celebration to mark the first year's successful operation of our Mentoring Program. We were honoured to have Justice Paul Finn of the Federal Court present certificates to our mentors and mentorees at the NSW State Library in September.

Despite strong competition from commercial providers and not-for-profit organisations we expanded the Association's seminar activities. A total of 48 practitioners participated as speakers in our Leading Edge Seminar Series. In November in conjunction with RetireInvest and Gadens Lawyers, we held a halfday seminar on an Aged Services theme. This event was most successful with over 90 people in attendance.

There are a great many people who have given their time willingly to the Association. In particular I wish to note the support of the many leading practitioners who have presented freely in our seminar series and I thank them sincerely for it. I'd also like to thank our members, individuals and firms, who have supported the Association through regular attendance at our events.

Thanks to Kalinda Cobby, Katie Wood and Michael Ahrens for their efforts in developing and implementing our Mentoring Program, and of course the mentors and mentorees.

I would also like to thank our *Commercial Law Quarterly* Editors Dr Elisabeth Peden and Dr Gregory Tolhurst for their excellent work and Liz Wilson for her graphic design of the publication. Special thanks also to the many contributors to the journal.

Throughout the year the Legislative Review Task Force has been very active in legislative review, promoting public comment and discussion in a variety of ways. Thank you to Dr John Keogh, Chairman; Tony Dreise, Deputy Chairman and Research Co-ordinator and Secretary Daren Armstrong for their contributions to the LRTF along with Anne Durie, who played an active role in assisting with various government submissions. Thanks go to Brian Gillard and Phillip Roberts who contributed legislative updates for the *Commercial Law Quarterly*.

In my first term as President I have been extremely fortunate to have an enthusiastic and dedicated team of Directors. Martin Kinsky, a long-standing member of the Board, resigned during the year to take up an overseas posting. We wish him well in his new position. Also thanks to our CEO Max Wilson who has been a support to me in particular as President and the Board in general. The success of the Association for a number of years now rests largely with Max's commitment to getting things down on a number of fronts. Finally thank you to all Association members and we look forward to your ongoing support.

Stephen Lamy



Chief Executive Officers's Report

The highlights of this year included the increased number of seminars and events, the continued excellence of the *Commercial Law Quarterly*, the successful completion of the first year of our Mentoring Program, strong member participation in the activities of the Association and continued sponsor support.

Our alliance with the International Law Section of the Law Council of Australia saw the successful introduction of our International Series of Seminars. Andrew Percival was largely responsible for the co-ordination of the development of the program.

This year's financial result in 2006 showed a small deficit of -\$3,187 compared with a small surplus of \$2,628 in 2005. The small deficit for 2006 is largely the result of steps taken to invest in the Association's website capability.

A special thank you to the large numbers of professionals who supported the activities of the Association by being guest speakers in our Leading Edge Seminar Series during the year.

In November we held a highly successful seminar on the topic 'Navigating the Aged Services Maze'. This attracted over 90 people representing a broad cross-section of legal, academic, government and business leaders. We plan to hold similar events in Brisbane and Melbourne during 2007.

Dr Elisabeth Peden and Dr Gregory Tolhurst have continued to maintain the high standard of the Association's flagship publication the *Commercial Law Quarterly*. Thank you also to the many contributors for the excellent articles which are a feature of the journal.

Further improvements to our website were progressively introduced during the year.

Thank you to Kevin Tang and Carol Chen of Tang.Net for their dedicated support in overseeing the development and maintenance of the CLA website.

This year has been extremely busy and I would like to take the opportunity to also thank sponsors who have included Thomson Publications, RetireInvest, *ALB*, Cypress Lakes, Peugeot and Gadens Lawyers. Also thanks to Kemp Strang, Corrs Chambers Westgarth and Hicksons Lawyers for providing their venues for special events this year.

I would also like to thank the President Stephen Lamy, Vice President Kalinda Cobby, Honorary Treasurer David O'Bryen, Membership and Publications Chairs Stephen McMahon and Rick Porter, and all other Directors for their support over a most challenging year.

