

# Financial Statements

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ATTORNEY-GENERAL'S DEPARTMENT  
FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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## INDEPENDENT AUDIT REPORT

### To the Attorney-General

#### Scope

I have audited the financial statements of Attorney-General's Department for the year ended 30 June 1997. The financial statements comprise:

- Statement by the Acting Departmental Secretary and Acting General Manager, Resources
- Departmental and Administered statements of:
  - Revenues and Expenses
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- Transactions by Fund, and
- Notes to and forming part of the Financial Statements.

The Acting Department's Secretary and Acting General Manager Resources are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you, the Attorney-General

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented

fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the Department which is consistent with my understanding of its financial position, its operations and its cash flows.

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

**Audit Opinion**

In accordance with sub-section 51(1) of the *Audit Act 1901*, I now report that in my opinion, the financial statements:

- are in agreement with the accounts and records kept in accordance with section 40 of the Act;
- are in accordance with the Guidelines for Financial Statements of Commonwealth Departments, and
- present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, the information required by the Guidelines, including the results of departmental and administered financial operations and cash flows for the year ended 30 June 1997 and departmental and administered assets and liabilities as at that date.

**Inherent Uncertainty regarding the proposed restructure.**

Without qualification to the opinion above attention is drawn to the following matter. As indicated in Note 31 to the financial statements a restructure of the Attorney-General's Department has been proposed. As a result of the proposed restructure, scheduled for July 1998, certain assets and liabilities may be transferred from the Attorney-General's Department. The circumstances of the proposed restructure are such that the ultimate outcome cannot presently be determined with an acceptable degree of reliability, and accordingly the financial impact of the proposed restructure is uncertain.

Australian National Audit Office



David C McKean  
Executive Director

for the Auditor-General  
Canberra

8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
STATEMENT BY DEPARTMENTAL SECRETARY  
AND PRINCIPAL ACCOUNTING OFFICER

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In our opinion, the attached financial statements present fairly the information required by the *Minister for Finance Guidelines for Financial Statements of Commonwealth Departments*.



Norman S Reaburn  
Acting Secretary



Geoff Hine  
Acting General Manager  
Resources

8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL REVENUES AND EXPENSES  
for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>NET COST OF SERVICES</b>			
Expenses	3		
Employees		27 378 010	24 879 497
Suppliers		16 923 233	11 330 276
Depreciation and amortisation		1 383 601	858 741
Net losses from sale of assets		66 259	29 804
Other costs of providing goods and services		551 864	668 952
Expenses of trust account businesses		225 523 054	247 500 977
<b>Total expenses</b>		<b>271 826 021</b>	<b>285 268 247</b>
Revenues from independent sources	4		
Net gains from sale of assets		26 869	Nil
Revenues of trust account businesses		160 325 602	199 567 695
Other revenues from independent sources		3 636 404	1 284 241
<b>Total revenues from independent sources</b>		<b>163 988 875</b>	<b>200 851 936</b>
<b>Net cost of services</b>		<b>(107 837 146)</b>	<b>(84 416 311)</b>
<b>REVENUES FROM GOVERNMENT</b>			
Appropriations used for ordinary annual services (net appropriations)	4	115 897 428	114 355 954
Resources received free of charge		221 154	462 946
<b>Total revenues from Government</b>		<b>116 118 581</b>	<b>114 818 899</b>
<b>Operating surplus (before extraordinary items)</b>		<b>8 281 435</b>	<b>30 402 588</b>
Net revenues/(expenses) from extraordinary items			
Restructuring	6	(381 681)	1 913 110
<b>Operating surplus</b>		<b>7 899 754</b>	<b>32 315 698</b>
Accumulated results at 1 July 1996		39 610 312	7 294 614
Transfers to reserves	11	(99 996)	Nil
<b>Accumulated results at 30 June 1997</b>		<b>47 410 071</b>	<b>39 610 312</b>

**ATTORNEY-GENERAL'S DEPARTMENT**  
**ADMINISTERED REVENUES AND EXPENSES**  
*for the year ended 30 June 1997*

	Notes	1996-97	1995-96
		\$	\$
<b>REVENUES</b>	26		
Sale of goods and services		5 496 544	211 253 452
Interest and dividends		6 426 998	6 629 000
Other		8 924 427	6 092 828
<b>Total revenues</b>		<u>20 847 969</u>	<u>223 975 280</u>
<b>EXPENSES</b>	25		
Subsidies		7 033 479	5 399 471
Grants		193 511 667	397 995 393
Other		327 833 381	8 286 625
<b>Total expenses</b>		<u>528 378 528</u>	<u>411 681 489</u>
<b>Net cost to Government</b>		<u>(507 530 559)</u>	<u>(187 706 209)</u>
<b>TRANSFERS</b>			
Cash from Commonwealth Public Account		523 980 907	410 158 638
Cash to Commonwealth Public Account		<u>(14 726 106)</u>	<u>(209 529 940)</u>
<b>Net change in administered assets</b>		1 724 242	11 892 652
Accumulated results at 1 Jul 1996		<u>37 156 325</u>	<u>23 339 835</u>
Accumulated results at 30 June 1997		<u>38 880 567</u>	<u>37 156 325</u>

ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL ASSETS AND LIABILITIES  
as at 30 June 1997

		1996-97	1995-96
	Notes	\$	\$
<b>DEBT</b>	9		
Loans (from future running costs)		16 389 739	16 389 739
Leases		322 031	404 652
Other		267 111	195 769
<b>Total debt</b>		<u>16 978 881</u>	<u>16 990 160</u>
<b>PROVISIONS AND PAYABLES</b>	10		
Employees		51 231 430	47 081 544
Suppliers		4 476 478	2 887 592
Other		8 517 017	7 036 536
<b>Total provisions and payables</b>		<u>64 224 925</u>	<u>57 005 672</u>
<b>EQUITY</b>	11		
Capital of trust accounts		28 220 650	28 220 595
Accumulated results		47 410 071	39 610 312
Reserves		1 187 048	996 960
<b>Total equity</b>		<u>76 817 769</u>	<u>68 827 868</u>
<b>Total liabilities and equity</b>		<u>158 021 575</u>	<u>142 823 699</u>
<b>FINANCIAL ASSETS</b>			
Cash	12	55 723 067	48 165 524
Receivables	13	29 064 595	27 029 681
Investments	15	Nil	8 749
<b>Total financial assets</b>		<u>84 787 662</u>	<u>75 203 954</u>
<b>NON-FINANCIAL ASSETS</b>			
Land and buildings	14	1 653 316	2 120 240
Infrastructure, plant and equipment	14	56 322 226	50 228 333
Inventories	16	8 636 594	8 951 038
Intangibles	14, 18	1 798 379	2 266 622
Other	17	4 823 397	4 053 512
<b>Total non-financial assets</b>		<u>73 233 913</u>	<u>67 619 745</u>
<b>Total assets</b>		<u>158 021 575</u>	<u>142 823 699</u>
<b>Current liabilities</b>		32 352 134	27 693 486
<b>Non-current liabilities</b>		48 851 672	46 302 346
<b>Current assets</b>		98 247 654	88 199 755
<b>Non-current assets</b>		59 773 921	54 623 944

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED ASSETS AND LIABILITIES  
as at 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>DEBT</b>	28		
Other		Nil	2 199 555
<b>Total debt</b>		<u>Nil</u>	<u>2 199 555</u>
<b>PROVISIONS AND PAYABLES</b>	28		
Creditors		4 118 650	270 264
Grants		Nil	1 133 803
Investments		822 744	949 035
<b>Total provisions and payables</b>		<u>4 941 394</u>	<u>2 353 102</u>
<b>EQUITY</b>	11		
Capital		28 212 625	28 212 625
Accumulated results		38 880 567	37 156 325
Administered investment reserve		137 093 721	137 093 721
Administered investment revaluation reserve		1 088 952	Nil
Other reserves		4 541	4 541
<b>Total equity</b>		<u>205 280 406</u>	<u>202 467 212</u>
<b>Total liabilities and equity</b>		<u><u>210 221 799</u></u>	<u><u>207 019 869</u></u>
<b>FINANCIAL ASSETS</b>	27		
Cash		1 497 456	615 398
Receivables		22 094 113	18 407 238
Investments		186 528 108	183 419 393
Other		102 122	4 577 850
<b>Total financial assets</b>		<u>210 221 799</u>	<u>207 019 878</u>
<b>NON-FINANCIAL ASSETS</b>		<u>Nil</u>	<u>Nil</u>
<b>Total assets</b>		<u><u>210 221 799</u></u>	<u><u>207 019 878</u></u>
<b>Current liabilities</b>		4 118 650	4 552 656
<b>Non-current liabilities</b>		822 744	Nil
<b>Current assets</b>		5 905 232	207 019 878
<b>Non-current assets</b>		204 316 566	Nil

**ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL REVENUES AND EXPENSES BY PROGRAM**

*for the year ended 30 June 1997*

	Program 1 Legal Services to the Commonwealth		Program 2 Business Affairs		Program 3 Community Affairs		Program 4 Administration of Justice		Program 6 Maintenance of Law, Order and Security		Inter-Program Eliminations		Total	
	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000
<b>NET COST OF SERVICES</b>														
Expenses														
Employees	284	413	14 457	17 429	7 496	6 845	40	97	5 101	95	Nil	Nil	27 378	24 879
Suppliers	251	346	8 691	8 600	5 951	6 000	2 308	3 379	8 283	134	(8 561)	(7 129)	16 923	11 330
Depreciation and amortisation	1	1	1 042	681	220	177	Nil	Nil	120	Nil	Nil	Nil	1 384	859
Net losses from sale of assets	Nil	Nil	61	30	5	Nil	Nil	Nil	0	Nil	Nil	Nil	66	30
Other costs of providing goods and services	Nil	Nil	309	334	243	335	Nil	Nil	Nil	Nil	Nil	Nil	552	669
Expenses of trust account businesses	129 067	152 238	Nil	Nil	Nil	Nil	15 796	18 561	80 794	84 922	( 134)	( 8 220)	225 523	247 501
<b>Total expenses</b>	<b>129 603</b>	<b>152 998</b>	<b>24 561</b>	<b>27 075</b>	<b>13 915</b>	<b>13 356</b>	<b>18 144</b>	<b>22 037</b>	<b>94 299</b>	<b>85 151</b>	<b>(8 695)</b>	<b>(15 348)</b>	<b>271 826</b>	<b>285 268</b>
Revenues from independent sources														
Net gains from sale of assets	0	Nil	25	Nil	Nil	Nil	Nil	Nil	2	Nil	Nil	Nil	27	Nil
Revenues of trust account businesses	83 982	116 725	Nil	Nil	Nil	Nil	16 237	16 609	68 802	81 514	(8 695)	(15 280)	160 326	199 568
Other revenues from independent sources	2	270	(48)	138	2 522	861	Nil	Nil	1 161	15	Nil	Nil	3 636	1 284
<b>Total revenues from independent sources</b>	<b>83 984</b>	<b>116 994</b>	<b>(24)</b>	<b>138</b>	<b>2 522</b>	<b>861</b>	<b>16 237</b>	<b>16 609</b>	<b>69 964</b>	<b>81 530</b>	<b>(8 695)</b>	<b>(15 280)</b>	<b>163 989</b>	<b>200 852</b>
<b>Net cost of services</b>	<b>(45 618)</b>	<b>(36 003)</b>	<b>(24 585)</b>	<b>(26 937)</b>	<b>(11 392)</b>	<b>(12 495)</b>	<b>(1 907)</b>	<b>(5 428)</b>	<b>(24 334)</b>	<b>(3 621)</b>	<b>Nil</b>	<b>68</b>	<b>(107 837)</b>	<b>(84 416)</b>
<b>REVENUES FROM GOVERNMENT</b>														
Appropriations used for ordinary annual services (net appropriations)	55 593	68 903	24 680	29 451	12 345	12 234	2 362	3 437	20 917	333	Nil	Nil	115 897	114 356
Resources received free of charge	65	139	59	86	42	38	0	199	55	1	Nil	Nil	221	463
<b>Total revenues from Government</b>	<b>55 659</b>	<b>69 042</b>	<b>24 740</b>	<b>29 538</b>	<b>12 386</b>	<b>12 272</b>	<b>2 362</b>	<b>3 635</b>	<b>20 972</b>	<b>333</b>	<b>Nil</b>	<b>Nil</b>	<b>116 119</b>	<b>114 819</b>
<b>Operating result (before extraordinary items)</b>	<b>10 040</b>	<b>33 038</b>	<b>155</b>	<b>2 601</b>	<b>994</b>	<b>( 223)</b>	<b>455</b>	<b>(1 793)</b>	<b>(3 363)</b>	<b>(3 288)</b>	<b>Nil</b>	<b>68</b>	<b>8 281</b>	<b>30 403</b>
Net revenues/(expenses) from extraordinary items - Restructuring	Nil	1 036	Nil	786	Nil	Nil	Nil	Nil	( 382)	91	Nil	Nil	( 382)	1 913
<b>Operating result</b>	<b>10 040</b>	<b>34 074</b>	<b>155</b>	<b>3 387</b>	<b>994</b>	<b>( 223)</b>	<b>455</b>	<b>(1 793)</b>	<b>(3 744)</b>	<b>(3 197)</b>	<b>Nil</b>	<b>68</b>	<b>7 900</b>	<b>32 316</b>

**ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED REVENUES AND EXPENSES BY PROGRAM**

*for the year ended 30 June 1997*

	Program 1 Legal Services to the Commonwealth		Program 2 Business Affairs		Program 3 Community Affairs		Program 4 Administration of Justice		Program 6 Maintenance of Law, Order and Security		Total
	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	
<b>REVENUES</b>											
Sales of goods and services	168	1 278	5 329	209 675	Nil	300	Nil	Nil	Nil	Nil	5 497
Interest and dividends	4 927	5 000	1 500	Nil	Nil	Nil	Nil	Nil	1 629	Nil	6 427
Other	1 526	Nil	5 909	6 102	1 339	Nil	55	Nil	( 9)	8 924	6 093
<b>Total revenues</b>	<b>6 621</b>	<b>6 278</b>	<b>12 737</b>	<b>215 777</b>	<b>1 339</b>	<b>300</b>	<b>55</b>	<b>Nil</b>	<b>96</b>	<b>1 620</b>	<b>20 848</b>
<b>EXPENSES</b>											
Subsidies	Nil	Nil	Nil	Nil	Nil	Nil	3 641	1 991	3 392	3 409	7 033
Grants	596	912	Nil	210 196	180 442	173 919	12 474	12 969	Nil	Nil	193 512
Other	6 856	5 106	1 813	Nil	551	288	7 085	2 893	311 529	Nil	327 833
<b>Total expenses</b>	<b>7 452</b>	<b>6 018</b>	<b>1 813</b>	<b>210 196</b>	<b>180 993</b>	<b>174 207</b>	<b>23 200</b>	<b>17 852</b>	<b>314 921</b>	<b>3 409</b>	<b>528 379</b>
<b>Net contribution/(cost) to Government</b>	<b>( 831)</b>	<b>260</b>	<b>10 925</b>	<b>5 581</b>	<b>(179 654)</b>	<b>(173 907)</b>	<b>(23 145)</b>	<b>(17 852)</b>	<b>(314 826)</b>	<b>(1 789)</b>	<b>(507 531)</b>
<b>TRANSFERS</b>											
Cash from Commonwealth Public Account	3 414	295	2 191	210 839	181 020	173 773	21 985	21 838	315 371	3 414	523 981
Cash to Commonwealth Public Account	(1 714)	Nil	(13 012)	(209 530)	Nil	Nil	Nil	Nil	Nil	Nil	(14 726)
<b>Net change in administered assets</b>	<b>868</b>	<b>2 115</b>	<b>104</b>	<b>5 331</b>	<b>1 366</b>	<b>(1 083)</b>	<b>(1 160)</b>	<b>4 880</b>	<b>546</b>	<b>650</b>	<b>1 724</b>
Accumulated results at 1 July 1996	17 136	15 022	( 157)	(5 488)	(1 434)	(1 300)	19 974	15 095	1 637	12	37 156
<b>Accumulated results at 30 June 1997</b>	<b>18 005</b>	<b>17 136</b>	<b>( 53)</b>	<b>( 157)</b>	<b>( 67)</b>	<b>(1 434)</b>	<b>18 814</b>	<b>19 974</b>	<b>2 183</b>	<b>1 637</b>	<b>38 881</b>

**ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL ASSETS AND LIABILITIES BY PROGRAM  
as at 30 June 1997**

	Program 1 Legal Services to the Commonwealth		Program 2 Business Affairs		Program 3 Community Affairs		Program 4 Administration of Justice		Program 6 Maintenance of Law, Order and Security		Inter-Program Eliminations		Total	
	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000
<b>DEBT</b>														
Loans (from future running costs)	15 097	15 097	Nil	Nil	Nil	Nil	1 293	1 293	Nil	Nil	Nil	Nil	16 390	16 390
Leases	322	405	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	322	405
Other	79	51	126	144	38	Nil	Nil	Nil	24	Nil	Nil	Nil	267	196
<b>Total debt</b>	<b>15 498</b>	<b>15 553</b>	<b>126</b>	<b>144</b>	<b>38</b>	<b>Nil</b>	<b>1 293</b>	<b>1 293</b>	<b>24</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>16 979</b>	<b>16 990</b>
<b>PROVISIONS AND PAYABLES</b>														
Employees	25 838	25 579	4 854	4 365	1 922	1 715	1 457	1 658	17 161	13 764	Nil	Nil	51 231	47 082
Suppliers	1 993	1 027	275	929	89	222	499	252	3 057	1 337	(1 437)	( 879)	4 476	2 888
Other	5 345	5 126	Nil	Nil	30	27	1 044	1 009	2 098	874	Nil	Nil	8 517	7 037
<b>Total provisions and payables</b>	<b>33 176</b>	<b>31 732</b>	<b>5 129</b>	<b>5 294</b>	<b>2 041</b>	<b>1 964</b>	<b>3 000</b>	<b>2 919</b>	<b>22 317</b>	<b>15 976</b>	<b>(1 437)</b>	<b>( 879)</b>	<b>64 225</b>	<b>57 006</b>
<b>EQUITY</b>														
Capital of trust accounts	24 349	24 349	Nil	Nil	Nil	Nil	Nil	Nil	3 872	3 872	Nil	Nil	28 221	28 221
Accumulated results	53 045	42 303	( 347)	( 530)	78	( 945)	1 366	902	( 6 732)	( 2 120)	Nil	Nil	47 410	39 610
Reserves	629	629	196	196	16	16	Nil	Nil	347	157	Nil	Nil	1 187	997
<b>Total equity</b>	<b>78 023</b>	<b>67 281</b>	<b>( 151)</b>	<b>( 334)</b>	<b>93</b>	<b>( 929)</b>	<b>1 366</b>	<b>902</b>	<b>( 2 513)</b>	<b>1 908</b>	<b>Nil</b>	<b>Nil</b>	<b>76 818</b>	<b>68 828</b>
<b>Total liabilities and equity</b>	<b>126 697</b>	<b>114 565</b>	<b>5 103</b>	<b>5 105</b>	<b>2 172</b>	<b>1 035</b>	<b>5 659</b>	<b>5 114</b>	<b>19 828</b>	<b>17 884</b>	<b>( 1 437)</b>	<b>( 879)</b>	<b>158 022</b>	<b>142 824</b>
<b>FINANCIAL ASSETS</b>														
Cash	46 567	42 953	16	14	34	31	2 281	1 076	6 825	3 998	Nil	93	55 723	48 166
Receivables	20 357	16 472	36	43	2	0	1 800	2 205	8 306	9 282	(1 437)	( 972)	29 065	27 030
Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	9	Nil	Nil	Nil	Nil	Nil	9
<b>Total financial assets</b>	<b>66 924</b>	<b>59 425</b>	<b>52</b>	<b>57</b>	<b>36</b>	<b>31</b>	<b>4 082</b>	<b>3 290</b>	<b>15 131</b>	<b>13 280</b>	<b>(1 437)</b>	<b>( 879)</b>	<b>84 788</b>	<b>75 204</b>
<b>NON-FINANCIAL ASSETS</b>														
Land and buildings	603	609	Nil	Nil	Nil	Nil	Nil	Nil	1 050	1 511	Nil	Nil	1 653	2 120
Infrastructure, plant and equipment	48 030	43 316	3 055	2 712	1 510	756	1 138	1 387	2 589	2 057	Nil	Nil	56 322	50 228
Inventories	7 775	7 968	31	38	13	10	123	124	694	810	Nil	Nil	8 637	8 951
Intangibles	299	384	1 500	1 882	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1 798	2 267
Other	3 065	2 862	465	415	613	238	317	312	363	226	Nil	Nil	4 823	4 054
<b>Total non-financial assets</b>	<b>59 773</b>	<b>55 140</b>	<b>5 051</b>	<b>5 048</b>	<b>2 136</b>	<b>1 004</b>	<b>1 578</b>	<b>1 823</b>	<b>4 697</b>	<b>4 604</b>	<b>Nil</b>	<b>Nil</b>	<b>73 234</b>	<b>67 620</b>
<b>Total assets</b>	<b>126 697</b>	<b>114 565</b>	<b>5 103</b>	<b>5 105</b>	<b>2 172</b>	<b>1 035</b>	<b>5 659</b>	<b>5 114</b>	<b>19 828</b>	<b>17 884</b>	<b>( 1 437)</b>	<b>( 879)</b>	<b>158 022</b>	<b>142 824</b>

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED ASSETS AND LIABILITIES BY PROGRAM

as at 30 June 1997

	Program 1 Legal Services to the Commonwealth	Program 2 Business Affairs	Program 3 Community Affairs	Program 4 Administration of Justice	Program 6 Maintenance of Law, Order and Security	Total
	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000	1996-97 \$'000	1995-96 \$'000
<b>DEBT</b>						
Other	Nil	170	Nil	Nil	Nil	Nil
<b>Total debt</b>	Nil	170	Nil	Nil	Nil	2 200
<b>PROVISIONS AND PAYABLES</b>						
Creditors	2 517	Nil	79	Nil	Nil	4 119
Grants	Nil	Nil	Nil	1 134	Nil	Nil
Investments	Nil	Nil	823	949	Nil	1 134
<b>Total provisions and payables</b>	2 517	Nil	902	2 083	Nil	823
						949
						4 941
<b>EQUITY</b>						
Capital	24 349	Nil	Nil	Nil	3 864	28 213
Accumulated results	18 005	(53)	(67)	(1 434)	2 183	38 881
Administered investment reserve	Nil	Nil	(949)	137 389	654	137 094
Administered investment revaluation reserve	Nil	Nil	126	Nil	79	1 089
Other reserves	Nil	Nil	Nil	5	Nil	5
<b>Total equity</b>	42 353	(53)	(890)	(2 383)	6 779	205 280
						202 467
<b>Total liabilities and equity</b>	44 870	Nil	12	158 561	6 779	210 222
						207 020
<b>FINANCIAL ASSETS</b>						
Cash	1 097	9	Nil	Nil	400	1 497
Receivables	19 435	Nil	Nil	949	1 710	22 094
Investments	24 338	Nil	Nil	157 576	4 615	186 528
Other	Nil	Nil	12	36	55	102
<b>Total financial assets</b>	44 870	Nil	12	158 561	6 779	210 222
						207 020
<b>Total assets</b>	44 870	Nil	12	158 561	6 779	210 222
						207 020

ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL CASH FLOWS  
for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>OPERATING ACTIVITIES</b>			
Cash received			
Appropriations		122 946 961	115 064 051
Sale of goods and services		151 364 498	187 415 076
Interest		3 986 780	3 077 494
Other		7 010 340	1 236 003
<b>Total cash received</b>		<u>285 308 579</u>	<u>306 792 624</u>
Cash used			
Employees		(179 029 130)	(189 366 624)
Suppliers		(84 641 887)	(91 153 264)
Interest		(1 480 993)	(1 600 890)
<b>Total cash used</b>		<u>(265 152 010)</u>	<u>(282 120 778)</u>
<b>Net cash from operating activities</b>	19	<u>20 156 569</u>	<u>24 671 846</u>
<b>INVESTING ACTIVITIES</b>			
Cash received			
Proceeds from sale of property, plant and equipment		1 117 433	502 102
Other		8 749	Nil
<b>Total cash received</b>		<u>1 126 182</u>	<u>502 102</u>
Cash used			
Purchase of property, plant and equipment		(11 756 435)	(8 265 804)
<b>Total cash used</b>		<u>(11 756 435)</u>	<u>(8 265 804)</u>
<b>Net cash from investing activities</b>		<u>(10 630 253)</u>	<u>(7 763 702)</u>
<b>FINANCING ACTIVITIES</b>			
Cash received			
Proceeds from borrowings		Nil	750 000
<b>Total cash received</b>		<u>Nil</u>	<u>750 000</u>
Cash used			
Repayments of finance leases		( 82 621)	( 60 119)
Dividend		(1 886 152)	(5 846 000)
<b>Total cash used</b>		<u>(1 968 773)</u>	<u>(5 906 119)</u>
<b>Net cash from financing activities</b>		<u>(1 968 773)</u>	<u>(5 156 119)</u>
<b>Net increase in cash held</b>		7 557 543	11 752 025
add cash at 1 July 1996		48 165 524	36 413 499
<b>Cash at 30 June 1997</b>		55 723 067	48 165 524

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED CASH FLOWS  
for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>OPERATING ACTIVITIES</b>			
Cash received			
Sale of goods and services		14 524 942	210 342 396
Interest		1 500 000	7 145 635
Dividends		1 886 152	5 000 000
Cash from Commonwealth Public Account		523 980 907	410 158 638
Other		4 465 781	Nil
<b>Total cash received</b>		<b>546 357 782</b>	<b>632 646 669</b>
Cash used			
Subsidies		( 7 033 479)	( 6 368 482)
Grants		( 522 901 174)	( 294 628 788)
Cash to Commonwealth Public Account		( 14 726 106)	( 209 529 940)
Other		( 814 964)	( 122 438 574)
<b>Total cash used</b>		<b>( 545 475 723)</b>	<b>( 632 965 784)</b>
<b>Net cash from operating activities</b>	19	<b>882 059</b>	<b>( 319 115)</b>
<b>INVESTING ACTIVITIES</b>			
		<b>Nil</b>	<b>Nil</b>
<b>FINANCING ACTIVITIES</b>			
		<b>Nil</b>	<b>Nil</b>
<b>Net increase in cash held</b>		<b>882 059</b>	<b>( 319 115)</b>
add cash at 1 July 1996		615 397	934 512
<b>Cash at 30 June 1997</b>		<b>1 497 456</b>	<b>615 397</b>

ATTORNEY-GENERAL'S DEPARTMENT  
SCHEDULE OF COMMITMENTS  
as at 30 June 1997

	Departmental		Administered	
	1996-97	1995-96	1996-97	1995-96
	\$	\$	\$	\$
<b>BY TYPE</b>				
<b>CAPITAL COMMITMENTS</b>				
Land and buildings	Nil	61 975	163 722 475	3 794 757
<b>Total capital commitments</b>	<b>Nil</b>	<b>61 975</b>	<b>163 722 475</b>	<b>3 794 757</b>
<b>OTHER COMMITMENTS</b>				
Operating leases	139 632 358	151 238 881	Nil	Nil
Other commitments	4 777 325	4 931 084	Nil	Nil
<b>Total other commitments</b>	<b>144 409 683</b>	<b>156 169 965</b>	<b>Nil</b>	<b>Nil</b>
<b>COMMITMENTS RECEIVABLE</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Net commitments</b>	<b>144 409 683</b>	<b>156 231 940</b>	<b>163 722 475</b>	<b>3 794 757</b>
<b>BY MATURITY</b>				
One year or less	22 381 862	24 039 949	491 875	1 720 000
From one to two years	21 298 365	22 767 048	230 600	1 493 169
From two to five years	58 337 065	64 209 443	48 900 000	581 588
Over five years	42 392 391	45 215 500	114 100 000	Nil
<b>Net commitments</b>	<b>144 409 683</b>	<b>156 231 940</b>	<b>163 722 475</b>	<b>3 794 757</b>

ATTORNEY-GENERAL'S DEPARTMENT  
SCHEDULE OF CONTINGENCIES

as at 30 June 1997

	Departmental		Administered	
	1996-97	1995-96	1996-97	1995-96
	\$	\$	\$	\$
CONTINGENT LOSSES				
Claims for damages/costs	269 530	780 000		
* Separation and redundancies	6 628 000	Nil		
Make good costs	1 584 050	1 584 050		
Rental commitment unrecoverable by sub-letting	408 000	Nil		
Other	80 000	Nil		
<b>Total contingent losses</b>	<b>8 969 580</b>	<b>2 364 050</b>	<b>Nil</b>	<b>Nil</b>
CONTINGENT GAINS				
	Nil	Nil	Nil	Nil
<b>Net contingencies</b>	<b>8 969 580</b>	<b>2 364 050</b>	<b>Nil</b>	<b>Nil</b>

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 1997, the Department was not aware of any unquantifiable contingent losses or gains.

- \* Separation and redundancies are due to the closure of operations at the Immigration Detention Centres and also include funds appropriated to the Department for Auscript's redundancy payments.

ATTORNEY-GENERAL'S DEPARTMENT  
 TRANSACTIONS BY FUND  
 for the year ended 30 June 1997

	Notes	1996-97 Budget \$	1996-97 Actual \$	1995-96 Actual \$
<i>Consolidated Revenue Fund</i>				
RECEIPTS	21	40 463 000	30 106 979	220 281 514
<b>Total receipts</b>		<b>40 463 000</b>	<b>30 106 979</b>	<b>220 281 514</b>
EXPENDITURE	22			
Expenditure from special appropriations		509 700 000	321 060 460	8 648 324
Expenditure from annual appropriations				
Appropriation Act (No 1)		191 310 000	169 462 796	275 603 028
Appropriation Act (No 3)		8 312 000	8 312 000	6 509 000
<i>Audit Act 1901</i> (section 35)		3 951 027	3 261 573	1 992 327
Advance to the Minister for Finance		Nil	Nil	1 638 197
Appropriation Act (No 2)		165 536 000	146 285 980	251 291 608
Appropriation Act (No 4)		448 776	448 776	5 431 463
<b>Total expenditure</b>		<b>879 257 803</b>	<b>648 831 585</b>	<b>551 113 947</b>
<i>Loan Fund</i>		Nil	Nil	Nil
<i>Trust Fund</i>	23			
Heads of trust (private moneys)				
Receipts		12 687 000	10 647 398	65 599 629
Expenditure		12 742 000	11 098 859	66 017 192
Trust accounts (Commonwealth activities)				
Receipts		91 978 000	218 058 172	243 369 265
Expenditure		132 964 053	218 044 005	236 059 690
<b>Total receipts</b>		<b>104 665 000</b>	<b>228 705 571</b>	<b>308 968 894</b>
<b>Total expenditure</b>		<b>145 706 053</b>	<b>229 142 864</b>	<b>302 076 882</b>

ATTORNEY-GENERAL'S DEPARTMENT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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Note	Description
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2	Summary of Significant Accounting Policies
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5	Abnormal Items
6	Extraordinary Items - Restructuring
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32	Events Occurring After Balance Date

## **Note 1 Departmental Objectives**

### **1.1 Portfolio Overview**

The Attorney-General's Department is the central policy and coordinating element of the portfolio for which the Attorney-General is responsible. The Department provides high quality public sector legal services and legal policy advice to departments, agencies and business enterprises of the Government.

### **1.2 Programs of the Department**

The identity and purpose of each major program undertaken by the Department during the year ended 30 June 1997 is summarised below:

#### *Program 1 Legal Services to the Commonwealth*

To advance and protect the interests of the Commonwealth, its Ministers, agencies, other persons and bodies as appropriate, by the provision of sound, constructive, timely legal services and legal policy advice.

#### *Program 2 Business Affairs*

To achieve a fair balance between creditors, debtors and the community in the administration of bankruptcies.

#### *Program 3 Community Affairs*

To enhance and promote the rights of individuals and their reasonable access to justice.

#### *Program 4 Administration of Justice*

To promote the effective and timely adjudication of disputes and resolution of questions of law in courts and tribunals with appropriate jurisdictions.

#### *Program 5 High Court of Australia*

To interpret and uphold the Australian Constitution and to perform the functions of the ultimate appellate court in Australia.

#### *Program 6 Maintenance of Law, Order and Security*

To contribute to the maintenance of law and order, to combat crime and to respond effectively to acts of politically-motivated violence. To maintain effective measures against espionage, subversive activities and against attacks directed at individuals, information and assets.

### **1.3 Sub-Programs and Other Items Transferred From Other Government Departments**

Pursuant to changes to administrative arrangements the following sub-program has been transferred to the Department during the reporting period. The net financial effect of this transaction is disclosed as an extraordinary item in the Operating Statement (see Note 6).

The *Office of Law Enforcement Coordination*, formerly known as the Commonwealth Law Enforcement Board, transferred to the Attorney-General's Department from the National Crime Authority as a consequence of a restructuring of administrative arrangements with effect from 1 January 1997.

