The Commercial Law Association of Australia Limited

ACN 001 290 115

Annual Report 2005

Serving the interests of commerce and law for

40 years

1965 – 2005

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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)
Gregory Tolhurst LLM (Syd)

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Review of Activities

President's Message

This year marks my fifth term and last term as President. I am pleased to report that in our 40th anniversary year of continual operation as an Association we expanded activities and services. The diversity and strength of our seminar program has only been possible through the high standards and expertise of our speakers. Unfortunately, space does not permit me to list all those who have contributed to the success of our seminar programs.

A sincere thank you to the many busy leading professionals who have given freely of their time to speak in our seminar series. I would also like to acknowledge the work undertaken by our Vice-President and Education Chair Stephen Lamy and his committee for developing a most successful seminar series.

The Legislative Review Task Force continued to play a key role in reviewing legislation, preparing submissions and representing the Association at various government inquiries. Individual members were also active in drafting reports and papers for distribution within the Association. Thank you to Brian Gillard, Eddie Finnane and Phillip Roberts who contributed articles for the *Commercial Law Quarterly*. Also thank you to Tony Dreise for undertaking the demanding role as Deputy Chair and Research Co-ordinator and Daren Armstrong who has carried out the duties of Secretary with such distinction.

On Thursday, July 14, 2005 we launched our pilot-mentoring program at the offices of Lane & Lane, Sydney. The mentoring program has been designed not to compete with any members existing programs. The Association hopes that through its broad range of members it will be possible to offer new graduates a range of mentoring experiences. Ultimately, the profession can only be further enriched through the strengthening of mentoring either within a formal program supported by the organisation, or between two individuals who agree to establish a mentoring relationship.

The pilot program has been largely organised by Kalinda Cobby, a Partner at Lane & Lane and our Hon New Graduates Program Manager; Mike Ahrens, a former Baker & McKenzie Partner who played a key role in developing learning materials for the program; and Katie Woods, a former commercial litigation lawyer who is currently the Campaign Co-ordinator for Human Rights and Security, Amnesty International, Australia. Katie has taken on the demanding role of Co-ordinator for the project.

Thank you to our Publications Chair Rick Porter for overseeing the Association's print publications. Also special thanks to *Commercial Law Quarterly* Editors Dr Elisabeth Peden and Gregory Tolhurst for their excellent work, and Liz Wilson for her graphic design of the publication. I am sure that members have noticed the consistently high standard of our journal.

The Association was also delighted to have a number of sponsors and supporters over the year, including Peugeot Australia, Cypress Lakes Resort and Golden Door Resort, Tower Estate Wines, Thomson Publications, LexisNexis and ALB. Also thank you to Baker & McKenzie, Lane & Lane, Blake Dawson Waldron, and the NSW Bar Association for providing the use of their venues for special events.

Over the past five years as the Association's President, I have been extremely lucky in working with an enthusiastic and dedicated team of Directors. Also thanks to our CEO Max Wilson. Although I will not be seeking re-election as President of the Association, I hope to continue to serve as a Director. For any organisation it is a great achievement to reach 40 years of continual operation serving the interests of members. I am confident that with the continued support of members the Association will continue to play an important role within law and commerce.

Dr John Keogh

Chief Executive Officers's Report

The highlights of this year included the increased number of seminars and events we ran to coincide with the Association's 40th anniversary, the expanded size of the *Commercial Law Quarterly* to an average of 40 pages, the introduction of our mentoring program, strong member participation in the activities of the Association and continued sponsor support.

We also signed an alliance with the International Law Section (ILS) of the Law Council of Australia in December, 2005. Through our alliance with ILS we hope to increase our range of benefits to members in the coming year.

This year's financial result was similar to 2004, with a small surplus of $2,628 compared with $2,808 in 2005.

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.

Dr Elisabeth Peden and 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. Thanks also to Liz Wilson for graphic design.

Further improvements to our website were progressively introduced during the year. Thank you to Kevin 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, LexisNexis, ALB, Tower Lodge, Tower Estate Wines, Peugeot and RetireInvest. Also thanks to Baker & McKenzie, Blake Dawson Waldron, the NSW Bar Association and Lane & Lane for providing their venues for special events this year. We also were pleased to welcome new sponsors Outram Estate Wines, Golden Door and Cypress Lakes.