Max Wilson

Leading Edge Seminar Series 2006

Assignment and novation: navigating difficult waters

10/02/2006

Professor John Carter, Consultant, Freehills

Insurance law in a changing regulatory environment

23/02/2006

Leo Gor, Barrister; Tom Gallaway, APRA; Nancy Milne, Clayton Utz; Robert Johnston, Partner, Ebsworth & Ebsworth; Peter Stockdale, Mallesons Stephen Jaques

Changing legal framework for workplace relations

23/02/2006

John West QC, Selborne Chambers; Steven Penning, Partner, Turner Freeman; Dr Joellen Riley, University of NSW; David Cross, Partner, Deacons; Brett Feltham, Deacons

Trade practices update

10/03/2006

Russell Miller AO, Partner, Minter Ellison

Estoppel

24/03/2006

Justice Ken Handley, Supreme Court NSW

Banking law in the changing business cycle

27/03/2006

Les Taylor, Chair; Richard Gibbes, Economist, Macquarie Bank; Neil Jensen, Austrac; Tim Philips, Deloitte; John Gibbons, Ernst & Young; Simon McSweeney, Partner, Henry Davis; Phillip Crawford, Partner, Henry Davis York; Steven Cavanagh, Blake Dawson Waldron; Jane Anne Redfern, ASIC

Cartels — criminal sanctions and ACCC's immunity policy

12/05/2006

Christopher Hodgekiss SC, Selborne Chambers

Impact of uniform defamation laws

25/05/2006

Dr David Rolph, University of Sydney; Richard McHugh, Barrister

Recent developments in gambling and reputation

2/06/2006

John Garnsey QC, Blackstone Chambers

Shaking the tail of the tiger: taking care of business in Asia

22/06/2006

John North, President, LCA

Entire Agreement Clauses: are they a good idea?

21/07/2006

Professor John Carter, Consultant, Freehills

Recent developments in unjust enrichment law

11/08/2006

Dr Simone Degeling, University of NSW

Free Trade Agreements — update

23/08/2006

Andrew Percival, Special Counsel, Corrs Chambers Westgarth

Essential issues in intellectual property

25/08/2006

Carmen Champion, Barrister, St James Hall; Jane Rawlings, Barrister, St James Hall

Fiduciary duties of trustees

7/09/2006

Michael Vrisakis, Partner, Freehills; Professor Geraint Thomas, University of London

Government in commerce or commerce in government?

22/09/2006

Justice Paul Finn, Federal Court of Australia

Doing business in and with China: legal developments

25/10/2006

Dr Vivienne Bath, University of Sydney

Legal professional privilege

27/10/2006

Paul Nicols, Partner, Allens Arthur Robinson; Michael Skinner, Partner, Allens Arthur Robinson

Navigating the retirement village & aged care maze

2/11/2006

Sue Irvine, Chair; Arthur Koumoukelis, Partner, Gadens Lawyers; Paul Sadler, CEO, Aged and Community Services Association of NSW & ACT; Graeme Colley, Superannuation Strategy Manager, ING; John Walker, RetireInvest; Dr David Kennedy, University of NSW

Anti-money laundering & counter terrorist bill

3/11/2006

Theo Bouris, Partner, Kemp Strang

Current issues in commercial & retail leases

10/11/2006

Dr John Keogh, Barrister, 3rd Floor Culwulla Chambers; Alan Hyam OAM, Barrister, Culwulla Chambers

Commercial Law Association Board of Directors

As at December 31, 2006



Dr John Keogh LLB SJD

Dr John Keogh became the President of the CLA in February 2001. During 2002 he re-established the Association's Legislative Review Task Force and is the LRTF's current chair. John was called to the NSW Bar in 1990 and has a wide-ranging practice in property, planning and environmental law and commercial matters. He is also an ADR specialist holding appointments to a number of jurisdictions and panels. John's practice at the Bar has been augmented by his interest in academic matters. From 1992-2002 he lectured in the property economics program (BCom) at UWS, presented the Law & Management series for MGSM during 2001 and also presented the Commercial Arbitration (Domestic) postgraduate course for UTS in 2001. He has chaired the Law Alumni Foundation Board of Trustees at UTS since its inception in 1999.