## **Note 2 Summary of Significant Accounting Policies**

### **2.1 Basis of Accounting**

The financial statements are required by Section 50 of the *Audit Act 1901* and are a general purpose financial report. The statements have been prepared in accordance with the Guidelines titled *Financial Statements of Commonwealth Departments* issued by the Minister for Finance in June 1997 (the *Guidelines*).

The *Guidelines* require compliance with Australian Accounting Standards and Accounting Guidance Releases issued by the Australian Accounting Research Foundation (AARF) and other relevant mandatory professional reporting requirements (eg Consensus Views of the Urgent Issues Group (UIG) of AARF).

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention. Except where stated, they do not take account of changing money values. The continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

### **2.2 Rounding**

Amounts have been rounded to the nearest dollar except in the Program Statements where they have been rounded to the nearest \$1 000.

### **2.3 Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

### **2.4 Taxation**

The Department is exempt from taxation except fringe benefits tax, tax on fuel purchases and sales tax on executive lease vehicles.

### **2.5 Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

### **2.6 Insurance**

In accordance with Commonwealth Government policy, assets are not insured and losses are expensed as they are incurred.

### **2.7 Principles of Consolidation**

In the process of reporting the Department as a single unit, and in preparation of the program statements, all intra and inter-program transactions and balances have been eliminated in full.

The financial statements of Auscript, Australian Protective Service (APS) and Legal Practice Trust Account businesses are consolidated into the Department's financial statements. Where accounting policies differ between the Trust Account businesses and the Department, adjustments are made on consolidation to bring to account the effects of any dissimilar accounting policies.

Administered investments in controlled entities are not consolidated on a line-by-line basis because their consolidation is relevant only at the Whole of Government level.

## **2.8 Inventories**

Inventories not held for resale are valued at cost. Costs are assigned to individual items of stock on a first-in-first-out basis. No threshold for recognition has been applied.

Work-in-progress is valued at the lower of cost or net realisable value and applies to services performed but not billed at 30 June 1997.

## **2.9 Bad and Doubtful Debts**

Bad debts are written off during the year in which they are identified. The write off is to expense or, to the extent a provision for a doubtful debt already existed, as a reversal of the provision.

A provision is raised for any doubtful debts based on a review of all outstanding receivables at year end.

## **2.10 Cash**

Cash includes notes and coins held, deposits held at call with a bank or financial institution and the balance of commercial trust accounts, which is held within the Trust Fund part of the Commonwealth Public Account (CPA).

## **2.11 Asset Capitalisation Threshold**

All depreciable non-current assets with an historical cost equal to or in excess of \$2 000 are capitalised in the year of acquisition and included on the Department's Asset Register. The value of all such assets on the Asset Register is included in the financial statements. Assets with an historical cost under \$2 000 are expensed in the year of acquisition. The \$2 000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

### **Software Capitalisation Policy**

Where costs can be reliably identified, internally generated software is capitalised.

## **2.12 Valuation of Non-Current Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is determined as the cash amount paid or the fair value of assets transferred or acquired.

Assets acquired at no cost or for nominal consideration, unless acquired as a consequence of restructuring of administrative arrangements, are recognised at their fair value when the asset qualifies for recognition. Assets acquired as a consequence of a restructuring of administrative

arrangements are initially recognised at the amounts at which they were recognised by the transferring department immediately prior to the restructuring.

From 1996-97 onwards, the *Guidelines* require property, plant and equipment to be progressively revalued in accordance with the deprival method of valuation by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

The carrying amounts of non-current assets held by the Trust Account businesses have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

### **2.13 Depreciation and Amortisation of Non-Current Assets**

Depreciable non-current assets are written off to their estimated residual value over their estimated useful lives. Estimated useful lives are reviewed annually.

Depreciation is calculated using the straight-line method which correctly reflects the pattern of usage of the Department's depreciable non-current assets.

Prior to 30 June 1996 all computer equipment was depreciated over a five-year period. In order to more accurately reflect the useful life of recently purchased computer equipment, all computer equipment purchased after 30 June 1996 will be depreciated over a four-year period. The change in the estimated useful life of computer equipment has led to an increase in the depreciation expense of \$39 895. This change does not have a material effect in the current period.

Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

### **2.14 Leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and liability is recognised for the same amount. Lease payments are allocated between the principal component and the interest expense.

Leased assets are amortised over the lesser of the estimated useful life or the unexpired period of the lease, on a straight line basis.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Revenues and Expenses in the periods in which they are incurred.

Lease incentives are recognised in accordance with Abstract 3 from the UIG of AARF. Lease incentives taking the form of rent-free periods and 'free' leasehold improvements are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

## **2.15 Intangible Assets**

As at balance date the only intangible asset the Department held was internally-generated software. Where recognised, intangible assets are reported at the lower of cost or recoverable amount. Intangible assets are amortised over their anticipated useful lives.

## **2.16 Investments in Associated Companies**

Interests in associated companies, other than controlled entities, are brought to account at cost. Associated companies are those companies over which the Department exercises significant influence but not control (see also Note 15).

## **2.17 Provision for Employee Entitlements**

The liability for employee entitlements encompasses provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of total leave entitlements of all employees at 30 June 1997 and is recognised at its nominal value. The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 1997. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. These calculations are in accordance with Australian Accounting Standard 30, Accounting for Employee Entitlements.

## **2.18 Superannuation**

The superannuation expense for the year comprises actual contributions by staff in Auscript, APS, Legal Practice and the Department, to the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, the Australian Government Employee Superannuation Trust and other non-Commonwealth schemes.

## **2.19 Resources Received Free of Charge**

Resources received free of charge are recognised as revenue in the financial statements when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense, or, where there is a long term benefit, an asset is recognised.

## **2.20 Departmental and Administered Items**

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the Department including: computers, plant and equipment used in providing goods and services; liabilities for employee entitlements; revenues from running costs appropriations and from user charging, etc where the proceeds are deemed appropriated under section 35 of the *Audit Act 1901*; and employee expenses and other administrative expenses incurred in providing goods and services.

Administered items are those items which are controlled by the Government and managed or oversighted by the Department on behalf of the Government. These items include grants, subsidies, fees, fines and loans to other Governments and related payments.

The purpose of the separation of administered and departmental items is to enable assessment of the administrative efficiency of the Department in providing goods and services.

The 1997 *Guidelines* require that, from 1 July 1996, administered transactions be accounted for on a double entry basis. The effect of this requirement is that transfers of cash to and from the CPA will be reported on the face of the Statement of Administered Revenues and Expenses where operating transactions are involved, and that, where transactions involving financial assets and liabilities not arising from operations are involved, receivables from and payables to the CPA will be recognised in the Statement of Assets and Liabilities.

Amounts payable to the CPA were recognised on 1 July 1996 to give effect to this policy change. The adjusting entry was made against administered accumulated results.

#### *Non-Current Assets*

All non-current assets controlled by the Department are reported in the Statement of Assets and Liabilities. Non-current assets which the Department administers on behalf of the Commonwealth Government are reported as administered assets.

Administered items are distinguished from departmental items in the financial statements by shading.

#### *Administered Investments*

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

The Commonwealth's capital investment in the Auscript, APS and Legal Practice Trust Account businesses are recognised as an asset and are carried at cost.

The Commonwealth's investment in other controlled authorities in this portfolio is valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity. The investment was initially recognised as an asset as at 30 June 1996, with a contra entry being made to the Administered Investments Reserve. Contra entries for all movements in the investment reserve subsequent to 30 June 1996 are made to an Administered Assets Revaluation Reserve.

#### *Trust Funds*

The Department received moneys in a trustee capacity for various trusts as set out in Note 23. As the Department performs only a custodial role in respect of these moneys, and because the moneys cannot be used for achievement of the Department's objectives, they are not brought to account in the financial report.

### **2.21 Court Buildings Under Construction**

The Department received appropriation moneys for the construction of court buildings. The Department does not control or derive future economic benefit from these buildings.

The various courts will be required to pay a capital usage charge to Australian Estate Management from the date of occupation of each building.

The Department pays for the construction of court facilities for the Commonwealth and shows the expense as an administered expense in the Statement of Revenues and Expenses and the liability as an administered liability in the Statement of Assets and Liabilities.

## **2.22 Bankruptcy Fees**

Under the *Bankruptcy Act 1966*, the Official Trustee has the responsibility for administering bankrupt estates on behalf of the Commonwealth. This function is performed by the Insolvency and Trustee Service, Australia (ITSA) division of the Department. The Official Trustee is entitled under the Act to fees for this service and these fees are included in administered revenue.

## **2.23 Assets Seized under Crime Legislation**

The *Proceeds of Crime Act 1987*, the *Customs Act 1901* and the *Crimes Act 1914* make provision in relation to, amongst other things, the seizure, forfeiture and condemnation of articles and goods, as the case may be. The Attorney-General's Department administers bank accounts and other assets which have been seized or restrained under these Acts.

Amounts which have been realised under these provisions are paid into the Confiscated Asset Trust Fund, details are included in Note 23.

The Department's records show that at the end of the financial period assets totalling \$13 693 284 were on hand. These comprised

- property to the value of \$7 648 930 which was seized or under control and waiting for a final order to be made;
- property seized or under control pursuant to a 'final order' where the appeal period from that order had not expired, totalled \$3 014 319; and
- assets that had not yet been realised, totalled \$3 030 035.

These assets are not recognised in the financial statements as their legal status has not yet been determined or they have not been realised.

## **2.24 Segment Reporting and Economic Dependency**

The principal activity of the Attorney-General's Department is to serve the Government and, through it, the people of Australia by achieving excellence in the provision of legal and law-related services. The Department is substantially dependent upon parliamentary appropriations to fund its operations. The Department operates throughout Australia and until recently, had a legal representative at the Australian Embassy in both Brussels and Washington.

In addition the Department had an investment in an associated company Auscript (Asia) Pte Ltd, which provides conference facilities and markets voice recognition software in South East Asia.

## **2.25 Related Party Transactions**

Transactions with Auscript (Asia) Pte Ltd, in which Auscript had an investment, were at arms length and were immaterial to Auscript and to the Department.

The Commonwealth and the State of New South Wales jointly control Law Courts Limited, a company limited by guarantee which was incorporated in New South Wales on 23 December 1974 with the principal object of providing accommodation for courts (other than courts with a summary jurisdiction), court registries and associated court offices and libraries. The investment is shown at cost.

There are no other related party transactions.

## **2.26 Allocation of Costs, Revenues, Assets and Liabilities to Departmental Programs**

Direct costs have been allocated against the program which incurred these costs. Corporate overheads and components of administrative expenses have been allocated to programs on bases which reflect the benefits derived by the program.

Assets and liabilities have been allocated to programs responsible for control and administration of the asset/liability.

## **2.27 Appropriations**

Appropriations for departmental operations other than running costs are recognised as revenue to the extent that the appropriations are spent.

From 1 July 1996, the *Guidelines* require that amounts received as appropriations for departmental running costs operations are to be recognised according to their nature under the Running Costs Arrangements. Under these arrangements, the Department receives a base amount of funding by way of appropriation for running costs each year. The base amount may be supplemented in any year by a carryover from the previous year of unspent appropriations up to allowable limits, as well as by borrowings at a discount against future appropriations of the base amount. The repayment of a borrowing is effected by an appropriate reduction in the appropriation actually received in the year of repayment.

The Department now recognises

- as revenue an amount equal to the base funding spent in the year or carried over to the next year; and
- in 1996-97, as abnormal revenue, an amount equal to the amount of unspent appropriation carried over to the next financial year.

## **2.28 Asset Sales Program**

The Department had no major asset sales through the Office of Asset Sales to report for 1996-97.

## **2.29 Guarantees and Undertakings**

The Department has no guarantees and undertakings to report.

	1996-97 \$	1995-96 \$
<b>Note 3 Expenses</b>		
Goods and services expenses		
Employees		
Remuneration for services provided	27 378 010	24 879 497
Suppliers		
Supply of goods and services	16 923 233	11 330 276
Depreciation and amortisation	1 383 601	858 741
Net losses from sale of assets		
Non-financial assets		
Infrastructure, plant and equipment	66 259	29 804
Expenses of trust account businesses		
Employees	155 254 022	164 549 597
Suppliers	58 980 379	61 298 721
Depreciation and amortisation	3 832 136	3 261 435
Interest	1 480 993	1 638 850
Write down of assets	76 541	158 199
Net losses from sale of assets	433 319	565 102
Other	5 465 663	16 029 073
Other costs of providing goods and services	<u>551 864</u>	<u>668 952</u>
<b>Total expenses</b>	<u><u>271 826 021</u></u>	<u><u>285 268 247</u></u>

	1996-97 \$	1995-96 \$
<b>Note 4 Revenues</b>		
Non-taxation revenues		
Net gains from sale of assets		
Non-financial assets		
Infrastructure, plant and equipment	26 869	Nil
Revenues of trust account businesses		
Sale of goods and services	153 495 184	159 619 043
Net gains from sale of assets	80 737	43 692
Interest	3 576 564	4 018 027
Other	3 173 117	35 886 933
Other revenue from independent sources	3 636 404	1 284 241
<b>Total non-taxation revenues</b>	<b>163 988 875</b>	<b>200 851 936</b>
Revenues from Government		
Appropriations used for ordinary annual services (net appropriations)	115 897 428	114 355 954
Resources received free of charge		
Australian National Audit Office fees	112 000	324 147
Department of Finance (accounting and budgetary services/provision of staff)	Nil	27 326
Defence Signals Directorate/ASIO	44 273	Nil
Department of Administrative Services (Overseas Property Group services)	46 181	94 472
Australian Archives (storage of permanent records)	18 700	17 000
<b>Total revenues from Government</b>	<b>116 118 581</b>	<b>114 818 899</b>
<b>Total revenues</b>	<b>280 107 456</b>	<b>315 670 835</b>
<b>Note 5 Abnormal Items</b>		
Abnormal revenue		
Running costs appropriation carryover	6 828 380	Nil
Initial valuation of Department's library asset	Nil	34 650 729
Obsolete stock written back	Nil	165 000
Effect on reassessment of asset useful life	93 213	Nil
<b>Total abnormal revenue</b>	<b>6 921 593</b>	<b>34 815 729</b>
Abnormal expense		
Separation and redundancy payments	2 911 304	337 000
Employee adjustments	151 384	1 094 000
Comcare premium	355 222	Nil
Adjustment to 1995-96 sales	65 379	Nil
Effect on accounting for surplus leased space	896 878	Nil
Other	Nil	320 000
<b>Total abnormal expense</b>	<b>4 380 167</b>	<b>1 751 000</b>
<b>Net abnormal items</b>	<b>2 541 426</b>	<b>33 064 729</b>

## Note 6 Extraordinary Items - Restructuring

As a result of a restructuring of administrative arrangements the Department assumed responsibility for the Office of Law Enforcement Coordination - Program 6.5.7 (formerly known as the Commonwealth Law Enforcement Board) on 1 January 1997 from the National Crime Authority.

(1995-96: the Department relinquished its responsibility for the Federal Bureau of Consumer Affairs, part of the Business Law Division and the Australian Institute of Police Management.)

In respect of the sub-program assumed in 1996-97, the following assets and liabilities were recognised at the date of transfer.

	1996-97 \$	1995-96 \$
Assets		
Property, plant and equipment	255 445	Nil
Other	43 537	Nil
<b>Total assets recognised</b>	<b>298 982</b>	
Liabilities		
Creditors	98 118	Nil
Provisions	582 545	Nil
<b>Total liabilities recognised</b>	<b>680 663</b>	Nil
<b>Net liabilities assumed</b>	<b>( 381 681)</b>	Nil

In respect of sub-programs relinquished in 1995-96, the following assets and liabilities were transferred.

Assets		
Receivables	Nil	144 841
Property, plant and equipment	Nil	267 968
Other	Nil	42 021
<b>Total assets relinquished</b>	<b>Nil</b>	<b>454 830</b>
Liabilities		
Creditors	Nil	73 919
Provisions	Nil	2 198 565
Other	Nil	95 458
<b>Total liabilities relinquished</b>	<b>Nil</b>	<b>2 367 942</b>
<b>Net liabilities relinquished</b>	<b>Nil</b>	<b>(1 913 110)</b>
<b>Net revenue/(expenses) from restructuring</b>	<b>( 381 681)</b>	<b>1 913 110</b>

## Note 7 Services Provided by the Auditor-General

Financial statement audit services are provided free of charge to the Department. The trust account businesses, the Legal Practice, the Australian Protective Service and Auscript, are required to remit an amount equivalent to the cost of its audit into the Consolidated Revenue Fund.