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

Max Wilson

Leading Edge Seminar Series 2005

Current issues in trade practices
February 11, 2005
Russell Miller, Partner, Minter Ellison
Sponsored by Thomson Publications

Insider trading and market manipulation. Lessons for corporate governance
February 18, 2005
Professor Michael Adams, Perpetual Trustees Australia Professor, Financial Services Law, Professor of Corporate Law, University of Technology, Sydney and Assistant Director, UTS Centre for Corporate Governance

New accounting standards. Not just a financial reporting issue. Legal issues and impact
February 24, 2005
David Stewart, Partner, Harmers Workplace Lawyers; Robert Mangioni, Partner, Watson Mangioni; Paul Phenix, Senior Advisor, ASX; Richard Fisher, Chairman Partners, Blake Dawson Waldron; Wayne Andrews, Partner, PricewaterhouseCoopers; Wayne Lonergan, Managing Director, Lonergan Edwards & Associates

Whistleblowing under CLERP 9. Heroes or traitors?
February 25, 2005
Mike Ahrens; Bryony Binns, Baker & McKenzie

Introducing financial planning for wealth
March 10, 2005
Tim Brady, Senior Financial Advisor, RetireInvest
Sponsored by RetireInvest

Uses and abuses of copyright law
March 11, 2005
Joellen Riley, Lecturer, Faculty of Law, University of Sydney

Commercial property and planning
March 17, 2005
Dr John Keogh, Barrister; Michael Astill, Partner, Blake Dawson Waldron; Craig Leggat, Barrister; Lee Aitken, Associate Professor, University of Sydney; Maria Atkinson, Executive Director, Green Building Council

Commercial litigation
March 17, 2005
Justice Patricia Bergin, List Judge, Commercial List, and Technology and Construction List; Christopher Hodgekiss SC; Sirikul Thaiphan, Associate Director, Global Investigations & Dispute Advisory, Ernst & Young; Miiko Kumar, Barrister; Andrew Ross, Chair-Elect, Forensic Accounting Special Interest Group, ICAA

'Should corporations have a cause of action in defamation'
March 23, 2005
Steven Rares SC; Anne Flahvin, Senior Associate, Baker & McKenzie; Sandy Dawson, Barrister; Kerin Smark, Barrister

The media and commercial invasions. Is there a right to privacy in commerce?
May 13, 2005
John Garnsey QC

Financial Services Reform — practical enforcement and compliance issues
May 19, 2005
Michael Vrisakis, Partner, Blake Dawson Waldron; Darren Williams, Director, Financial Services Regulatory Compliance, ASIC; Jenny Wily, Partner, Deacons; Ashley Black, Partner, Mallesons Stephen Jaques; Stephen Blood, Head of Risk Management and Compliance, ING Australia

SMSFs: your guide to a choice of superannuation fund. What you really need to know.
June 23, 2005
Graeme Colley, Superannuation Strategy Manager, ING; Steve Godding, Partner, Kemp Strang; Tania South, Portfolio Manager, Optimix Investments; Andrew Skinner, Director, Mitchell Morgan Consulting

Turnaround management
June 23, 2005
Bruce Hambrett, Partner, Baker & McKenzie; Peter Walker, Partner, Ferrier Hodgson; James Marshall, Partner, Blake Dawson Waldron; Peter Hedge, Hedge and Associates; Tony Ryan, Partner, Blake Dawson Waldron

Recent developments in interpretation of contracts. Recent High Court cases
July 22, 2005
Professor John Carter, Consultant, Freehills
Sponsored by LexisNexis

Unfair contracts under section 106 of the Industrial Act. Perogative relief in the Supreme Court
August 12, 2005
John West QC

Super v gearing into shares and property. What's best for you?
August 18, 2005
Tim Brady, Senior Financial Advisor, RetireInvest

Shareholder activism
August 26, 2005
Trevor Sykes, Australian Financial Review; Sandy Easterbrook, Co-principal, Corporate Governance International; Giles Edwards, Company Monitor, Australian Shareholders Association; Guy Alexander, Mergers and Acquisitions Partner, Allens Arthur Robinson; Dr Peter Cashman, Special Counsel, Maurice Blackburn Cashman; John Walker, Managing Director, IMF (Australia)

The overlap between copyright and registered designs
September 9, 2005
John MacPhail, Senior Associate, Baker & McKenzie

How to retire successfully
September 22, 2005
Tim Brady, Senior Financial Advisor, RetireInvest