Jenny Wily LLB (Hons) BCL (Hons)

Jenny is a Sydney-based corporate advisory partner who advises clients in financial services, particularly funds management, licensing and related commercial fields. Jenny joined Deacons as a solicitor in 1979 following a number of years as a lecturer in the Faculty of Law, University of Sydney, and was appointed a partner in 1985. She also advises extensively on corporate structuring and restructuring and corporate governance issues. Jenny is Vice-President of the Commercial Law Association of Australia and also a director of a number of public companies including Vanguard Investments Australia Ltd.



David O'Bryen B Ec, LLB

David is a solicitor specialising in financial services and commercial law generally. Prior to going into private practice, David was Legal Counsel with the Promina insurance and financial services group for over 14 years. He has had over 25 years experience in commercial law including corporations, securities, superannuation and funds management. David also has experience in advising on acquisitions, mergers and other financial services projects. Prior to his appointment to the Promina Group, he was a Senior Manager in the Legal Division of Westpac Banking Corporation. David is a Director and Honorary Treasurer of the CLA. He initially became involved with the Association through his Chairmanship of the Legislative Review Committee and he became a Councillor in 1989. David is the Association's longest serving Director.



Anthony J Dreise Dip Law SF Fin

Tony is a consultant lawyer in private practice specialising in financial markets regulation and the financial services legislation. He was admitted to practice in 1977. For many years he was General Counsel of the Sydney Futures Exchange. Prior to joining the Futures Exchange, Tony held senior legal positions with the NSW Corporate Affairs Commission (now ASIC). He is a long time task force member for the Financial Services Institute of Australasia in its financial markets courses and has lectured on financial market and regulatory topics. He is the Deputy Chair of the CLA's Legislative Review Task Force and is a long-standing member of the Association.



Stephen Lamy BA LLM

Stephen was admitted as solicitor in NSW in 1974 and in England and Wales in 1979. He had a variety of private practice positions involving commercial and revenue work before moving to corporate law in 1990. Stephen's corporate career has included employment with AMP and St George Bank and from January 2002 with Legal Services of CBA. He has had 14 years in funds management with emphasis on superannuation. Stephen has also been a part-time lecturer in the Masters program at UTS during 1990s (superannuation and stamp duty). He has a strong interest in legal education and developments in areas outside of his current specialisation. Stephen joined the CLA's Board of Directors in August 2002 and is currently the Chair of the Association's Education Committee.



Stephen McMahon B Comm, CA F Fin

Stephen is a Chartered Accountant and a fellow of the Financial Services Institute of Australia (Finsia). He is a founding principal of McMahon Worth Forensic Accountants. His firm specialises in forensic accounting, litigation support, investigating and solving complex financial and business issues which require the application of a combination of accounting and detective skills. Stephen's interests are in the Commercial Law and Finance sectors. He was appointed as a Director to Council in 1998 and currently serves as the Membership Chairman.



Daren Armstrong BSc, LLB (Hons), LLM

Daren is a Partner in the Corporate Advisory and Commercial Law practices of Kemp Strang, Sydney. Kemp Strang is a foundation member of the Kennedy Strang Legal Group, one of Australia's leading federations of commercial law firms. Daren advises a number of listed public companies, multinationals, investment funds, insolvency practitioners and tertiary institutions on a wide range of Corporations Act, corporate reconstruction, financing, acquisition/disposition and commercial matters. He serves on the Kennedy Strang Legal Group's National Executive. Daren has also served as Secretary of the Association's Legislative Review Task Force since 2002.