	1996-97 \$	1995-96 \$
The fair value of audit services provided was		
Auscript - Commonwealth Reporting Service Trust Account	55 000	72 000
Australian Protective Service Trust Account	78 000	63 000
Legal Practice Trust Account	168 000	162 000
Department	<u>112 000</u>	<u>101 000</u>
	<u>413 000</u>	<u>398 000</u>

No other services were provided by the Auditor-General.

## Note 8 Act of Grace Payments, Waivers and Write Offs

No act of grace payments in accordance with s.34A(1), <i>Audit Act 1901</i> were made during the reporting period.	Nil	548 197
No waivers were made pursuant to s.70C(2), <i>Audit Act 1901</i> .	Nil	Nil
The following were written off in accordance with s.70C(1) of the <i>Audit Act 1901</i>		
Thirty-one write-offs for lost, deficient, condemned, unservicable or obsolete stores	36 935	63 375
One write-off for losses/deficiencies in public moneys	2 258	3 923
No write-offs for irrecoverable debts and overpayments	<u>Nil</u>	<u>412</u>
<b>Total amounts written off in accordance with s.70C(1) of the <i>Audit Act 1901</i></b>	<u>39 193</u>	<u>67 710</u>

	1996-97 \$	1995-96 \$
<b>Note 9 Debt</b>		
Loans		
Non-bank loans	16 389 739	16 389 739
<b>Total loans</b>	<u>16 389 739</u>	<u>16 389 739</u>
Leases		
Current	128 729	114 729
Non-current		
Later than one year but not later than two	78 889	128 729
Later than two years but not later than five	157 778	236 667
<b>Total lease commitments</b>	<u>365 396</u>	<u>480 126</u>
Less future interest payments	<u>43 365</u>	<u>75 473</u>
<b>Total lease commitments less future interest payments</b>	322 031	404 653
Current lease liability	105 647	84 936
Non-current lease liability	216 384	319 716
<b>Total leases</b>	<u>322 031</u>	<u>404 652</u>
Other - Lease incentive		
Current	36 034	24 722
Non-current		
Later than one year but not later than two	36 034	24 722
Later than two years but not later than five	97 811	74 166
Later than five years	97 231	72 160
<b>Total other</b>	<u>267 111</u>	<u>195 769</u>
<b>Total debt</b>	<u><u>16 978 881</u></u>	<u><u>16 990 160</u></u>

	1996-97 \$	1995-96 \$
<b>Note 10 Provisions and Payables</b>		
Employees		
Salaries, wages and superannuation	3 740 235	2 384 931
Leave	47 081 337	44 048 114
Separations and redundancies	Nil	161 306
Other	409 858	487 194
<b>Total employees</b>	<u>51 231 430</u>	<u>47 081 544</u>
Suppliers		
Trade creditors	4 102 152	2 887 592
Operating lease rentals	374 326	Nil
<b>Total suppliers</b>	<u>4 476 478</u>	<u>2 887 592</u>
Other		
Interest payable	1 345 119	1 526 000
Appropriation received in advance	2 672 513	Nil
Prepayments received	2 293 248	901 490
Dividend	1 326 998	3 600 000
Other	879 139	1 009 046
<b>Total other</b>	<u>8 517 017</u>	<u>7 036 536</u>
<b>Total provisions and payables</b>	<u><u>64 224 925</u></u>	<u><u>57 005 672</u></u>

**Note 11 Equity  
Departmental Reconciliation**

	Capital	Accumulated results	Asset revaluation reserve	Total reserves	Total equity
As at 1 July 1996	28 220 650	39 610 312	996 961	996 961	68 827 923
Operating result	Nil	7 899 754	Nil	Nil	7 899 754
Net revaluation increases	Nil	Nil	90 091	90 091	90 091
Transfers (to)/from reserves	Nil	(99 996)	99 996	99 996	Nil
<b>Balance at 30 June 1997</b>	<b>28 220 650</b>	<b>47 410 071</b>	<b>1 187 048</b>	<b>1 187 048</b>	<b>76 817 769</b>

	Capital	Accumulated results	Asset revaluation reserve	Administered investments reserve	Other administered reserves	Total reserves	Total equity
As at 1 July 1996	28 212 625	37 156 325	Nil	137 093 721	4 541	137 098 262	202 467 212
Net change in administered assets	Nil	1 724 242	Nil	Nil	Nil	Nil	1 724 242
Net revaluation increases	Nil	Nil	1 088 952	Nil	Nil	1 088 952	1 088 952
<b>Balance at 30 June 1997</b>	<b>28 212 625</b>	<b>38 880 567</b>	<b>1 088 952</b>	<b>137 093 721</b>	<b>4 541</b>	<b>138 187 214</b>	<b>205 280 406</b>

	1996-97 \$	1995-96 \$
<b>Note 12 Cash</b>		
Cash on hand	1 866 444	728 668
Account balance held in Commonwealth Public Account	52 245 811	47 350 061
Cash in transit	<u>1 610 812</u>	<u>86 796</u>
<b>Total cash</b>	<u><u>55 723 067</u></u>	<u><u>48 165 524</u></u>
 <b>Note 13 Receivables</b>		
Appropriations carried over		
Running costs	<u>6 828 380</u>	<u>Nil</u>
<b>Total appropriations carried over</b>	<u><u>6 828 380</u></u>	<u><u>Nil</u></u>
Goods and services		
Trade debtors		
Government departments	22 146 779	23 044 925
Other entities controlled by the Commonwealth	Nil	1 159 975
Other entities	<u>Nil</u>	<u>1 341 271</u>
Total trade debtors	<u>22 146 779</u>	<u>25 546 171</u>
Other debtors	<u>2 379 446</u>	<u>3 703 661</u>
<b>Total goods and services</b>	<u>24 526 226</u>	<u>29 249 832</u>
Less provision for doubtful debts	<u>852 851</u>	<u>1 247 883</u>
	<u>23 673 375</u>	<u>28 001 949</u>
Less eliminations	<u>1 437 159</u>	<u>972 268</u>
<b>Net goods and services receivables</b>	<u><u>22 236 215</u></u>	<u><u>27 029 681</u></u>
<b>Total receivables</b>	<u><u>29 064 595</u></u>	<u><u>27 029 681</u></u>
Not overdue (less than 30 days)	22 264 600	16 398 961
Overdue by		
less than 30 days	4 078 729	6 030 397
30 to 60 days	1 363 338	1 774 483
greater than 60 days	<u>2 210 779</u>	<u>2 825 840</u>
<b>Total overdue</b>	<u><u>7 652 846</u></u>	<u><u>10 630 720</u></u>

Note 14 Property, Plant and Equipment, and Intangibles

(a) Total (This includes amounts at cost plus amounts detailed in parts b, c and d)

	Land	Buildings	Total land and buildings	Library	Other infrastructure, plant and equipment	Total infrastructure, plant and equipment	Intangibles	Total land, buildings, infrastructure, plant, equipment and intangibles
Gross value at 1/7/96	808 000	1 449 000	2 257 000	34 650 729	42 442 829	77 093 558	2 341 212	81 691 770
Additions	Nil	Nil	Nil	Nil	11 128 036	11 128 036	Nil	11 128 036
Disposals	(120 000)	(319 000)	(439 000)	Nil	(6 516 702)	(6 516 702)	Nil	(6 955 702)
Other movements	Nil	Nil	Nil	Nil	417 982	417 982	Nil	417 982
<b>Gross value at 30/6/97</b>	<b>688 000</b>	<b>1 130 000</b>	<b>1 818 000</b>	<b>34 650 729</b>	<b>47 472 145</b>	<b>82 122 874</b>	<b>2 341 212</b>	<b>86 282 086</b>
Accumulated depreciation/amortisation at 1/7/96	Nil	(136 760)	(136 760)	Nil	(26 865 224)	(26 865 224)	(74 590)	(27 076 574)
Depreciation/amortisation charge for 1996-97	Nil	(55 457)	(55 457)	Nil	(4 556 232)	(4 556 232)	(468 243)	(5 079 931)
Adjustments for disposals	Nil	27 533	27 533	Nil	5 441 262	5 441 262	Nil	5 468 795
Adjustment for other movements	Nil	Nil	Nil	Nil	179 546	179 546	Nil	179 546
<b>Accumulated depreciation/amortisation at 30/6/97</b>	<b>Nil</b>	<b>(164 684)</b>	<b>(164 684)</b>	<b>Nil</b>	<b>(25 800 649)</b>	<b>(25 800 649)</b>	<b>(542 833)</b>	<b>(26 508 165)</b>
<b>Net book value at 30/6/97</b>	<b>688 000</b>	<b>965 316</b>	<b>1 653 316</b>	<b>34 650 729</b>	<b>21 671 497</b>	<b>56 322 226</b>	<b>1 798 379</b>	<b>59 773 921</b>
Net book value at 1/7/96	808 000	1 312 240	2 120 240	34 650 729	15 577 604	50 228 333	2 266 622	54 615 195

(b) Assets at valuation

<b>As at 30/6/97</b>								
Gross value	688 000	1 130 000	1 818 000	34 650 729	27 924 762	62 575 491	Nil	64 393 491
Accumulated depreciation/amortisation	Nil	(164 684)	(164 684)	Nil	(21 485 188)	(21 485 188)	Nil	(21 649 872)
<b>Net book value</b>	<b>688 000</b>	<b>965 316</b>	<b>1 653 316</b>	<b>34 650 729</b>	<b>6 439 574</b>	<b>41 090 303</b>	<b>Nil</b>	<b>42 743 619</b>
<b>As at 30/6/96</b>								
Gross value	808 000	1 449 000	2 257 000	34 650 729	33 888 930	68 539 659	Nil	70 796 659
Accumulated depreciation/amortisation	Nil	(136 760)	(136 760)	Nil	(24 992 971)	(24 992 971)	Nil	(25 129 731)
<b>Net book value</b>	<b>808 000</b>	<b>1 312 240</b>	<b>2 120 240</b>	<b>34 650 729</b>	<b>8 895 959</b>	<b>43 546 689</b>	<b>Nil</b>	<b>45 666 929</b>

Note 14 Property, Plant and Equipment, and Intangibles (cont)

(c) *Assets held under finance leases*

	Land	Buildings	Total land and buildings	Library	Other infrastructure, plant and equipment	Total infrastructure, plant and equipment	Intangibles	Total land, buildings, infrastructure, plant, equipment and intangibles
<b>As at 30/6/97</b>								
Gross value	Nil	Nil	Nil	Nil	333 170	333 170	Nil	333 170
Accumulated depreciation/amortisation	Nil	Nil	Nil	Nil	(101 180)	(101 180)	Nil	(101 180)
Net book value	Nil	Nil	Nil	Nil	231 990	231 990	Nil	231 990
<b>As at 30/6/96</b>								
Gross value	Nil	Nil	Nil	Nil	333 170	333 170	Nil	333 170
Accumulated depreciation/amortisation	Nil	Nil	Nil	Nil	(43 422)	(43 422)	Nil	(43 422)
Net book value	Nil	Nil	Nil	Nil	289 748	289 748	Nil	289 748

(d) *Assets at cost*

<b>As at 30/6/97</b>								
Gross value	Nil	Nil	Nil	Nil	19 235 069	19 235 069	2 341 212	21 576 281
Accumulated depreciation/amortisation	Nil	Nil	Nil	Nil	(4 235 136)	(4 235 136)	(542 833)	(4 777 968)
Net book value	Nil	Nil	Nil	Nil	14 999 933	14 999 933	1 798 379	16 798 312
<b>As at 30/6/96</b>								
Gross value	Nil	Nil	Nil	Nil	8 221 340	8 221 340	2 341 212	10 562 552
Accumulated depreciation/amortisation	Nil	Nil	Nil	Nil	(1 829 444)	(1 829 444)	(74 590)	(1 904 034)
Net book value	Nil	Nil	Nil	Nil	6 391 897	6 391 897	2 266 622	8 658 519

	1996-97 \$	1995-96 \$
<b>Note 15 Investments</b>		
Shares		
Auscript - investment in associated company		
In 1995-96, Auscript had a 50% share in Auscript (Asia) Pte Ltd, a company which was incorporated in Singapore on 12 March 1993.		
	<u>Nil</u>	<u>8 749</u>
<b>Note 16 Inventories</b>		
Inventories held for sale		
Work-in-progress	8 582 506	8 751 046
Less provision for irrecoverable amounts	<u>791 335</u>	<u>729 740</u>
<b>Total inventories held for sale</b>	<u>7 791 171</u>	<u>8 021 306</u>
Inventories not held for sale		
Stores and stationery	936 993	1 073 954
Less provision for obsolete stock	<u>91 570</u>	<u>144 222</u>
<b>Total inventories not held for sale</b>	<u>845 423</u>	<u>929 732</u>
<b>Total inventories</b>	<u>8 636 594</u>	<u>8 951 038</u>
<b>Note 17 Other Non-Financial Assets</b>		
Prepayments	<u>4 823 397</u>	<u>4 053 512</u>
<b>Note 18 Intangible Assets</b>		
Computer software		
Internally developed	2 341 212	2 341 212
Less accumulated amortisation	<u>542 833</u>	<u>74 590</u>
<b>Total intangible assets</b>	<u>1 798 379</u>	<u>2 266 622</u>

## Note 19 Cash Flow Reconciliation

### Departmental Reconciliation

Reconciliation of net cost of services to net cash provided by operating activities

	1996-97 \$	1995-96 \$
Net cost of services - loss	(107 837 146)	(84 416 311)
Revenue from Government	116 118 581	114 818 899
Depreciation/amortisation	5 239 570	4 082 696
Restructuring	(381 681)	1 913 110
Loss on sale of non-current assets	391 973	542 128
Interest offset against dividend	Nil	(650 000)
Dividend expense included in net cost of services	Nil	6 496 000
Abnormal item	2 541 426	(34 650 729)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(2 034 914)	19 248 353
Decrease in inventories	314 444	592 112
(Increase)/decrease in other current assets	(769 885)	935 375
Decrease in creditors	(1 134 173)	(396 385)
Increase in provisions	7 020 812	789 977
Increase/(decrease) in other liabilities	687 562	(4 633 379)
<b>Net cash provided by operating activities</b>	<b>20 156 569</b>	<b>24 671 846</b>

### Administered Reconciliation

Reconciliation of net change in administered assets to net cash provided by operating activities

	1996-97 \$	1995-96 \$
Net change in administered assets - gain	1 724 242	11 892 652
Increase in receivables	(3 686 875)	(3 788 761)
(Increase)/decrease in other current assets	4 475 728	(4 535 138)
Decrease in other investment reserves	1 088 942	Nil
Increase in creditors	3 848 386	2 613 142
Decrease in grants	(1 133 803)	(166 197)
Increase in investments	(3 108 715)	Nil
Decrease in other liabilities	(2 325 846)	(6 334 813)
<b>Net cash provided by operating activities</b>	<b>882 059</b>	<b>(319 115)</b>

## Note 20 Officer Remuneration

The amounts of fixed remuneration and performance pay received, or due and receivable, by executive officers including officers of the Australian Protective Service and Auscript are as follows. The fixed remuneration package includes salary, superannuation, vehicle, parking, spouse travel, semi-official telephone and FBT for vehicle, spouse travel and telephone.

