

# **Public Purpose Fund**

Annual financial report for the year ended 30 June 2024

## Trustees' report

The Trustees present their report on the Public Purpose Fund (hereafter referred to as the Fund) for the year ended 30 June 2024.

### Trustees

The trustees of the Fund during or since the end of the financial year were:

Philip Clark AO  
Brett McGrath  
Richard John Flitcroft  
Cassandra Banks  
Joanne van der Plaats  
Michael Tidball

During the year, the following Trustees were appointed to the Fund: Mr B McGrath (appointed 1 January 2024) and Mr R Flitcroft (appointed 2 March 2024).

During the year, the following Trustees resigned from the Fund: Ms J van der Plaats (resigned 31 December 2023) and Mr P Clark AO (resigned 1 March 2024).

### Principal activities

The Public Purpose Fund is a statutory fund managed and controlled by up to five trustees, in accordance with Division 2, Part 5 of the *Legal Profession Uniform Law Application Act 2014* (the Act). As at 30 June 2024 there were four trustees. The Fund is administered by The Law Society of New South Wales (the administrator).

The Fund's revenue is sourced from the following:

- interest earned on money in any solicitors' general trust account at an authorised deposit-taking institution;
- interest earned on money in statutory deposit accounts maintained by The Law Society of New South Wales; and
- interest and investment income earned on the Fund's own operating and investment accounts.

The Trustees are able to pay from the Public Purpose Fund the following:

- any amounts for a purpose referred to in section 53 of the Act, in accordance with the approval of the Secretary;
- any amounts for a purpose referred to in section 55 of the Act, with the concurrence of the Attorney General;
- any amounts for a purpose referred to in section 56 of the Act, at the request of the Attorney General;
- any amounts required to be paid in accordance with an order of NSW Civil and Administrative Tribunal under clause 23(3) of Schedule 5 to the *Civil and Administrative Tribunal Act 2013*; and
- any costs or expenses incurred in collecting the interest payable to the Fund and in the management or administration of the Fund.

### Review of operations

Since May 2022 the Reserve Bank of Australia has made thirteen increases to the official interest rate, which saw it move from 0.35% at May 2022 to 4.35% at 30 June 2024. The increases in the official cash rate, accompanied by the commencement of the Statutory Deposit Agreement on 1 January 2022, have combined to produce a significantly beneficial impact on the interest income earned and financial position of the Fund.

The Fund finished the financial year with a surplus of \$261.3 million (2023: \$181.3 million surplus) and reported net assets of \$537.7 million (2023: \$276.3 million).

### Change in state of affairs

During the financial year there was no significant change in the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

### Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

**Future developments**



There are no likely developments in the operations of the Fund which would significantly affect the results of future operations.

**Rounding of amounts**

The Fund is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, related to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This Trustees' report is signed in accordance with a resolution of the Trustees.

On behalf of the Trustees

  
\_\_\_\_\_  
Trustee  
\_\_\_\_\_  
Trustee

Sydney, 21 November 2024

**PUBLIC PURPOSE FUND**  
**Statement of comprehensive income**  
For the year ended 30 June 2024

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
ADI trust account interest revenue	235,114	156,019
Investment revenue	36,657	29,750
Statutory Deposit Agreement revenue	59,730	57,215
Fines and cost recoveries revenue	-	102
	<u>331,501</u>	<u>243,086</u>
<b>Expenses</b>		
Administrative expenses	(107)	(112)
<b>LPUL Application Act 2014 Section 53 Payments</b>		
Department of Justice		
Office of the Legal Services Commissioner	(5,316)	(5,252)
Legal Services Division	(1,459)	(1,402)
Cost Assessors' Rules Committee	(44)	(43)
	<u>(6,819)</u>	<u>(6,697)</u>
The Law Society of New South Wales	(13,077)	(11,078)
New South Wales Bar Association	(2,160)	(2,322)
<b>Total Section 53 Payments</b>	<u>(22,056)</u>	<u>(20,097)</u>
<b>LPUL Application Act 2014 Section 55 Payments</b>		
Legal Aid New South Wales	(35,942)	(34,414)
Community Legal Centres	(6,411)	(3,982)
Law & Justice Foundation	(2,083)	-
NSW Department of Justice	(2,600)	(2,537)
The Law Society of New South Wales	(630)	(462)
New South Wales Bar Association	(324)	(210)
<b>Total Section 55 Payments</b>	<u>(47,990)</u>	<u>(41,605)</u>
<b>Total Expenses</b>	<u>(70,153)</u>	<u>(61,814)</u>
<b>Surplus for the year</b>	<u>261,348</u>	<u>181,272</u>
Other comprehensive income	-	-
<b>Total comprehensive surplus for the year</b>	<u>261,348</u>	<u>181,272</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**PUBLIC PURPOSE FUND**  
**Balance sheet**  
As at 30 June 2024