Richard Porter FCA, FCPA, ACIS, AAIM

Rick Porter is a Corporate Recovery and Litigation Partner in the Chartered Accountancy firm of Moore Stephens. He is a Fellow of the Institute of Chartered Accountants in Australia (FCA), Associate of the Chartered Institute of Secretaries and Administrators (ACIS), Fellow of the Australian Society of Accountants (FCPA) and Associate of the Australian Institute of Management. Rick is also a Registered Official Liquidator, Tax Agent and Real Estate Agent. Rick's main professional areas of interest are corporate recovery and litigation. He was appointed as a Director of the Commercial Law Association in 2003 and is currently serving on the Publications Committee.



Kalinda Cobby BA, LLB

Kalinda Cobby graduated in Arts/Law from the University of New South Wales. She became a partner of Lane & Lane in 1997. She practices in various areas of commercial law (including Corporations Act compliance, shareholder and unit holder agreements, directors duties, franchising) and property law (including conveyancing, leasing, community, strata and company title, rural and Crown land). Kalinda is a former member of the Advisory Council to the Minister for Fair Trading and of the Law Society's Business Law Committee. She is proud of her involvement with a number of charitable organisations. Kalinda Cobby currently serves as the CLA's Hon New Graduates Program Manager.



Leo Gor B.Ec, LLB (Hons)

Leo Gor was called to the NSW Bar in April 2005. He has a breadth of dispute resolution experience across a diverse range of practice areas, including financial services, insurance/reinsurance, regulatory examinations and investigations, insolvency, aviation and energy. His primary focus has been in the financial services and insurance/reinsurance practice areas. Leo has handled contentious matters involving litigation, arbitration, mediation and expert determination. Leo is a graduate of Monash University with degrees in Economics and Law.

Martin Kinsky LLB

Martin resigned as a Director of the Commercial Law Association during 2006. He had been a Director since 1998.

Standing Committees

As at December 31, 2006

Legislative Review Task Force

Chair

Dr John Keogh
Barrister, 3rd Floor, Culwulla Chambers, Sydney

Secretary

Daren Armstrong, Secretary
Partner, Kemp Strang, Sydney

Deputy Chair and Research Co-ordinator

Anthony Dreise, Research Co-ordinator
Consultant Lawyer, Sydney

Legislative Review Digest Editor

Brian Gillard, Solicitor
Gillard Consulting Lawyers

Members

Warren Andrews, Barrister, Sydney
Bruce Cowley, Partner, Minter Ellison Lawyers,
Brisbane
Martin Einfeld QC, Barrister, Sydney
Bruce McBain, Corporate Counsel, *The Age*,
Melbourne
Keith Millman, Commercial Counsel, Treasury
Department, Queensland Government
Maurice Neil QC, Barrister, Wardell Chambers,
Sydney
Allen C M Wong, Marketing Manager, Cheerfix
Pty Ltd, Kowloon
Edmund Finnane, Barrister, St James Hall
Chambers, Sydney
Norman Donato, Partner, Makinson & d'Apice
Roger Hamilton, Barrister, Wentworth
Chambers
Kalinda Cobby, Partner, Lane & Lane
Clive Cachia, Partner, Gadens
Tiffany Davy, Solicitor, Clayton Utz
Anne Durie, Consultant, CCH
Margery Nicoll, Executive Officer, ILS
Phillip Roberts, Solicitor, Gillard Consulting
Lawyers

Education Committee

Stephen Lamy, Chair
Christopher Whitelaw
Leo Gor
Max Wilson

Membership Committee

Stephen McMahon, Chair
Max Wilson

Publications Committee

Rick Porter, Chair
Dr Elisabeth Peden
Dr Greg Tolhurst
Max Wilson

New Graduates Program

Kalinda Cobby, Hon Manager
Michael Ahrens
Katie Wood
Max Wilson

2006 Financial Report

The Commercial Law Association of Australia Ltd

(A Company limited by guarantee) ACN 001 290 115

Directors' Report for the year ended December 31, 2006

1. Your Directors submit the financial accounts of the Company for the year ended December 31, 2006.
2. The names of the Directors in office at the date of this report are:

Stephen Lamy, President	Stephen McMahon
Kalinda Cobby, Vice President	Rick Porter
David O'Bryen, Hon Treasurer	Leo Gor
Dr John Keogh	A J (Tony) Dreise
Daren Armstrong	
Jenny Wily	

Principal Activity

The principal activities of the Company in the course of the year were the publication of bulletins on commercial law matters for members, the conduct of seminars and luncheon meetings, the consideration of and making representations regarding existing and new laws relating to commercial matters and other activities related to commercial law.