Proportionate liability: implications of the reforms for liability, litigation and drafting of contracts
October 14, 2005
Barbara McDonald, Associate Professor of Law, Faculty of Law, University of Sydney

Forensics, fraud and litigation
October 27, 2005
Justice Robert C McDougall, Supreme Court of NSW; Christopher Hodgekiss SC; Jonathan McTigue, Special Counsel, Clayton Utz; Stephen McMahon, Principal, McMahon Worth Forensic Accountants; Nicholas Adamo, Principal, Forensic Data Services

Contractual Penalties
November 11, 2005
The Honourable Tom Hughes AO QC

Sons of Gwalia: where to from here?
November 17, 2005
James Marshall, Partner, Blake Dawson Waldron; John Walker, Managing Director, IMF (Australia); Professor Michael Adams, Perpetual Trustees Australia Professor, Financial Services Law, Professor of Corporate Law, University of Technology, Sydney and Assistant Director, UTS Centre for Corporate Governance; Tony Ryan, Partner, Blake Dawson Waldron
Sponsored by Blake Dawson Waldron

Commercial Law Association Board of Directors

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 jurisdicitons 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 F 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.

Martin Kinsky LLB

Martin is a solicitor specialising in financial markets and financial services. He was employed by the Australian Stock Exchange in Sydney. His most recent role was National Manager Investigations & Enforcement. Prior to this, Martin held various legal and management positions at the Exchange, including the roles of General Counsel and Company Secretary. Martin is a past Treasurer and President of the Corporate Lawyers Association and was a member of the Commercial Law Committee of the Association for 12 years. He has been a Director since 1998.

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.

Standing Committees

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
Martin Kinsky, Solicitor
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
Greg Tolhurst
Max Wilson

New Graduates Program

Kalinda Cobby, Hon Manager
Michael Ahrens
Katie Wood
Max Wilson

2005 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, 2005

1. Your Directors submit the financial accounts of the Company for the year ended December 31, 2005.

2. The names of the Directors in office at the date of this report are:

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

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 surplus of $2,628.

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 surplus of $2,628 (2004 — $2,808)
Income from subscriptions for the year was $87,269 (2004 — $81,529)
Total income for the year was $124,551 (2004 — $126,700)
Operating expenditure for the year amounted to $121,923 (2004 — $123,892)

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 F Fin	Solicitor	14/08/2002
Martin Kinsky LLB	Solicitor	19/05/1998
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
Dr John Keogh	10	10
Jenny Wily	10	6
David O'Bryen	10	10
Anthony J Dreise	10	9
Martin Kinsky	10	6
Stephen Lamy	10	9
Stephen McMahon	10	5
Rick Porter	10	7
Daren Armstrong	10	7
Leo Gor	10	5
Kalinda Cobby	9	6

Kalinda Cobby was appointed Director on February 16, 2005. Jenny Wily was granted a leave of absence due to a three-month sabbatical.

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 $2,329.

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.

Dr John Keogh
Director

David O'Bryen
Director

Sydney
March 15, 2006

Statement of Financial Position

As at December 31, 2005

	Note	2005 $	2004 $
Current Assets			
Cash	5	53,629	25,688
Receivables	6	48,637	34,340
Investments	7	22,533	48,184
Inventories	8	46	46
Petty cash		200	200
Other	9	3,670	960
Total Current Assets		128,714	109,418
Non Current Assets			
Property Plant & Equipment	10	754	1,077
Total Non Current Assets		754	1,077
Total Assets		129,468	110,496
Current Liabilities			
Payables	11	77,682	61,221
Total Current Liabilities		77,682	61,221
Net Assets		51,787	49,275
Member's Funds			
Retained Profits o/b		49,275	46,467
Current Surplus		2,628	2,808
Total Member's Funds		51,903	49,275

Statement of Financial Performance

For the year ended December 31, 2005

	Note	2005 $	2004 $
Function revenue		93,833	77,197
Cost of functions		-60,477	-37,910
Gross profit		33,356	32,287
Other revenue from ordinary activities		91,195	87,413
Distribution expenses		-13,328	-12,607
Occupancy expenses		-504	-90
Administrative expenses		-40,553	-48,133
Other expenses from ordinary activities		-62,199	-63,063
Profit (Loss) from ordinary activities before income tax		7,966	2,808
Income Tax expense	1(c)	0	0
Extraordinary Item		-5,338	0
Operating Profit/(Loss) after income tax		2,628	2,808
Member's Funds at the beginning of the year		49,275	46,467
Member's Funds at the end of the year		51,903	49,275