Fixed remuneration	1996-97	1995-96
– \$100 000 to \$110 000	6	93
– \$110 001 to \$120 000	87	4
– \$120 001 to \$130 000	1	12
– \$130 001 to \$140 000	21	13
– \$140 001 to \$150 000	1	1
– \$150 001 to \$160 000	4	2
– \$160 001 to \$170 000	1	Nil
– \$210 001 to \$220 000	Nil	1
– \$220 001 to \$230 000	1	Nil
The aggregate amount of fixed remuneration of executive officers shown above	<u>\$14 360 840</u>	<u>\$14 221 959</u>
The aggregate amount of performance pay paid during the year to executive officers shown above	<u>\$ 219 622</u>	<u>\$ 326 400</u>

Note 21 Consolidated Revenue Fund - Receipts

	1996-97 Budget \$	1996-97 Actual \$	1995-96 Actual \$
Legal Practice Trust Account			
Dividend payments and loan repayments	1 474 000	1 886 152	5 000 000
Contingency funding repayments	8 000 000	Nil	Nil
Section 35 of the <i>Audit Act 1901</i>	1 120 000	914 436	1 228 575
Miscellaneous	1 626 000	1 122 004	1 150 301
Insolvency and Trustee Service, Australia			
Bankruptcy fees	12 728 000	12 737 158	6 915 719
Departmental Receipts			
Section 35 of the <i>Audit Act 1901</i>	750 000	530 041	249 631
Miscellaneous	9 718 000	9 207 429	445 179
Office of Film and Literature Classification			
Section 35 of the <i>Audit Act 1901</i>	2 105 000	2 506 550	880 211
Miscellaneous	600 000	582 803	
Australian Protective Service Trust Account			
Dividend payments	1 000 000	Nil	846 000
High Court of Australia Fees and Miscellaneous	810 000	620 406	238 956
Australian Securities Commission			
Regulation of companies and securities	Nil	Nil	203 326 943
Auscript			
Interest payments	101 000	Nil	Nil
Loan repayment	431 000	Nil	Nil
<b>Total receipts</b>	<b>40 463 000</b>	<b>30 106 979</b>	<b>220 281 514</b>

Note 22 Consolidated Revenue Fund - Expenditure

Special Appropriations

	1996-97 Budget \$	1996-97 Expenditure \$	1995-96 Expenditure \$	1997-98 Appropriation \$
<i>High Court of Australia Act 1979</i>				
- Justices of the High Court	1 850 000	1 677 838	1 769 818	1 850 000
<i>Judges Pensions Act 1968</i>	7 250 000	7 307 981	6 878 506	7 250 000
<i>Classification (Publications, Films and Computer Games) Act 1995</i>	600 000	550 874	Nil	609 000
<i>National Firearms Program Implementation Act 1996</i>	500 000 000	311 523 767	Nil	169 000 000
	<u>509 700 000</u>	<u>321 060 460</u>	<u>8 648 324</u>	<u>178 709 000</u>
Total expenditure Special Appropriations				

Annual Appropriations

	1996-97 Appropriation \$	1996-97 Expenditure \$	1995-96 Expenditure \$	1997-98 Appropriation \$
<b>Ordinary Annual Services of Government</b>				
<b>Division 120 - Administrative</b>				
1 Running costs	79 793 041	65 646 928	49 743 162	79 006 000
2 Other services				
1 Australian organisations - grants	1 404 000	1 369 885	4 491 903	1 284 000
2 International bodies - grants	398 000	350 911	403 445	394 000
3 Financial assistance towards legal costs and related expenses	4 853 000	4 850 948	5 806 712	5 302 000
4 Compensation and legal expenses	4 267 000	3 438 824	2 678 802	4 312 000
5 Publication of Acts & Statutory Rules	1 400 000	1 251 733	1 384 591	1 415 000
6 Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence - Operating expenses	3 462 000	3 447 539	3 410 313	3 518 000
7 Law Courts Ltd - Contribution to operating expenses and costs of Law Library	2 248 000	2 202 697	1 990 563	2 266 000
8 Family Law Council	141 000	140 931	135 314	143 000
9 Grants to family relationship support organisations (including payments under the <i>Family Law Act 1975</i> and the <i>Marriage Act 1961</i> )	33 000 000	30 803 853	26 844 793	33 808 000
10 Reimbursements or payments on account of reimbursements made for services under the <i>Family Law Act 1975</i> Child Support Scheme Legislation	5 612 000	4 707 598	4 801 767	5 621 000
11 Constitutional Centenary Foundation Incorporated	270 000	270 000	271 000	273 000
12 Family Court of Western Australia - Operating expenses	8 125 000	7 766 289	8 167 000	8 300 000
Payments under subsection 34A(1) of the <i>Audit Act 1901</i>	Nil	Nil	548 196	Nil
	<u>144 973 041</u>	<u>126 248 137</u>	<u>110 677 562</u>	<u>145 642 000</u>
Total Division 120				

	1996-97 Appropriation \$	1996-97 Expenditure \$	1995-96 Expenditure \$	1997-98 Appropriation \$
<b>Division 121 - Legal Practice</b>				
1 Running Costs	38 746 436	35 421 795	54 308 869	35 177 000
Total Division 121	38 746 436	35 421 795	54 308 869	35 177 000
<b>Division 123 - Australian Institute of Criminology</b>				
1 For expenditure under the <i>Criminology Research Act 1971</i>				
Operating expenses	2 843 000	2 843 000	4 232 000	2 725 000
Total Division 123	2 843 000	2 843 000	4 232 000	2 725 000
<b>Division 126 - Criminology Research Council</b>				
1 Criminology Research (For payment to the Criminology Research Fund)	249 000	249 000	258 000	236 000
Total Division 126	249 000	249 000	258 000	236 000
<b>Division 127 - High Court of Australia</b>				
1 For expenditure under the <i>High Court of Australia Act 1979</i>				
Operating expenses	7 799 000	7 799 000	7 614 000	7 386 000
Total Division 127	7 799 000	7 799 000	7 614 000	7 386 000
<b>Division 129 - Law Reform Commission</b>				
1 For expenditure under the <i>Law Reform Commission Act 1973</i>				
Operating expenses	3 539 000	3 539 000	4 224 000	3 371 000
Total Division 129	3 539 000	3 539 000	4 224 000	3 371 000
<b>Division 139 - Office of Film and Literature Classification</b>				
1 Running Costs	5 423 550	4 936 437	1 952 121	2 171 000
Total Division 139	5 423 550	4 936 437	1 952 121	2 171 000
<b>Australian Securities Commission (formerly Division 124)</b>				
1 For expenditure under the <i>Australian Securities Commission Act 1989</i>				
1 Operating expenses				
2 Support for Australian Accounting Standards Board	Nil	Nil	101 677 000	Nil
Total Australian Securities Commission	Nil	Nil	101 677 000	Nil
<b>Companies and Securities Advisory Committee (formerly Division 137)</b>				
1 For expenditure under the <i>Australian Securities Commission Act 1989</i>				
Operating expenses	Nil	Nil	799 000	Nil
Total Companies & Securities Advisory Committee	Nil	Nil	799 000	Nil
<b>Total Appropriation Acts Nos 1 and 3</b>	<b>203 573 027</b>	<b>181 036 369</b>	<b>285 742 552</b>	<b>196 708 000</b>
Represented by				
Annual Appropriation				
- Act No 1	191 310 000	169 462 796	275 603 028	196 708 000
- Act No 3	8 312 000	8 312 000	6 509 000	Nil
- Section 35	3 951 027	3 261 573	1 992 327	Nil
- Advance to the Minister for Finance	Nil	Nil	1 638 197	Nil
	<b>203 573 027</b>	<b>181 036 369</b>	<b>285 742 552</b>	<b>196 708 000</b>

	1996-97 Appropriation \$	1996-97 Expenditure \$	1995-96 Expenditure \$	1997-98 Appropriation \$
<b>Other Annual Services of Government</b>				
<b>Division 805 - Capital Works and Services</b>				
1 Acquisitions, buildings, works, plant and equipment				
1 Departmental plant and equipment	1 327 000	1 237 244	1 027 451	871 000
2 Construction of Departmental facilities	5 759 000	1 656 030	2 592 525	2 500 000
High Court of Australia	Nil	Nil	460 000	Nil
3 Advances and Loans				
1 Contingency funding (for payment to the Legal Practice Trust Account)	8 000 000	Nil	Nil	Nil
Loan (for payment to the Auscript - Commonwealth Reporting Service Trust Account)	Nil	Nil	750 000	Nil
Australian Securities Commission (for expenditure under the <i>Australian Securities Commission Act 1969</i> )	Nil	Nil	6 402 000	Nil
Total Division 805	15 086 000	2 893 274	11 231 976	3 371 000
<b>Division 806 - Payments to or for the States, the Northern Territory and the Australian Capital Territory</b>				
2 Payments for the provision of legal aid	134 486 000	128 303 406	125 952 322	52 819 000
3 Legal Aid - Grants to supplement voluntary and community legal aid schemes	15 991 000	15 116 300	13 842 884	16 162 000
4 Companies and securities regulation - Compensation for loss of revenue	Nil	Nil	105 346 961	Nil
Total Division 806	150 477 000	143 419 706	245 142 168	68 981 000
<b>Division 807 - Other Services</b>				
1 Ex gratia payment	372 000	372 000	Nil	Nil
2 Legal costs - Dr Lawrence	49 776	49 776	319 927	Nil
Redundancy and lease termination costs - Auscript	Nil	Nil	Nil	4 681 000
Business rationalisation and redundancy costs - APS	Nil	Nil	Nil	10 203 000
Commonwealth Legal Aid Program	Nil	Nil	Nil	52 819 000
Payment to the former Human Rights Commissioner in respect of annual leave	Nil	Nil	29 000	Nil
Total Division 807	421 776	421 776	348 927	67 703 000
Total Appropriation Acts Nos 2 and 4	165 984 776	146 734 756	256 723 071	140 055 000
Represented by				
Annual Appropriation				
- Act No 2	165 536 000	146 285 980	251 291 608	140 055 000
- Act No 4	448 776	448 776	5 431 463	Nil
	165 984 776	146 734 756	256 723 071	140 055 000

Note 23 Trust Fund

	1996-97 Budget	1996-97 Actual	1995-96 Actual
	\$	\$	\$

**Heads of Trust - Group 1**

**Attorney-General's Department - Services for other Governments and non-departmental bodies - Australian Securities Commission (ASC)**

- Legal Authority - Section 60, *Audit Act 1901*
- Purpose - To enable the Australian Securities Commission, which is not on the Commonwealth Public Account (CPA), to utilise centralised pay and other facilities provided by the Department of Finance

Opening Balance	Nil	Nil	404 189
Receipts			
- Advances for the payment of salaries and allowances on behalf of the ASC	Nil	Nil	53 001 171
	<u>Nil</u>	<u>Nil</u>	<u>53 001 171</u>
Expenditure			
- Salaries and allowances paid on behalf of the ASC	Nil	Nil	53 331 123
- Compensation	Nil	Nil	74 236
- Transfer to services for other Governments and non-departmental bodies other than the ASC	Nil	Nil	Nil
	<u>Nil</u>	<u>Nil</u>	<u>53 405 360</u>
Closing Balance	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

**Attorney-General's Department - Services for other Governments and non-departmental bodies other than the ASC**

- Legal Authority - Section 60, *Audit Act 1901*
- Purpose - For the payment of costs in connection with services performed on behalf of other Governments and non-departmental bodies other than the ASC

Opening Balance	803 478	803 478	783 237
Receipts			
- Advances for the payment of salaries and allowances on behalf of portfolio statutory authorities		9 279 876	11 808 686
- Transfer from services for other Governments and non-departmental bodies other than the ASC		Nil	Nil
	<u>11 776 000</u>	<u>9 279 876</u>	<u>11 808 686</u>
Expenditure			
- Salaries and allowances paid on behalf of portfolio statutor authorities		7 656 838	8 164 469
- Miscellaneous		1 926 846	3 623 976
	<u>11 776 000</u>	<u>9 583 684</u>	<u>11 788 445</u>
Closing Balance	<u>803 478</u>	<u>499 670</u>	<u>803 478</u>

	1996-97 Budget \$	1996-97 Actual \$	1995-96 Actual \$
<b>Common Investment Fund Equalization Account</b>			
• Legal Authority - Section 20G, <i>Bankruptcy Act 1966</i>			
• Purpose - For the purpose of Section 20H, <i>Bankruptcy Act 1966</i>			
Opening Balance	196 743	196 743	6 023
Receipts			
- Interest from Term Deposits		1 292 257	929 201
- Interest from Money Market Call Account		14 027	36 518
	745 000	1 306 284	965 720
Expenditure			
- Payments made under Section 20J, <i>Bankruptcy Act 1966</i>		2 186	Nil
- Transfers to Consolidated Revenue Fund (CRF) under Section 20H(4), <i>Bankruptcy Act 1966</i>		1 500 000	775 000
	800 000	1 502 186	775 000
Closing Balance	141 743	840	196 743

**Other Trust Moneys (Attorney-General's)**

- Legal Authority - Section 60, *Audit Act 1901*
- Purpose - Receipt of moneys temporarily held in trust for other persons

Opening Balance	60 870	60 870	285 205
Receipts	166 000	61 238	( 175 947)
	166 000	61 238	( 175 947)
Expenditure	166 000	12 989	48 387
	166 000	12 989	48 387
Closing Balance	60 870	109 120	60 870

	1996-97 Budget \$	1996-97 Actual \$	1995-96 Actual \$
<b>Trust Accounts (Departmental) - Group 2</b>			
<b>Auscript Trust Account</b>			
<ul style="list-style-type: none"> <li>• Legal Authority - Section 62A, <i>Audit Act 1901</i></li> <li>• Purpose - For the receipt of all moneys and the payment of all expenditure related to the operation of Auscript</li> </ul>			
Opening Balance	391 544	391 544	1 539 582
Receipts			
- Receipts from operations		15 901 633	16 903 956
- Appropriation from CRF		Nil	750 000
	16 520 000	15 901 633	17 653 956
Expenditure			
- Salaries		10 279 627	11 414 575
- Operating expenses		4 752 620	7 387 418
	16 356 000	15 032 247	18 801 994
Closing Balance	555 544	1 260 931	391 544

#### **Australian Protective Services Trust Account**

- Legal Authority - Section 62A, *Audit Act 1901*
- Purpose - for the receipt of all moneys and payment of all expenditure associated with services provided by the Australian Protective Service

Opening Balance	3 914 625	3 914 625	7 519 360
Receipts			
- Receipts from operations		78 901 371	78 493 888
	75 458 000	78 901 371	78 493 888
Expenditure			
- Salaries		60 829 693	61 865 152
- Operational expenditure		16 812 974	20 233 471
	74 433 000	77 642 667	82 098 622
Closing Balance	4 939 625	5 173 329	3 914 625

	1996-97 Budget \$	1996-97 Actual \$	1995-96 Actual \$
<b>Legal Practice Trust Account</b>			
<ul style="list-style-type: none"> <li>• Legal Authority - Section 62A, <i>Audit Act 1901</i></li> <li>• Purpose - For the receipt of all moneys and the payment of all expenditure related to the operation of the Attorney-General's Legal Practice</li> </ul>			
Opening Balance	42 370 118	42 370 118	23 760 537
Receipts			
- Professional fees		82 751 099	79 545 734
- Budget-funded legal & support services		30 895 721	37 836 000
Sale of assets		28 736	260 541
Other		5 753 864	24 500 000
	122 507 000	119 429 419	142 142 276
Expenditure			
- Capital expenditure		8 256 680	2 480 642
- Salaries		66 357 492	67 919 574
- Operating expenses		35 942 281	44 653 591
- Repayment of Appropriation to CRF		1 886 152	5 000 000
- Refunds of receipts		3 544 725	3 478 889
	122 870 000	115 987 330	123 532 695
Closing Balance	42 007 118	45 812 207	42 370 118

### Trust Accounts (Administered) - Group 3

#### Confiscated Assets Trust Account

- Legal Authority - Part 11A, *Proceeds of Crime Legislation Amendment Act 1991, Regulation 34A(1)*
- Purpose - The Trust Fund will turn the assets confiscated from major crime, particularly drug trafficking, back against the illicit drug trade and other major crimes

Opening Balance	7 205 327	7 205 327	13 739 326
Receipts			
- Crimes Act		24 892	11 865
- Customs Act		92 954	770 080
- Proceeds of Crime Act		3 398 593	4 092 094
- Other		11 000	55 106
	4 000 000	3 527 439	4 929 146
Expenditure			
- Equitable sharing			48 752
- Other		9 193 153	11 414 393
	11 037 000	9 193 153	11 463 145
Closing Balance	168 327	1 539 613	7 205 327

	1996-97 Budget \$	1996-97 Actual \$	1995-96 Actual \$
<b>Attorney-General's Department (ONCB)</b>			
<b>Law Enforcement Projects Trust Account</b>			
<ul style="list-style-type: none"> <li>• Legal Authority - Section 70A, <i>Audit Act 1901</i></li> <li>• Purpose - For expenditure of moneys on law enforcement projects for the purposes of Section 34D, <i>Proceeds of Crime Act 1987</i></li> </ul>			
Opening Balance	208 608	208 608	221 841
Receipts		298 310	150 000
	Nil	298 310	150 000
Expenditure		188 609	163 233
	209 000	188 609	163 233
Closing Balance	( 392)	318 310	208 608

1996-97  
\$

1995-96  
\$

#### Note 24 Trust Accounts - Non-Commonwealth Public Account

This section discloses details of each Trust Account administered by the Department outside of the operation of the Commonwealth Public Account.