No significant change in the nature of those activities occurred during the year.

Operating Results

The operations of the Company resulted in a deficit of \$3,187.

Dividends Paid or Recommended — Nil

The Company's Constitution precludes the payment of dividends. Accordingly:

- the Company's Directors do not recommend the payment of a dividend.
- no dividend has been paid or declared since the commencement of the year.

Review of Operations

The net result of the Company for the year was a deficit of \$3,187 (2005 — \$2,628)

Income from subscriptions for the year was \$85,534 (2005 — \$87,269)

Total income for the year was \$122,688 (2005 — \$124,551)

Operating expenditure for the year amounted to \$125,875 (2005 — \$121,923)

Significant Changes in State of Affairs

There were no significant changes in the Company's state of affairs during the year.

After Balance Date Event

No matters or circumstances have arisen since the end of the year which have or may significantly affect:

- (a) the operations of the Company; or
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

Future Developments

There are no developments in the operations of the Company likely to affect future operations.

Environmental Issues

The Company's operations are not subject to any significant environmental regulations.

Directors' Particulars

The names of the Directors in office at the date of this report, their qualifications, and date of appointment are:

Dr John Keogh LLB SJD	Barrister	15/08/2000
Jenny Wily LLB BCL (Hons)	Solicitor	18/07/2000
David O'Bryen B Ec, LLB	Solicitor	9/05/1992
Anthony J Dreise Dip Law SF Fin	Solicitor	14/08/2002
Stephen Lamy BA LLM	Solicitor	10/04/2002
Stephen McMahon B Comm, CA F Fin	Chartered Accountant	17/02/1998
Rick Porter FCA, FCPA, ACIS, AAIM	Chartered Accountant	18/08/2003
Daren Armstrong BSc, LLB (Hons), LLM	Solicitor	18/08/2004
Leo Gor B.Ec, LLB (Hons)	Barrister	15/09/2004
Kalinda Cobby, BA, LLB	Solicitor	16/02/2005

Meetings of Directors

During the financial year 10 meetings of Directors were held.

Directors' Meetings

	Number Eligible	Number attended
Stephen Lamy	9	9
Kalinda Cobby	9	6
Dr John Keogh	9	8
Jenny Wily	9	7
David O'Bryen	9	7
Anthony J Dreise	9	9
Stephen McMahon	9	7
Rick Porter	9	9
Daren Armstrong	9	8
Leo Gor	9	4

Since the commencement of the year, no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts, or the fixed salary of a full-time employee of the Company or a related corporation, or amounts paid by reason of a contract made by the Company or a related corporation, with the director or with a firm of which he or she is a member, or with a Company in which he or she has a substantial financial interest.

Indemnifying Officer

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;
- with the exception of the following matter:

During the financial year the Company has paid premiums to insure all 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 amount of the premium was \$2,390.75.

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 part of those proceedings.

The Company was not part of such proceedings during the year.

Signed in accordance with a resolution of the Directors.



Stephen Lamy
Director



David O'Bryen
Director

Sydney
March 21, 2007

Statement of Financial Position

As at December 31, 2006

	Note	2006 \$	2005 \$
Current Assets			
Cash	5	44,539	53,629
Receivables	6	38,284	48,637
Investments	7	28,992	22,533
Inventories	8	46	46
Petty cash		200	316
Other	9	2,030	3,670
Total Current Assets		114,091	128,830
Non Current Assets			
Property Plant & Equipment	10	2,814	754
Total Non Current Assets		2,814	754
Total Assets		116,905	129,584
Current Liabilities			
Payables	11	67,603	77,682
Total Current Liabilities		67,603	77,682
Net Assets		49,302	51,903
Member's Funds			
Retained Profits o/b		51,903	49,275
Current Surplus		-3,187	2,628
Prior year adj		586	0
Total Member's Funds		49,302	51,903