Statement of Cash Flows

For the year ended December 31, 2005

	Note	2005 $	2004 $
Cash flows from operating activities			
Receipts from operations		182,740	165,355
Payments to suppliers and employees		-182,077	-161,802
Interest received		1,626	2,406
Total Net Cash used on Operating Activities	4	2,289	5,959
Cash flow from Investing Activities			
Purchase of Property, Plant and Equipment		0	0
Total Net Cash used on Investing Activities		0	0
Net Cash used on Operating and Investing Activities		2,289	5,959
Net (Decrease) Increase in Cash and Cash Equivalents		2,289	5,959
Opening Cash Balance		74,072	68,113
Closing Cash Balance	5	76,361	74,072

Notes To and Forming Part of the Accounts

For the year ended December 31, 2005

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

	2005 $	2004 $
Opening Activities		
Subscriptions	87,269	81,529
Sales of bulletins, papers and binders	2,300	3,478
Interest Received	1,626	2,406
Net income from functions	33,356	39,287
	124,551	126,700
Non-operating Activities		
Gain on disposal of plant and equipment	0	0
Total Revenue	124,551	126,700

3. Profit from Activities

Profit/(Loss) from ordinary activities before income tax has been determined after:		
Depreciation of plant and equipment	323	462
Auditors Remuneration	3,768	3,720

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	2,808
Non-cash flows in Profit/(Loss) from ordinary activities		
Depreciation	323	462
Increase/(Decrease) in provision for employee benefits	0	0
Changes in assets and liabilities		
(Increase)/decrease in other debtors	14,297	9,400
(Increase)/decrease in inventories	-1,451	-1
(Increase)/decrease in prepayments	2,827	1,420
(Decrease)/Increase in other liabilities	126	1,329
(Decrease)/Increase in creditors and accruals	-16,460	-9,459
Cash flow from operations	2,289	5,959

5. Cash

	2005 $	2004 $
Cash at Bank	53,629	25,688
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	53,629	25,688
Petty cash float	200	200
Investments	22,533	48,184
	76,361	74,072

6. Current Assets — Receivables

Sundry Debtors	46,950	33,405
Credit Card Clearing Account	1,687	935
	48,637	34,340

7. Current Assets — Investments

Cash on Deposit	22,533	48,184

8. Current Assets — Inventories

Finished Goods	46	46

9. Current Assets — Other

Prepayments	3,787	960

10. Plant and Equipment

Office Furniture and Equipment		
At cost	3,180	3,180
Accumulated Depreciation	-2,426	-2,103
	754	1,077

11. Payables

Trade Creditors	0	0
Net GST Liability	-8,349	-3,448
Prepaid Subscriptions	86,030	64,669
	77,682	61,221

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, 2005 the total of these guarantees amounted to $8,240 (2004 — $8,200).

Detailed Statement of Income and Expenditure

For the year ended December 31, 2005

	2005 $	2004 $
Income:		
Subscriptions	87,269	81,529
Sales Bulletins, Paper and Binders	2,300	3,478
Interest Received	1,626	2,406
Net Income from Functions	33,356	39,287
Gain (Loss) on Disposal of Fixed Assets	0	0
Total Income	124,551	126,700
Less Expenditure:		
Auditors remuneration	3,768	3,720
Bad debt written off	5,338	
Bank Charges	1,304	1,340
Consultancy	0	213
Contract Management	61,442	61,433
Credit Card Merchant Fees	2,065	1,540
Depreciation	323	462
General Expenses	0	177
Insurance	1,671	3,645
Internet	3,144	3,664
Light and Power	0	90
Office Expense	504	0
Postage	11,852	10,926
Printing and Stationery	5,542	7,711
Prizes	434	985
Commercial Law Quarterly		
Cost of Production	10,787	10,254
Editorial	5,990	7,480
Distribution	1,476	1,681
Member retention	2,342	3,710
New member expenses	2,268	2,742
Repairs and Maintenance	0	183
Subscriptions	0	0
Telephone	1,456	1,284
Travel	216	654
Total Expenditure	121,923	123,892
Operating Profit	2,628	2,808
Extraordinary Item	0	0
Surplus/(Deficit) for the year	2,628	2,808

Directors' Declaration

For the year ended December 31, 2005

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, 2005 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:

Dr John Keogh, Director
Sydney, March 15, 2006

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, 2005 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, 2005 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, 2006

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