##### Common Investment Fund Account

- Legal Authority - Section 20B, Division 2, *Bankruptcy Act 1966*
- Purpose - To hold all moneys (other than moneys to which sub-section (8) applies) received by the Official Trustee

Balance as at beginning of the financial year	16 167 783	11 876 896
Add: Receipts	28 803 353	30 914 410
	44 971 136	42 791 306
Less: Expenditure	28 910 839	26 623 523
Balance as at the end of the financial year	16 060 297	16 167 783

##### Common Investment Fund Holding Account

- Legal Authority - Sub-section 20B(4), *Bankruptcy Act 1966*
- Purpose - To transfer interest derived from the investment of moneys in the Common Investment Fund

Balance as at beginning of the financial year	105 598	23 841
Add: Receipts	1 238 204	1 058 921
	1 343 802	1 082 762
Less: Expenditure	1 309 129	977 164
Balance as at the end of the financial year	34 673	105 598

	1996-97 \$	1995-96 \$
<b>Australian Government Solicitor Trust Accounts</b>		
<ul style="list-style-type: none"> <li>• Legal Authority - The Agencies and Entities Trust Accounts were established under authority in 1993-94</li> <li>• Purpose - Equivalent to the Trust Account maintained by Solicitors in private practice for holding client funds</li> </ul>		
<b>Australian Government Solicitor Entities Trust Account</b>		
Balances as at beginning of reporting period	1 246 657	442 006
Add: Receipts	<u>21 286 910</u>	<u>19 456 336</u>
	22 533 567	19 898 342
Less: Expenditure	<u>21 757 347</u>	<u>18 651 685</u>
	776 220	1 246 657
Balance as at end of reporting period	<u><u>776 220</u></u>	<u><u>1 246 657</u></u>
<b>Australian Government Solicitor Agencies Trust Account</b>		
Balances as at beginning of reporting period	17 841 277	13 638 152
Add: Receipts	<u>139 485 752</u>	<u>203 964 425</u>
	157 327 029	217 602 577
Less: Expenditure	<u>138 857 601</u>	<u>199 761 300</u>
	18 469 428	17 841 277
Balance as at end of reporting period	<u><u>18 469 428</u></u>	<u><u>17 841 277</u></u>
<b>Investment Accounts</b>		
Balances as at beginning of reporting period	Nil	Nil
Add: Receipts	<u>2 047 778</u>	<u>Nil</u>
	2 047 778	Nil
Less: Expenditure	<u>648 465</u>	<u>Nil</u>
	1 399 313	Nil
Balance as at end of reporting period	<u><u>1 399 313</u></u>	<u><u>Nil</u></u>
<b>Office of Film and Literature Classification - Collectors Trust Account</b>		
<ul style="list-style-type: none"> <li>• Legal Authority - Ministerial agreement 1984</li> <li>• Purpose - To hold moneys collected by the Commonwealth as agent for the States and the Northern Territory until they are disbursed in accordance with agreements between the Commonwealth, the Northern Territory and the States</li> </ul>		
Balance as at beginning of the financial year	Nil	85 865
Add: Receipts	<u>Nil</u>	<u>1 031 520</u>
	Nil	1 117 385
Less: Expenditure	<u>Nil</u>	<u>1 117 385</u>
	Nil	Nil
Balance as at the end of the financial year	<u><u>Nil</u></u>	<u><u>Nil</u></u>

	1996-97 \$	1995-96 \$
<b>Note 25 Administered Expenses</b>		
Goods and services		
Supplier expenses	1 452 206	1 559 143
Total goods and services	<u>1 452 206</u>	<u>1 559 143</u>
Subsidies, benefits and grants		
Grants and subsidies to non-profit institutions	42 266 318	46 000 541
Grants to other sectors (Commonwealth entities)	10 151 524	208 725 497
Grants to State and Territory Governments	148 127 304	148 668 826
Total subsidies, benefits and grants	<u>200 545 146</u>	<u>403 394 864</u>
Other		
Act of grace payments	49 776	868 123
Compensation and legal expenses	3 458 339	2 671 562
Other	11 353 757	3 187 797
Guns Buy Back Scheme	311 519 304	Nil
Total other	<u>326 381 176</u>	<u>6 727 483</u>
<b>Total administered expenses</b>	<u><u>528 378 528</u></u>	<u><u>411 681 489</u></u>
<b>Note 26 Administered Revenues</b>		
Non-taxation revenues		
Interest and dividends		
Interest from other sources		
Deposits	1 500 000	Nil
From Trust Account businesses	4 926 998	6 496 000
Total interest and dividends	<u>6 426 998</u>	<u>6 496 000</u>
Other revenues		
Sale of goods and services	5 496 544	198 551 859
Fees	8 924 427	18 927 421
Total other revenues	<u>14 420 971</u>	<u>217 479 280</u>
<b>Total administered revenues</b>	<u><u>20 847 969</u></u>	<u><u>223 975 280</u></u>

	1996-97 \$	1995-96 \$
<b>Note 27 Administered Assets</b>		
Financial assets		
Receivables		
Other taxes, fees and fines	6 247 374	4 939 493
Other loans	<u>15 846 739</u>	<u>15 846 739</u>
Total receivables	<u>22 094 113</u>	<u>20 786 232</u>
Cash	1 497 456	615 398
Investments		
Associated entities		
Law Courts Ltd *	19 303 229	19 303 229
Australian Institute of Criminology **	421 563	467 075
Criminology Research Council **	311 254	187 122
High Court of Australia **	138 271 467	137 388 559
Commercial Trust Accounts		
Australian Protective Service Trust Account	3 872 000	3 872 000
Legal Practice Trust Account	<u>24 348 595</u>	<u>24 348 595</u>
Total investments	<u>186 528 108</u>	<u>185 566 580</u>
Other financial assets	<u>102 122</u>	<u>51 658</u>
<b>Total financial assets</b>	<b><u>210 221 799</u></b>	<b><u>207 019 868</u></b>

\* The Commonwealth and the State of New South Wales jointly control Law Courts Limited, a company limited by guarantee which was incorporated in New South Wales on 23 December 1974 with the principal object of providing accommodation for courts (other than courts with a summary jurisdiction), court registries and associated court offices and libraries. The investment is shown at cost.

The Commonwealth's beneficial interest of 47.5% of the company's shareholders equity was valued at \$79 335 359 as calculated below, based on latest audited accounts.

\*\* Interests in other entities are valued in line with the net assets of those entities. Movements in the net assets are taken to the Administered Investment Reserve.

	Law Courts Limited	Attorney-General's Interest (47.5%)	
	1997 \$	1997 \$	1996 \$
Opening Shareholders' Equity	170 103 027	80 798 938	61 425 396
Losses	(3 081 219)	(1 463 579)	(1 560 592)
Changes to reserves	Nil	Nil	20 934 134
Closing Shareholders' Equity	<u>167 021 808</u>	<u>79 335 359</u>	<u>80 798 938</u>

These liabilities are not recognised in the Statement of Assets and Liabilities because the net present value of indexed ongoing liabilities cannot be measured.

	1996-97 \$	1995-96 \$
<b>Note 28 Administered Liabilities</b>		
Provisions and payables		
Liabilities to suppliers		
Trade creditors	4 118 650	755 971
Total liabilities to suppliers	<u>4 118 650</u>	<u>755 971</u>
Grants		
Non-profit institutions	Nil	1 133 803
Total grants	<u>Nil</u>	<u>1 133 803</u>
Other		
Interest payable	Nil	1 713 848
Investments in associated entities		
Australian Law Reform Commission	822 744	949 035
Total other	<u>822 744</u>	<u>2 662 883</u>
<b>Total provisions and payables</b>	<u><u>4 941 393</u></u>	<u><u>4 552 657</u></u>

## Note 29 Employee Superannuation

Employees of the Department, Legal Practice, APS and Auscript contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and other Commonwealth and non-Commonwealth schemes.

The Department is required to meet the employer share of the costs of benefits payable to all staff employed in the Department, which for 1996-97 was 19.1% under the CSS/PSS inclusive of productivity benefits. (16.1% is an average figure as advised by the Department of Finance.)

For casual commercial elements staff not in the CSS or the PSS, the Department contributes 6% to the Australian Government Employee Superannuation Trust (AGEST).

The Department's contributions to the above funds were \$23 517 424 in 1996-97 and \$23 011 927 in 1995-96.

### CSS/PSS

CSS is a split-benefit scheme based on defined member contributions and an employer component consisting of a defined benefit based on final salary and a productivity component. PSS is a defined-benefit scheme based on defined member contributions and an employer component consisting of a defined benefit based on final salary and a productivity component.

### Employer Productivity Superannuation Contribution and AGEST

Employer Productivity Superannuation Contribution and AGEST are accumulation funds based on defined employer contributions. The benefits are assessed on the amount of the employer contributions, plus interest and less administration charges accumulated while the employee remains a member of the respective fund.

**Note 30 Average Staffing Level**

Average staffing levels by Program and in total were as follows

	1996-97	1995-96
	Number	Number
Program 1 - Legal Services to the Commonwealth	1 269	1 298
Program 2 - Business Affairs	287	270
Program 3 - Community Affairs	76	70
Program 4 - Administration of Justice	239	234
Program 6 - Maintenance of Law, Order and Security	<u>1 085</u>	<u>986</u>
Total	2 956	2 858

**Note 31 Proposed Restructure**

As a result of a review of the activities of the Legal Practice, the Government has proposed to split the commercial and budget-funded elements of the Practice. In accordance with the review, the commercial elements of the Practice will become a separate sub-program on 1 July 1997, known as the Australian Government Solicitor (AGS). The AGS will remain in the Attorney-General's portfolio and will be subject to competitive neutrality principles. The budget-funded elements of the Practice will be transferred to the Attorney-General's Department with a corresponding transfer of assets and liabilities.

As a result of a review of the activities of Auscript, a commercial court reporting service, the Government has decided to sell Auscript. The Department of Asset Sales is currently pursuing the sale process.

**Note 32 Events Occurring After Balance Date**

There is no significant event occurring after balance date which warrants disclosure, or has to be brought to account in the financial statements.



## INDEPENDENT AUDIT REPORT

To the Attorney-General

### Scope

I have audited the financial statements of Auscript - Commonwealth Reporting Service Trust Account for the year ended 30 June 1997. The statements comprise:

- Statement by the Acting Departmental Secretary and General Manager
- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies, and
- Notes to and forming part of the Financial Statements.

The Acting Departmental Secretary and General Manager are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you, the Attorney-General.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with my understanding of the entity's financial position, 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 accordance with sub-section 41D(2A) of the *Audit Act 1901*, I now report that the financial statements are in agreement with the accounts and records of Auscript - Commonwealth Reporting Service Trust Account, and in my opinion:

- (i) the statements are based on proper accounts and records
- (ii) the statements show fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Auscript - Commonwealth Reporting Service Trust Account as at 30 June 1997 and the results of its operations and its cash flows for the year then ended, and
- (iii) the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.

### **Emphasis of Matter in Respect of the Sale of Auscript**

Without qualification to the opinion expressed above, attention is drawn to the following matter. Note 24 to the financial statements refers to issues in respect of the valuation and classification of certain assets and liabilities recorded in the financial statements. As the outcome of the proposed sale of Auscript cannot be determined at this time, significant uncertainty exists at balance date in respect of the valuation of assets and liabilities and their classification as current or non-current.



W. G. Nelson  
Acting Auditor-General

Canberra  
8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST  
ACCOUNT

STATEMENT BY DEPARTMENTAL SECRETARY AND PRINCIPAL  
OFFICER

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In our opinion, the accompanying financial statements present fairly the information required by the *Minister for Finance Guidelines on Financial Statements of Commonwealth Authorities*.



Norman S Reburn  
Acting Secretary



Grahame Reynolds  
General Manager  
Auscript

8 October 1997

AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST ACCOUNT  
**PROFIT AND LOSS STATEMENT**  
*for the year ended 30 June 1997*

	Notes	1996-97 \$	1995-96 \$
<b>OPERATING REVENUES</b>			
Sales of goods and services	2	16 209 867	16 600 027
Resources received free of charge	19	Nil	198 229
Net gain on the disposal of non-current assets		Nil	900
Other income		<u>27 078</u>	<u>8 026</u>
<b>Total operating revenues</b>		<b>16 236 945</b>	<b>16 807 182</b>
<b>OPERATING EXPENSES</b>			
Production expenses	3	10 626 509	11 935 446
Administration expenses	4	<u>5 150 200</u>	<u>6 615 895</u>
<b>Total operating expenses</b>	5	<b>15 776 709</b>	<b>18 551 341</b>
<b>Operating profit/(loss)</b>		<b>460 236</b>	<b>(1 744 159)</b>
<b>EQUITY INTERESTS</b>			
Accumulated profit at beginning of reporting period		<u>935 621</u>	<u>2 679 780</u>
<b>Accumulated profit at end of reporting period</b>		<b><u>1 395 857</u></b>	<b><u>935 621</u></b>

AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST ACCOUNT  
BALANCE SHEET  
as at 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>CURRENT ASSETS</b>			
Cash	6	2 281 041	1 075 100
Receivables	7	1 800 122	2 205 334
Inventories	8	123 084	124 006
Other	9	<u>291 123</u>	<u>275 470</u>
<b>Total current assets</b>		<b>4 495 370</b>	<b>3 679 910</b>
<b>NON-CURRENT ASSETS</b>			
Investment	10	Nil	8 749
Plant and equipment	11	<u>1 137 891</u>	<u>1 387 010</u>
<b>Total non-current assets</b>		<b>1 137 891</b>	<b>1 395 759</b>
<b>Total assets</b>		<b>5 633 261</b>	<b>5 075 669</b>
<b>CURRENT LIABILITIES</b>			
Payables	14	1 487 713	1 189 053
Borrowings	13	1 293 000	431 000
Provisions	12	<u>457 389</u>	<u>499 225</u>
<b>Total current liabilities</b>		<b>3 238 102</b>	<b>2 119 278</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	Nil	862 000
Provisions	12	<u>999 302</u>	<u>1 158 770</u>
<b>Total non-current liabilities</b>		<b>999 302</b>	<b>2 020 770</b>
<b>Total liabilities</b>		<b>4 237 404</b>	<b>4 140 048</b>
<b>Net assets</b>		<b>1 395 857</b>	<b>935 621</b>
<b>EQUITY</b>			
Accumulated profit		<u>1 395 857</u>	<u>935 621</u>
<b>Total equity</b>		<b>1 395 857</b>	<b>935 621</b>

AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST ACCOUNT  
 STATEMENT OF CASH FLOWS  
 for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>OPERATING ACTIVITIES</b>			
Inflows			
Sales of goods and services		16 568 899	16 659 298
Outflows			
Payments to employees		(10 279 626)	(11 414 575)
Payments to suppliers		<u>(4 911 044)</u>	<u>(5 841 359)</u>
Net cash provided/(used) by operating activities	17	<u>1 378 229</u>	<u>( 596 636)</u>
<b>INVESTING ACTIVITIES</b>			
Inflows			
Proceeds from disposal of property, plant and equipment		19 600	5 200
Outflows			
Payment for acquisition of property, plant and equipment		<u>( 191 888)</u>	<u>(1 035 227)</u>
Net cash flow used by investing activities		<u>( 172 288)</u>	<u>(1 030 027)</u>
<b>FINANCING ACTIVITIES</b>			
Inflows			
Commonwealth loan		<u>Nil</u>	<u>750 000</u>
Net cash flow provided by financing activities		<u>Nil</u>	<u>750 000</u>
Net increase/(decrease) in cash held		<u>1 205 941</u>	<u>( 876 663)</u>
Cash at the beginning of the reporting period		1 075 100	1 951 763
Cash at the end of the reporting period	6	<u>2 281 041</u>	<u>1 075 100</u>

AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST ACCOUNT  
 SCHEDULE OF COMMITMENTS

as at 30 June 1997

	1996-97	1995-96
	\$	\$
<b>BY TYPE</b>		
CAPITAL COMMITMENTS	<u>Nil</u>	<u>Nil</u>
OTHER COMMITMENTS		
Operating leases	<u>1 736 030</u>	<u>2 918 185</u>
<b>Total commitments payable</b>	<u><u>1 736 030</u></u>	<u><u>2 918 185</u></u>
COMMITMENTS RECEIVABLE	<u>( 198 506)</u>	<u>( 259 807)</u>
<b>Net commitments</b>	<u><u>1 537 524</u></u>	<u><u>2 658 378</u></u>
<b>BY MATURITY</b>		
One year or less	598 537	569 388
From one to two years	572 694	828 432
From two to five years	<u>366 293</u>	<u>1 260 558</u>
<b>Net commitments</b>	<u><u>1 537 524</u></u>	<u><u>2 658 378</u></u>

AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST ACCOUNT  
 SCHEDULE OF CONTINGENCIES

*as at 30 June 1997*

	1996-97	1995-96
	\$	\$
CONTINGENT LOSSES	Nil	Nil
CONTINGENT GAINS	Nil	Nil

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

If Auscript is sold then a liability may arise for the payment of redundancy pay in accordance with normal Government practice. This cost has not been included in these accounts as it cannot be reliably measured. An amount of \$4.273 million was appropriated to the Attorney-General's Department for this purpose. All the other liabilities to staff at 30 June 1997 have been included in these accounts.