Statement of Financial Performance

For the year ended December 31, 2006

	Note	2006 \$	2005 \$
Function revenue		64,844	93,833
Cost of functions		-34,278	-60,477
Gross profit		30,565	33,356
Other revenue from ordinary activities		92,709	91,195
Distribution expenses		-9,574	-13,328
Occupancy expenses		-855	-504
Administrative expenses		-45,859	-40,553
Other expenses from ordinary activities		-69,587	-62,199
Profit (Loss) from ordinary activities			
before income tax		-2,601	7,966
Income Tax expense	1(c)	0	0
Extraordinary Item		0	-5,338
Operating Profit/(Loss) after income tax		-2,601	2,628
Member's Funds at the beginning of the year		51,903	49,275
Member's Funds at the end of the year		49,302	51,903

Statement of Cash Flows

For the year ended December 31, 2006

	Note	2006 \$	2005 \$
Cash flows from operating activities			
Receipts from operations		158,792	182,740
Payments to suppliers and employees		-160,154	-182,077
Interest received		1,459	1,626
Total Net Cash used on Operating Activities	4	97	2,289
Cash flow from Investing Activities			
Purchase of Property, Plant and Equipment		-2,728	0
Total Net Cash used on Investing Activities		0	0
Net Cash used on Operating and Investing Activities		-2,630	2,289
Net (Decrease) Increase in Cash and Cash Equivalents		-2,630	2,289
Opening Cash Balance		76,361	74,072
Closing Cash Balance	5	73,731	76,361

Notes To and Forming Part of the Accounts

For the year ended December 31, 2006

1. Statement of Accounting Policies

The financial statements are general purpose financial reports that have been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

- (a) **Depreciation.** The depreciable amount of plant and equipment is depreciated on a diminishing value basis over its useful life to the company commencing from the time the asset is held for use.
- (b) **Inventories.** All inventories have been valued at the lower of cost and net realisable value and have been classified as current assets based on expected use.
- (c) **Income Tax.** A ruling that The Commercial Law Association of Australia Ltd is exempt from income tax has been received from the Australian Taxation Office and consequently income tax has not been provided for in the accounts.
- (d) **Employee Entitlements.** As at balance date The Commercial Law Association of Australia Ltd had no employees and as a result there is no Provision for Employee Benefit provided for in the accounts.

2. Revenue

	2006 \$	2005 \$
Opening Activities		
Subscriptions	85,534	87,269
Sales of bulletins, papers and binders	5,130	2,300
Interest Received	1,459	1,626
Net income from functions	30,565	33,356
	122,688	124,551
Non-operating Activities		
Gain on disposal of plant and equipment	0	0
Total Revenue	122,688	124,551

3. Profit from Activities

Profit/(Loss) from ordinary activities before income tax has been determined after:

Depreciation of plant and equipment	668	323
Auditors Remuneration	3,882	3,768

4. Cash Flow Information

Reconciliation of Cash Flows from Operations with Profit/(Loss) from ordinary activities after Income Tax.

Profit/(Loss) from ordinary activities after Income Tax	2,628	2,628
Non-cash flows in Profit/(Loss) from ordinary activities		
Depreciation	668	323
Increase/(Decrease) in provision for employee benefits	0	0
Changes in assets and liabilities		
(Increase)/decrease in other debtors	-10,353	14,297
(Increase)/decrease adj	0	-1,451
(Increase)/decrease in prepayments	-1,757	2,827
(Decrease)/Increase in other liabilities	0	126
(Decrease)/Increase in creditors and accruals	10,079	-16,460
Cash flow from operations	-4,550	2,290

5. Cash

	2006 \$	2005 \$
Cash at Bank	44,539	53,629
Reconciliation of Cash:		
Cash at the end of the year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash	44,539	53,629
Petty cash float	200	200
Investments	28,992	22,533
	<hr/> 73,731	<hr/> 76,361