	<b>Note</b>	<b>2024</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		62,869	43,655
Trade and other receivables	3	25,256	27,579
Investments	4	449,596	205,138
<b>Total current assets</b>		<u>537,721</u>	<u>276,372</u>
<b>Total assets</b>		<u>537,721</u>	<u>276,372</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	41	40
<b>Total current liabilities</b>		<u>41</u>	<u>40</u>
<b>Total liabilities</b>		<u>41</u>	<u>40</u>
<b>Net assets</b>		<u>537,680</u>	<u>276,332</u>
<b>Equity</b>			
Reserves	6	50,989	50,407
Retained earnings	6	486,691	225,925
<b>Total equity</b>		<u>537,680</u>	<u>276,332</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**PUBLIC PURPOSE FUND**  
**Statement of changes in equity**  
For the year ended 30 June 2024

	<b>Note</b>	<b>Reserves \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 30 June 2022</b>		48,787	46,273	95,060
Surplus for the year		-	181,272	181,272
Transfer community legal services account investment loss and discretionary payments made to reserves	6	1,620	(1,620)	-
<b>Total comprehensive deficit for the year</b>		1,620	179,652	181,272
<b>Balance at 30 June 2023</b>		50,407	225,925	276,332
Surplus for the year		-	261,348	261,348
Transfer community legal services account investment income and discretionary payments made to reserves	6	582	(582)	-
<b>Total comprehensive surplus for the year</b>		582	260,766	261,348
<b>Balance at 30 June 2024</b>		50,989	486,691	537,680

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**PUBLIC PURPOSE FUND**  
**Statement of cash flows**  
For the year ended 30 June 2024

	<b>Note</b>	<b>2024</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>
<b>Cash flows from operating activities</b>			
ADI trust account interest, fines and cost recovery receipts		232,449	141,271
Statutory Deposit Agreement receipts		59,730	57,215
Payments made from the Fund		(70,152)	(61,853)
Net cash inflow from operating activities	10	<u>222,027</u>	<u>136,633</u>
<b>Cash flows from investing activities</b>			
Payment for investments and term deposits		(240,000)	(120,000)
Proceeds on maturity of investments and term deposits		3,000	-
Interest received		34,187	18,929
Net cash outflow from investing activities		<u>(202,813)</u>	<u>(101,071)</u>
<b>Net increase in cash and cash equivalents</b>		19,214	35,562
<b>Cash and cash equivalents at the beginning of year</b>		43,655	8,093
<b>Cash and cash equivalents at the end of year</b>		<u>62,869</u>	<u>43,655</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## 1. Reporting entity

The Public Purpose Fund is established and managed pursuant to Part 5 of the *Legal Profession Uniform Law Application Act 2014*. The Fund is administered by The Law Society of New South Wales, and its principal place of business is:

The Law Society of New South Wales  
170 Phillip Street  
Sydney NSW 2000

## 2. Summary of material accounting policies

The principal accounting policies adopted in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The financial statements are presented in the Australian currency.

### (a) Basis of accounting

#### (i) *General Purpose Financial Statements – Simplified Disclosures*

This is a general purpose financial report that has been prepared for the sole purpose of meeting the Trustees' reporting requirements under the *Legal Profession Uniform Law Application Act 2014* and must not be used for any other purpose.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures and contain only those disclosures considered necessary by the Trustees to meet the above stated requirement.

#### (ii) *New standards and amended standards adopted by the Fund*

The Fund has applied the following standard for the first time for the annual reporting period commencing on 1 July 2023:

- AASB 2021-2, AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (iii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities measured at fair value.

### (b) Income tax

No liability for income tax has been provided for the Fund as it is exempt from the payment of income tax.

### (c) Grants and other payments

Grants and payments to third parties are recognised as expenses in the reporting period in which they are paid or payable.

### (d) Cash and cash equivalents

For the purpose of presentation in the balance sheet and the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.



## 2. Summary of material accounting policies (continued)

### (e) Investments

The Fund's investments are classified as fair value through profit or loss upon initial recognition. They are initially recorded at fair value (being the cost of acquisition excluding transaction costs) and are subsequently remeasured to fair value at each reporting date. Changes in the fair value are taken immediately to the income statement. Purchases and sales of investments are recognised on a trade date basis, being the date on which a commitment is made to purchase or sell the asset. Fair value is determined by reference to the redemption price provided by the fund manager.

### (f) Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for services received.

### (g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

## 3. Trade and other receivables

	2024 \$'000	2023 \$'000
Amounts receivable from funding recipients		
<i>LPUL Application Act 2014 Section 53 Receivables:</i>		
The Law Society of New South Wales	685	-
	685	-
Interest receivable	23,406	26,556
Goods and services tax recoverable	1,165	1,023
	25,256	27,579

## 4. Investments

*Financial assets at fair value through profit or loss*

Term deposits	200,000	100,000
Managed funds	249,596	105,138
	449,596	205,138

## 5. Trade and other payables

Trade payables	41	40
	41	40

## 6. Reserves and retained earnings

### (a) Reserves

	2024 \$'000	2023 \$'000
Community legal centres account reserve	50,989	50,407
	50,989	50,407