A further amount of \$0.408 million has been appropriated to the Attorney-General's Department which is estimated to cover any rental commitment unrecoverable by sub-letting as a result of the sale should it be required.

ATTORNEY-GENERAL'S DEPARTMENT  
AUSCRIPT - COMMONWEALTH REPORTING SERVICE TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Sales of Goods and Services
3	Production Expenses
4	Administration Expenses
5	Operating Expenses
6	Cash
7	Receivables
8	Inventories
9	Current Assets - Other
10	Investment
11	Plant and Equipment
12	Provisions
13	Borrowings
14	Payables
15	Remuneration of Auditors
16	Employee Superannuation
17	Cash Flow Reconciliation
18	Executive Remuneration
19	Resources Received and Provided Free of Charge
20	Related Party Transactions
21	Economic Dependency
22	Segment Reporting
23	Credit Facilities
24	Events Occurring After Balance Date

**Note 1 Summary of Significant Accounting Policies**

(A) Basis of accounting

The financial statements are a general purpose financial report.

They have been prepared in accordance with

- Guidelines for *Financial Statements of Commonwealth Authorities* issued by the Minister for Finance in Jul 1997 the *Guidelines* which require that the financial statements are prepared
- in compliance with Australian Accounting Standards and Accounting Guidance Releases issued by the Australian Accounting Research Foundation, and
- having regard to Statements of Accounting Concepts, and
- the Consensus Views of the Urgent Issues Group.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

All figures are denoted in Australian dollars unless otherwise stated.

(B) Capitalisation of Assets

Property, Plant and Equipment

Asset purchases, including computer software, in excess of \$2 000 are capitalised in the year of acquisition.

Depreciation and Amortisation

Property, plant and equipment are depreciated over their estimated useful lives using the straight line method. Leasehold improvements are capitalised and amortised over the expected occupancy period.

(C) Inventories

Costs have been assigned to inventories at balance date using the first-in first-out basis. Cost comprises material, labour and an appropriate proportion of administration costs. Inventory values are not carried in excess of net realisable values.

Work-in-progress has been valued at the lower of cost or net realisable value. Overheads directly related to production are included when calculating the cost of work-in-progress. Consumable stores and supplies are expensed when purchased and not included in inventory.

(D) Employee Entitlements

The provision for employee entitlements encompasses annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees is less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of the total leave entitlements of all employees at 30 June 1997 and is recognised at its nominal value.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 1997. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

(E) Superannuation

Contributions to employee superannuation funds are charged to expense as the contributions are paid.

(F) Taxation

Auscript is exempt from income tax but is required to pay fringe benefits tax. Auscript (Asia) Pte Ltd was, when part owned, in a tax loss position and as such was not liable to taxation under Singapore tax legislation.

(G) Insurance

In accordance with Government policy, assets are not insured. Losses are expensed as incurred.

(H) Bad Debts

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at year end. Bad debts which occur during the year are written off when identified.

(I) Associated Company

The investment in Auscript (Asia) Pte Ltd has been disposed of and all losses taken into account in 1997.

(J) Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and trust fund accounts with the Department of Finance.

(K) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

	1996-97	1995-96
	\$	\$
<b>Note 2 Sales of Goods and Services</b>		
Transcription	9 026 305	10 102 877
Monitoring	3 630 393	3 809 477
Technical projects, voice recognition systems and other	<u>3 553 169</u>	<u>2 687 673</u>
<b>Total sales of goods and services</b>	<u><u>16 209 867</u></u>	<u><u>16 600 027</u></u>
<b>Note 3 Production Expenses</b>		
Employee-related expenses	6 411 146	7 280 445
Employee entitlement provisions	40 304	108 402
Superannuation contribution	784 252	763 079
Rental and outgoings	518 086	971 047
Cost of technical equipment sold	1 982 774	1 927 101
Depreciation	137 101	187 748
Other	<u>752 846</u>	<u>697 624</u>
<b>Total production expenses</b>	<u><u>10 626 509</u></u>	<u><u>11 935 446</u></u>

	1996-97 \$	1995-96 \$
<b>Note 4 Administration Expenses</b>		
Employee-related expenses	2 377 847	2 746 694
Employee entitlement provisions	89 293	145 037
Superannuation contribution	390 430	436 457
Rental and outgoings	457 345	708 077
Depreciation	257 269	314 785
Provision for doubtful debts	31 110	9 703
Bad debts	64 200	26 861
Audit/legal fees	100 472	101 897
Loss on disposal of fixed assets	35 790	10 457
Interest expense	113 684	37 960
Other	<u>1 232 760</u>	<u>2 077 967</u>
<b>Total administration expenses</b>	<u><u>5 150 200</u></u>	<u><u>6 615 895</u></u>

#### Note 5 Operating Expenses

Included in production and administration expenses above are the following amounts

Employee expenses		
Employees remuneration	10 059 500	11 287 528
Separation and redundancy	<u>33 772</u>	<u>192 586</u>
<b>Total employee expenses</b>	<u>10 093 272</u>	<u>11 480 114</u>
Suppliers expenses		
Supply of goods and services	4 302 824	5 459 593
Operating lease rentals	<u>836 769</u>	<u>1 060 684</u>
<b>Total suppliers expenses</b>	<u>5 139 593</u>	<u>6 520 277</u>
Depreciation and amortisation	<u>394 370</u>	<u>502 533</u>
Net loss on disposal of assets	<u>35 790</u>	<u>10 457</u>
Interest on Commonwealth loan	<u>113 684</u>	<u>37 960</u>
<b>Total operating expenses</b>	<u><u>15 776 709</u></u>	<u><u>18 551 341</u></u>

#### Note 6 Cash

Cash on hand	11 745	11 157
Collector's receipts	928 269	568 394
Advance account	80 097	104 006
Trust fund accounts with the Department of Finance	<u>1 260 930</u>	<u>391 543</u>
<b>Total cash</b>	<u><u>2 281 041</u></u>	<u><u>1 075 100</u></u>

	1996-97	1995-96
	\$	\$
<b>Note 7 Receivables</b>		
Trade debtors		
Government departments	896 334	1 127 094
Other	<u>1 024 311</u>	<u>1 174 271</u>
<b>Total trade debtors*</b>	<u>1 920 645</u>	<u>2 301 365</u>
Less provision for doubtful debts	<u>120 523</u>	<u>96 031</u>
<b>Net receivables</b>	<u><u>1 800 122</u></u>	<u><u>2 205 334</u></u>
* Includes trade debtors overdue for payment as follows		
Less than 30 days	475 423	438 487
30 to 60 days	92 554	294 993
Over 60 days	227 920	360 699
<b>Note 8 Inventories</b>		
Materials and stores held for resale	113 484	130 309
Work-in-progress (WiP) held for resale	<u>150 517</u>	<u>137 919</u>
<b>Total inventories</b>	<u>264 001</u>	<u>268 228</u>
Less provision for stock & WiP write down	<u>140 917</u>	<u>144 222</u>
<b>Net inventories</b>	<u><u>123 084</u></u>	<u><u>124 006</u></u>
<b>Note 9 Current Assets - Other</b>		
Prepayments	196 790	211 153
Other	<u>94 333</u>	<u>64 317</u>
<b>Total current assets - other</b>	<u><u>291 123</u></u>	<u><u>275 470</u></u>
<b>Note 10 Investment</b>		
50% share investment in Auscript (Asia) Pte Ltd	<u>Nil</u>	<u>8 749</u>
Original cost	<u><u>Nil</u></u>	<u><u>8 749</u></u>

	1996-97	1995-96
	\$	\$
<b>Note 11 Plant and Equipment</b>		
Leasehold improvements - at valuation*	225 429	297 000
Less accumulated depreciation	<u>214 352</u>	<u>258 200</u>
	11 077	38 800
Office machinery & equipment - at cost	269 211	287 955
Less accumulated depreciation	<u>218 486</u>	<u>203 589</u>
	50 725	84 366
Furniture & fittings - at cost	764 615	757 735
Less accumulated depreciation	<u>192 557</u>	<u>87 849</u>
	572 058	669 886
Computer (including software) - at cost	1 527 480	1 542 105
Less accumulated depreciation	<u>1 256 112</u>	<u>1 136 903</u>
	271 368	405 202
Audio equipment - at cost	435 138	320 944
Less accumulated depreciation	<u>285 593</u>	<u>240 635</u>
	149 545	80 309
Technical equipment - at cost	149 375	145 265
Less accumulated depreciation	<u>66 257</u>	<u>36 818</u>
	<u>83 118</u>	<u>108 447</u>
<b>Total plant and equipment</b>	<u><u>1 137 891</u></u>	<u><u>1 387 010</u></u>

\* Based on valuation by Australian Valuation Office in June 1994

**Movement summary 1996-97 for all assets irrespective of valuation basis**

	Plant and Equipment
	\$
Gross value at 1 July 1996	3 351 004
Additions	191 889
Disposals	<u>( 171 645)</u>
<b>Gross value at 30 June 1997</b>	<u>3 371 248</u>
Accumulated depreciation as at 1 July 1996	1 963 994
Depreciation charge for assets held 1 July 1996	371 035
Depreciation charge for additions	23 335
Adjustment for disposals	<u>( 125 007)</u>
<b>Accumulated depreciation as at 30 June 1997</b>	<u>2 233 357</u>
<b>Net book value as at 30 June 1997</b>	<u><u>1 137 891</u></u>
Net book value as at 1 July 1996	<u><u>1 387 010</u></u>

	1996-97 \$	1995-96 \$
<b>Note 12 Provisions</b>		
Provisions for employee entitlements		
Current		
Annual leave	220 356	254 889
Long service leave	237 033	83 030
Redundancy	<u>Nil</u>	<u>161 306</u>
<b>Total current provisions</b>	<u><u>457 389</u></u>	<u><u>499 225</u></u>
Non-current		
Annual leave	173 574	141 242
Long service leave	<u>825 728</u>	<u>1 017 528</u>
<b>Total non-current provisions</b>	<u><u>999 302</u></u>	<u><u>1 158 770</u></u>
Accrued salaries	<u>268 516</u>	<u>260 678</u>
<b>Aggregate employee entitlement liabilities including accrued salaries</b>	<u><u>1 725 207</u></u>	<u><u>1 918 673</u></u>

**Note 13 Borrowings**

Loan from the Commonwealth		
Current	1 293 000	431 000
Non-current	<u>Nil</u>	<u>862 000</u>
<b>Total borrowings</b>	<u><u>1 293 000</u></u>	<u><u>1 293 000</u></u>

The above amounts are expected to be repaid as part of the sale of Auscript in 1997-98.

**Note 14 Payables**

Suppliers		
Trade Creditors	1 156 155	841 787
Other		
Prepayments received	164 633	294 025
Interest payable	<u>166 925</u>	<u>53 241</u>
<b>Total payables</b>	<u><u>1 487 713</u></u>	<u><u>1 189 053</u></u>

**Note 15 Remuneration of Auditors**

Cost of the audit of the financial statements for the year ended 30 June 1997 is \$55 000 and for 1995-96 was \$72 000.

	1996-97	1995-96
	\$	\$
<b>Note 16 Employee Superannuation</b>		
Auscript's superannuation contributions were as follows		
Commonwealth Superannuation Scheme	962 749	778 883
Australian Government Employee Superannuation Trust	<u>211 933</u>	<u>420 653</u>
	<u><u>1 174 682</u></u>	<u><u>1 199 536</u></u>

**Note 17 Cash Flow Reconciliation**

Reconciliation of net cash provided/(used) by operating activities to operating result

Net cash from/(used by) operating activities	1 378 229	( 596 636)
Depreciation	( 394 370)	( 502 533)
Loss on disposal of fixed assets	( 35 790)	( 9 557)
Increase/(decrease) in trade debts and net receivables	( 350 704)	15 517
Increase/(decrease) in prepayments	( 14 363)	182
Decrease in stock and WiP	( 4 227)	( 243 725)
Increase in payables	( 298 660)	( 176 019)
(Increase)/decrease in employee-related provisions	201 308	( 152 713)
Increase in doubtful debt provisions	( 24 492)	( 9 703)
(Increase)/decrease in provision for redundant stock & WiP	<u>3 305</u>	<u>( 68 972)</u>
<b>Operating profit/(loss)</b>	<u><u>460 236</u></u>	<u><u>(1 744 159)</u></u>

**Note 18 Executive Remuneration**

Income received or due and receivable by executives is shown below in the relevant income bands

	1996-97	1995-96
\$100 000 to \$110 000	1	Nil
\$120 000 to \$130 000	Nil	1

**Note 19 Resources Received and Provided Free of Charge**

The following transactions have not been included in the accounts as they could not be reliably measured.

Services received free of charge

- Department of Finance - provision of financial advice; and
- Attorney-General's Department - provision of personnel services and internal auditing services.

The following resources were provided free of charge

- Archiving services to some federal courts and tribunals; and
- provision of transcript to the National Library and inquiries from the public.

**Note 20 Related Party Transactions**

The shareholding in Auscript (Asia) Pte Ltd has been disposed of and all residual liabilities have been taken into account in 1997.

**Note 21 Economic Dependency**

Auscript provides transcription and monitoring services with the main clients being Commonwealth courts and tribunals.

Since July 1993 Federal jurisdictions have been free to use alternative providers for their recording and transcription requirements and therefore Auscript does not have a guaranteed client base. It is noted, however, that revenue from no single client is significant enough to consider Auscript economically dependent on that client.

Auscript has received no Parliamentary Appropriations during 1996-97. The Government has decided Auscript will be sold and the Department of Asset Sales is currently pursuing the sale process.

**Note 22 Segment Reporting**

The activities of Auscript are based on providing a transcription and monitoring service to courts and tribunals within Australia. Additional activities are conducted in voice recognition and the developing and installation of digital court recording systems. Auscript (Asia) Pte Ltd, whose operations were considered to be immaterial to Auscript, has now been disposed of. All operations are now conducted within Australia so no segment reporting is considered necessary.

**Note 23 Credit Facilities**

Auscript maintains corporate credit card facilities with a total line of credit of \$295 500 as at 30 June 1997. In addition, loans totalling \$1 293 000 were appropriated by the Commonwealth in earlier years and have not been repaid.

**Note 24 Events Occurring After Balance Date**

In the 13 May 1997 Budget the Government announced its intention to sell Auscript and to that end has commissioned the Department of Asset Sales to carry out the process. The Department of Asset Sales has called for expressions of interest in obtaining the detailed documentation regarding the sale.

The sale of Auscript may affect the value and classification of certain assets and liabilities currently recorded in the financial statements. As the impact cannot be measured at this time, significant uncertainty exists at balance date as to the value and classification of those assets and liabilities.



## INDEPENDENT AUDIT REPORT

To the Attorney-General

### Scope

I have audited the financial statements of the Australian Protective Service for the year ended 30 June 1997. The statements comprise:

- Statement by the Acting Departmental Secretary and the Director
- Balance Sheet
- Profit and Loss Statement
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies, and
- Notes to and forming part of the Financial Statements.

The Acting Departmental Secretary and Director are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you the Attorney-General.

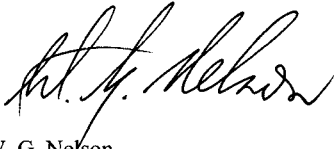
The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with my understanding of the entity's financial position, 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 accordance with sub-section 41D(2A) of the *Audit Act 1901*, I now report that the financial statements are in agreement with the accounts and records of the Australian Protective Service, and in my opinion:

- (i) the statements are based on proper accounts and records;
- (ii) the statements show fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Australian Protective Service as at 30 June 1997 and the results of its operations and its cash flows for the year then ended, and
- (iii) the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.



W. G. Nelson  
Acting Auditor-General


Canberra  
8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT

STATEMENT BY DEPARTMENTAL SECRETARY AND PRINCIPAL  
OFFICER

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In our opinion, the accompanying financial statements present fairly the information required by the *Minister for Finance Guidelines on Financial Statements of Commonwealth Authorities*.