6. Current Assets — Receivables

Sundry Debtors	35,682	46,950
Credit Card Clearing Account	2,602	1,687
	<hr/> 38,284	<hr/> 48,637

7. Current Assets — Investments

Cash on Deposit	<hr/> 28,992	<hr/> 22,533
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8. Current Assets — Inventories

Finished Goods	<hr/> 46	<hr/> 46
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9. Current Assets — Other

Prepayments	<hr/> 2,030	<hr/> 3,787
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10. Plant and Equipment

Office Furniture and Equipment		
At cost	5,908	3,180
Accumulated Depreciation	-3,094	-2,426
	<hr/> 2,814	<hr/> 754

11. Payables

Trade Creditors	0	0
Net GST Liability	-2,088	-8,349
Prepaid Subscriptions	69,691	86,030
	<hr/> 67,603	<hr/> 77,682

12. Members' Guarantee

The Commercial Law Association of Australia Ltd was incorporated as a Company limited by guarantee on June 9, 1975. Pursuant to the Company's Constitution, every member has undertaken in the event of a deficiency on winding-up to contribute an amount not exceeding \$20. At December 31, 2006 the total of these guarantees amounted to \$8,000 (2005 — \$8,240).

Detailed Statement of Income and Expenditure

For the year ended December 31, 2006

	2006 \$	2005 \$
Income:		
Subscriptions	85,534	87,269
Sales Bulletins, Paper and Binders	5,130	2,300
Interest Received	1,459	1,626
Net Income from Functions	30,565	33,356
Gain (Loss) on Disposal of Fixed Assets	0	0
Total Income	<u>122,688</u>	<u>124,551</u>
Less Expenditure:		
Auditors remuneration	3,882	3,768
Bad debt written off	0	5,338
Bank Charges	1,187	1,304
Consultancy	120	0
Contract Management	68,331	61,442
Credit Card Merchant Fees	1,721	2,065
Depreciation	668	323
General Expenses	0	0
Insurance	2,297	1,671
Internet	6,452	3,144
Light and Power	0	0
Office Expense	855	504
Postage	8,339	11,852
Printing and Stationery	4,875	5,542
Prizes	588	434
<i>Commercial Law Quarterly</i>		
Cost of Production	13,684	10,787
Editorial	3,782	5,990
Distribution	1,235	1,476
Member retention	3,498	2,342
New member expenses	2,830	2,268
Repairs and Maintenance	0	0
Subscriptions	255	0
Telephone	1,168	1,456
Travel	111	216
Total Expenditure	<u>125,875</u>	<u>121,923</u>
Operating Profit	-3,187	2,628
Extraordinary Item	0	0
Surplus/(Deficit) for the year	<u>-3,187</u>	<u>2,628</u>

Directors' Declaration

For the year ended December 31, 2006

The Directors of the Company declare that:

The financial statements and notes as set out on pages 10-17:

- (a) comply with the accounting standards and the Corporations Act; and
- (b) give a true and fair view of the financial position as at December 31, 2006 and performance for the year ended on that date for the Company.

In the Directors' opinion there are reasonable grounds to believe that the Company 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 and is signed for and on behalf of the Directors by:

Stephen Lamy, Director
Sydney, March 21, 2007



David O'Bryen, Director



Independent Audit Report

To the members of The Commercial Law Association of Australia Ltd:

Scope

We have audited the financial report of the Commercial Law Association of Australia Ltd for the year ended December 31, 2006 comprising the Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, Notes to the Financial Statements, and the Directors Declaration. The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosure in the financial report and the evaluation of accounting policies and significant account estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Commercial Law Association of Australia Ltd is in accordance with:

- (a) The Corporations Act, including:
 - (i) giving a true and fair view of the Company's financial position as at December 31, 2006 and of its performance for the year ended on that date, and
 - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) Other mandatory professional reporting requirements.

Courtney & Co
P W Metcalfe
Sydney, March, 2007



The Commercial Law Association of Australia Limited

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