#### Movements and closing balances:

##### *Community legal centres account reserve*

Balance 1 July	50,407	48,787
Received pursuant to schedule 9 of the <i>Legal Profession Uniform Law Application Act 2014</i>	-	-
Investment income (loss) for the period	3,170	2,882
Paid pursuant to section 55(1A) of the <i>Legal Profession Uniform Law Application Act 2014</i>	(2,588)	(1,262)
Balance 30 June	50,989	50,407

#### Represented by:

Community legal services account initial capital	47,773	47,773
Plus: Accumulated community legal services account investment income	7,067	3,896
Less: Accumulated community legal services account payments made	(3,851)	(1,262)
	50,989	50,407

### (b) Retained earnings

Movements in retained earnings were as follows:

Balance 1 July	225,925	46,273
Surplus for the year	261,348	181,272
Less: Community legal services account capital amount	-	-
Less: Community legal services account investment (income) loss	(3,170)	(2,882)
Plus: Community legal services account payments made	2,588	1,262
Balance 30 June	486,691	225,925

### (c) Nature and purpose of reserves

On 7 December 2018, the *Justice Legislation Amendment Act (No 3) 2018* (the Amendment Act) was proclaimed. Schedule 3 of the Amendment Act made the following amendments to the *Legal Profession Uniform Law Application Act 2014*:

- legislating closure of the Solicitors' Mutual Indemnity Fund (the Indemnity Fund), with half of the monetary assets of the Indemnity Fund to be transferred to the Public Purpose Fund; and
- the establishment of a **community legal services account** within the Public Purpose Fund from the assets transferred to it from the Indemnity Fund.

The Amendment Act also stipulated that payments are not to be made from the capital of the community legal services account other than for investment purposes. The Trustees of the Public Purpose Fund may from time to time, with the concurrence of the Attorney General, determine that an amount is to be paid from income earned from the investment of the community legal services account for the purposes of the community legal services program managed by the Legal Aid Commission.

## 7. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Fund and non-related audit firms:

	2024	2023
	\$	\$
<b>PwC Australia</b>		
Audit and review of financial statements	40,750	39,750
<b>Total auditors' remuneration</b>	40,750	39,750

## 8. Commitments for expenditure

The Trustees have made commitments to beneficiaries for the payment of discretionary funding for a period extending up to three years into the future.

	2024	2023
	\$'000	\$'000
Within one year	17,042	13,361
Later than one year but not later than five years	10,840	-
Later than five years	-	-
	27,882	13,361

## 9. Related party transactions

As at 30 June 2024 there was \$685,463 receivable from The Law Society of New South Wales (2023: \$Nil).

During the financial year the Public Purpose Fund paid The Law Society of New South Wales \$60,000 (2023: \$60,000) for management and administration services.

## 10. Reconciliation of surplus to net cash flow from operating activities

	2024	2023
	\$'000	\$'000
Surplus for the year	261,348	181,272
Interest income	(29,199)	(24,699)
Fair value gains on financial assets at fair value through profit or loss *	(7,458)	(5,051)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,665)	(14,850)
Increase (decrease) in trade and other payables	1	(39)
<b>Net cash inflow from operating activities</b>	<b>222,027</b>	<b>136,633</b>

\* Includes non-cash investing activities whereby the Fund receives an increase in units held.

As stated in note 2(a)(i) this general purpose financial report has been prepared to meet the Trustees' reporting requirements under the *Legal Profession Uniform Law Application Act 2014*.

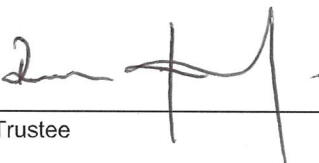
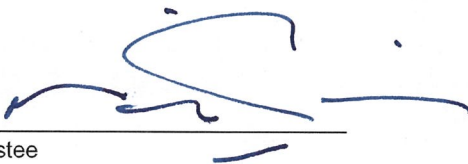
The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 2.

In the Trustees' opinion:

- (a) The financial statements and notes thereto:
  - (i) comply with Accounting Standards and other mandatory professional reporting requirements as detailed above; and
  - (ii) give a true and fair view of the Fund's financial position at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund 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 Trustees.

On behalf of the Trustees

  
\_\_\_\_\_  
Trustee  
\_\_\_\_\_  
Trustee

Sydney, 21 November 2024



## Independent auditor's report

To the Trustees of Public Purpose Fund

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### Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of the Public Purpose Fund (the Fund) as at 30 June 2024 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Simplified Disclosures.

#### *What we have audited*

The financial report comprises:

- the balance sheet as at 30 June 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the declaration of the Trustees.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

#### *Independence*

We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 2 in the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Fund to meet the requirements of the *Legal Profession Uniform Law Application Act 2014*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Public Purpose Fund and its Trustees and should not be used by parties other than the Public Purpose Fund and its Trustees. Our opinion is not modified in respect of this matter.

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### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### Responsibilities of the Trustees for the financial report

The Trustees are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustees are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

This description forms part of our auditor's report.

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A handwritten signature of R Balding in black ink, consisting of a stylized 'R' followed by a horizontal line.

R Balding  
Partner

Sydney  
21 November 2024