Norman S Reaburn  
Acting Secretary



Trevor J Robertson  
Director  
Australian Protective Service

8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
 PROFIT AND LOSS STATEMENT  
 for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
OPERATING REVENUES (BEFORE ABNORMAL ITEMS)			
Sales	2, 18	76 328 218	80 353 338
Interest	2	746 481	940 533
Other	2	107 774	55 555
<b>Total operating revenues (before abnormal items)</b>		<u>77 182 473</u>	<u>81 349 426</u>
OPERATING EXPENSES (BEFORE ABNORMAL ITEMS)	3		
Employees		61 533 240	63 861 962
Suppliers		16 193 968	17 189 298
Depreciation		602 987	594 608
Write-down of assets		12 341	3 142
Net losses from sale of assets		44 142	3 064
<b>Total operating expense (before abnormal items)</b>		<u>78 386 678</u>	<u>81 652 074</u>
<b>Operating loss (before abnormal items)</b>	18	(1 204 205)	(302 648)
Abnormal items	4	<u>(2 305 924)</u>	<u>(1 586 386)</u>
<b>Operating loss (after abnormal items)</b>		(3 510 129)	(1 889 034)
Accumulated (loss)/profits at beginning of reporting period		<u>(2 045 904)</u>	<u>1 281 196</u>
<b>Total available for appropriation</b>		(5 556 033)	(607 838)
Dividends provided for and dividends paid		Nil	(1 496 000)
Aggregate of amounts transferred (to)/from reserves		<u>(99 996)</u>	<u>57 934</u>
<b>Accumulated loss at end of reporting period</b>		<u><u>(5 656 029)</u></u>	<u><u>(2 045 904)</u></u>

The accompanying notes form an integral part of these financial statements.

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
 BALANCE SHEET  
*as at 30 June 1997*

	Notes	1996-97 \$	1995-96 \$
<b>CURRENT ASSETS</b>			
Cash	5	6 823 372	3 997 593
Receivables	6	7 516 796	9 282 279
Inventories	7	694 309	809 753
Other	8	<u>177 829</u>	<u>225 140</u>
<b>Total current assets</b>		<b>15 212 306</b>	<b>14 314 765</b>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	9	1 049 836	1 511 038
Infrastructure, plant and equipment		<u>1 675 634</u>	<u>2 057 612</u>
<b>Total non-current assets</b>		<b>2 725 470</b>	<b>3 568 650</b>
<b>Total assets</b>		<b>17 937 776</b>	<b>17 883 415</b>
<b>CURRENT LIABILITIES</b>			
Provisions and payables	10	<u>13 184 374</u>	<u>10 683 588</u>
<b>Total current liabilities</b>		<b>13 184 374</b>	<b>10 683 588</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions and payables	10	<u>6 190 704</u>	<u>5 127 000</u>
<b>Total non-current liabilities</b>		<b>6 190 704</b>	<b>5 127 000</b>
<b>Total liabilities</b>		<b>19 375 078</b>	<b>15 810 588</b>
<b>Net assets</b>		<b>(1 437 302)</b>	<b>2 072 827</b>
<b>EQUITY</b>			
Capital	12	3 872 055	3 872 055
Reserves		346 672	246 676
Accumulated loss		<u>(5 656 029)</u>	<u>(2 045 904)</u>
<b>Total equity</b>		<b>(1 437 302)</b>	<b>2 072 827</b>

The accompanying notes form an integral part of these financial statements.

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
 STATEMENT OF CASH FLOWS  
 for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>OPERATING ACTIVITIES</b>			
Cash received			
Sales of goods and services		<u>80 058 473</u>	<u>76 682 835</u>
<b>Total cash received</b>		<u>80 058 473</u>	<u>76 682 835</u>
Cash used			
Suppliers		<u>15 929 404</u>	<u>16 042 740</u>
Employees		<u>61 629 876</u>	<u>63 919 022</u>
<b>Total cash used</b>		<u>77 559 280</u>	<u>79 961 762</u>
<b>Net cash from operating activities</b>	11	<u><u>2 499 193</u></u>	<u><u>(3 278 927)</u></u>
<b>INVESTING ACTIVITIES</b>			
Cash received			
Proceeds from sale of property, plant and equipment		<u>459 974</u>	<u>185 604</u>
<b>Total cash received</b>		<u>459 974</u>	<u>185 604</u>
Cash used			
Purchase of property, plant and equipment		<u>133 388</u>	<u>547 430</u>
<b>Total cash used</b>		<u>133 388</u>	<u>547 430</u>
<b>Net cash from investing activities</b>		<u><u>326 586</u></u>	<u><u>(361 826)</u></u>
<b>FINANCING ACTIVITIES</b>			
Cash used			
Dividends paid		<u>Nil</u>	<u>846 000</u>
<b>Total cash used</b>		<u>Nil</u>	<u>846 000</u>
<b>Net cash from financing activities</b>		<u><u>Nil</u></u>	<u><u>(846 000)</u></u>
<b>Net increase/(decrease) in cash held</b>		<u><u>2 825 779</u></u>	<u><u>(4 486 753)</u></u>
Add cash at 1 July 1996		<u>3 997 593</u>	<u>8 484 346</u>
<b>Cash at 30 June 1997</b>	5	<u><u>6 823 372</u></u>	<u><u>3 997 593</u></u>

The accompanying notes form an integral part of these financial statements.

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
 SCHEDULE OF COMMITMENTS  
*as at 30 June 1997*

	1996-97 \$	1995-96 \$
<b>BY TYPE</b>		
OTHER COMMITMENTS		
Operating leases	<u>2 712 563</u>	<u>1 466 595</u>
<b>Total other commitments</b>	<u>2 712 563</u>	<u>1 466 595</u>
<b>Total payable commitments</b>	<u><u>2 712 563</u></u>	<u><u>1 466 595</u></u>
COMMITMENTS RECEIVABLE	<u>Nil</u>	<u>Nil</u>
<b>Net commitments</b>	<u><u>2 712 563</u></u>	<u><u>1 466 595</u></u>
<b>BY MATURITY</b>		
One year or less	283 050	366 427
From one to two years	283 050	336 235
From two to five years	849 150	763 933
Over five years	<u>1 297 313</u>	<u>Nil</u>
<b>Net commitments</b>	<u><u>2 712 563</u></u>	<u><u>1 466 595</u></u>
Rental expenses	1 055 508	1 528 703

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
 SCHEDULE OF CONTINGENCIES

*as at 30 June 1997*

	1996-97	1995-96
	\$	\$
CONTINGENT LOSSES		
Separation and redundancy *	2 355 000	Nil
Claims for damages/costs	269 530	Nil
Other	<u>80 000</u>	<u>Nil</u>
<b>Total contingent losses</b>	<b>2 704 530</b>	<b>Nil</b>
CONTINGENT GAINS	<u>Nil</u>	<u>Nil</u>
<b>Net contingencies</b>	<b>(2 704 530)</b>	<b>Nil</b>

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 1997, the Australian Protective Service was not aware of any unquantifiable contingent losses or gains.

\* This is related to the closure of all operations at the Immigration Detention Centres.

ATTORNEY-GENERAL'S DEPARTMENT  
AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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Note	Description
1	Summary of Significant Accounting Policies
2	Operating Revenue
3	Operating Expenses
4	Abnormal Items
5	Cash
6	Receivables
7	Inventories
8	Other Current Assets
9	Land and Buildings, and Infrastructure, Plant and Equipment
10	Provisions and Payables
11	Reconciliation of Cashflow
12	Equity
13	Remuneration of Auditors
14	Superannuation
15	Remuneration of Officers
16	Related Party Transactions
17	Resources Received Free of Charge
18	Economic Dependency and Restructure
19	Events Occurring After Balance Date

ATTORNEY-GENERAL'S DEPARTMENT  
AUSTRALIAN PROTECTIVE SERVICE TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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**Note 1 Summary of Significant Accounting Policies**

**a Basis of Accounting**

The financial statements are a general purpose financial report and have been prepared in accordance with

- Guidelines entitled *Financial Statements of Commonwealth Authorities* issued by the Minister for Finance in July 1997 (the *Guidelines*) which require that the financial statements are prepared
  - in compliance with Australian Accounting Standards and Accounting Guidance Releases issued by the Australian Accounting Research Foundation, and
  - having regard to Statements of Accounting Concept, and
- the Consensus View of the Urgent Issues Group.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or on the financial position.

**b Property, Plant and Equipment**

Capitalisation Policy

On 1 July 1991 an accounting policy was adopted whereby the threshold for the capitalisation of non-current assets was set at \$2 000.

Revaluation

Property, plant and equipment are revalued by the Australian Valuation Office. Independent valuations are obtained of the fair market value of land and buildings based on existing use.

Property, plant and equipment was revalued in the 1994-95 financial year in accordance with Australian Accounting Standard 29, Financial Reporting by Government Departments, and deprival valuation methodology.

The Australian Protective Service is implementing its progressive revaluations as follows

- all freehold land and buildings will be revalued in the 1997-98 financial year. For 1996-97, the carrying amounts of these assets are based on a June 1995 valuation.

- other infrastructure, plant and equipment will be initially revalued over the 1997-98 and 1998-99 financial years, and thereafter over successive three-year periods.

Revaluation increments are credited directly to the asset revaluation reserve whereas revaluation decrements are recognised as an expense in the Profit and Loss Statement. To the extent that a revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of an asset revaluation reserve in respect of that same class of assets, it shall be debited directly to that revaluation reserve.

Revaluations do not result in the carrying value of land or buildings exceeding the net amount expected to be recovered through the net cash inflows arising from their continued use and subsequent disposal.

Where the carrying amount of an individual non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount.

**c Depreciation**

Depreciation is provided on a straight line basis for all property, plant and equipment (except land) at rates calculated to allocate the cost of those assets over their estimated useful lives.

**d Receivables**

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at year end. Bad debts are written off during the year in which they are identified.

**e Inventories**

Stock held in store is valued at lower of cost or net realisable value using the first-in first-out method.

**f Employee Entitlements**

Provision is made for employees' long service leave and recreation leave entitlements. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees is less than the annual entitlement for sick leave.

Long Service Leave

In accordance with Australian Accounting Standard 30, Accounting for Employee Entitlements, the Australian Protective Service has calculated the long service leave entitlements on a present value basis of employees as at 30 June 1997. The Australian Protective Service has adopted the calculation in accordance with the Guidance Release for Departmental Financial Statements - Employee Entitlements issued by the Department of Finance.

Recreation Leave

Recreation leave is provided for those employees who have an entitlement at balance date.

## Redundancy

Provision is also made for redundancy payments in circumstances where the positions have been formally identified as excess and a reliable estimate of the amount of the payments can be determined.

### **g Taxation**

The Australian Protective Service is not subject to income tax. Fringe Benefits Tax is expensed and included in the determination of operating profit.

### **h Capital**

The Memorandum of Understanding between the Australian Protective Service and the Department of Finance, which sets out the main operating principles for the Australian Protective Service from 1 July 1994, was signed on 29 June 1995.

### **i Dividend**

The Memorandum of Understanding specifies that dividend payment is based on profitability with recognition of the requirement to retain funds for business purposes and the overall budgetary position.

### **j Insurance**

In accordance with Government policy, assets are not insured and losses are expensed as they are incurred.

### **k Statement of Cash Flows**

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank, cash in transit and the Trust Fund Account with the Department of Finance.

### **l Bad and Doubtful Debts**

Bad debts are written off to expense based on a review of all outstanding receivables at year end.

### **m Segment Reporting**

The Australian Protective Service operates primarily in the guarding and custodial service industry within Australia.

### **n Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

### **o Rounding**

Amounts are rounded to the nearest dollar.

	1996-97	1995-96
	\$	\$
<b>Note 2 Operating Revenue</b>		
Sales		
Sale of services	<u>76 328 218</u>	<u>80 353 338</u>
Interest		
Trust Fund Account with Department of Finance	<u>746 481</u>	<u>940 533</u>
Other		
Gains from sale of land and buildings	48 185	8 589
Gains from sale of infrastructure, plant and equipment	69	5 038
Miscellaneous	<u>59 520</u>	<u>41 928</u>
<b>Total other</b>	<u>107 774</u>	<u>55 555</u>
<b>Total operating revenue</b>	<u><u>77 182 473</u></u>	<u><u>81 349 426</u></u>

**Note 3 Operating Expenses**

Employee expenses		
Remuneration	61 533 240	63 861 962
Separation and redundancy - abnormal expense	<u>930 275</u>	<u>336 976</u>
<b>Total employee expenses</b>	<u>62 463 515</u>	<u>64 198 938</u>
Suppliers expenses		
Supply of goods and services	15 138 460	15 660 595
Operating lease rentals	<u>1 055 508</u>	<u>1 528 703</u>
<b>Total suppliers expenses</b>	<u>16 193 968</u>	<u>17 189 298</u>
Depreciation	<u>602 987</u>	<u>594 608</u>
Write down of assets		
Receivables for goods and services	<u>12 341</u>	<u>3 142</u>
Net losses from sales of assets	<u>44 142</u>	<u>3 064</u>
<b>Total operating expenses (before abnormal items)</b>	<u><u>78 386 678</u></u>	<u><u>81 652 074</u></u>

	1996-97	1995-96
	\$	\$
<b>Note 4 Abnormal Items</b>		
Included in the operating loss are the following abnormal items		
Items credited		
Obsolete stock written back	Nil	164 928
Effect on reassessment of asset useful life	93 213	Nil
	<u>93 213</u>	<u>164 928</u>
Items charged		
Adjustment to 1994-95 employee expenses	Nil	831 049
Redundancy payments	930 274	336 976
Comcare premium	355 222	Nil
Employee entitlements	151 384	263 289
Adjustment to 1995-96 sales	65 379	Nil
Effect on accounting for surplus leased space	896 878	Nil
Legal settlement	Nil	320 000
	<u>2 399 137</u>	<u>1 751 314</u>
<b>Net abnormal items</b>	<u><u>(2 305 924)</u></u>	<u><u>(1 586 386)</u></u>

**Note 5 Cash**

Trust Fund Account with the Department of Finance	5 172 674	3 915 392
Cash in transit	1 610 812	Nil
Cash at bank and on hand	39 886	82 201
	<u>6 823 372</u>	<u>3 997 593</u>
<b>Total cash</b>	<u><u>6 823 372</u></u>	<u><u>3 997 593</u></u>

**Note 6 Receivables**

Goods and services	6 538 944	9 046 195
Less provision for doubtful debts	12 341	Nil
Interest	990 193	236 084
	<u>7 516 796</u>	<u>9 282 279</u>
<b>Net receivables</b>	<u><u>7 516 796</u></u>	<u><u>9 282 279</u></u>

Receivables includes receivables overdue by

Less than 30 days	1 232 976	1 761 382
30 to 60 days	697 147	209 949
More than 60 days	52 277	41 865
	<u>1 982 400</u>	<u>2 013 196</u>
<b>Total overdue</b>	<u><u>1 982 400</u></u>	<u><u>2 013 196</u></u>

	1996-97	1995-96
	\$	\$
<b>Note 7 Inventories</b>		
Inventories not held for sale	785 879	809 753
Less provision for obsolete stock	<u>91 570</u>	<u>Nil</u>
<b>Total inventories</b>	<b><u>694 309</u></b>	<b><u>809 753</u></b>

**Note 8 Other Current Assets**

Prepayments paid	<u>177 829</u>	<u>225 140</u>
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**Note 9 Land and Buildings, and Infrastructure, Plant and Equipment**

(a) Movement summary 1996-97 for all assets irrespective of valuation basis

Item	Land	Buildings	Total land and buildings	Total infrastructure, plant and equipment	Total
Gross value at 1/7/96	481 000	1 084 000	1 565 000	5 253 131	6 818 131
Additions	Nil	Nil	Nil	121 224	121 224
Disposals	(120 000)	(319 000)	(439 000)	(215 595)	(654 595)
Adjustment	Nil	Nil	Nil	1 230	1 230
<b>Gross value as at 30/6/97</b>	<b>361 000</b>	<b>765 000</b>	<b>1 126 000</b>	<b>5 159 990</b>	<b>6 285 990</b>
Accumulated depreciation at 1/7/96	Nil	(53 962)	(53 962)	(3 195 519)	(3 249 481)
Depreciation for assets held 1/7/96	Nil	(49 735)	(49 735)	(546 099)	(595 834)
Adjustment for disposals	Nil	27 533	27 533	171 201	198 734
Depreciation charge for additions	Nil	Nil	Nil	(7 153)	(7 153)
Adjustment	Nil	Nil	Nil	93 214	93 214
<b>Accumulated depreciation as at 30/6/97</b>	<b>Nil</b>	<b>(76 164)</b>	<b>(76 164)</b>	<b>(3 484 356)</b>	<b>(3 560 520)</b>
<b>Net book value as at 30/6/97</b>	<b>361 000</b>	<b>688 836</b>	<b>1 049 836</b>	<b>1 675 634</b>	<b>2 725 470</b>
Net book value as at 1/7/96	481 000	1 030 038	1 511 038	2 057 612	3 568 650

(b) Summary of balances of assets at cost as at 30 June 1997

<b>As at 30/6/97</b>					
Gross value	Nil	Nil	Nil	1 930 790	1 930 790
Accumulated depreciation	Nil	Nil	Nil	(939 912)	(939 912)
<b>Net book value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>990 878</b>	<b>990 878</b>
<b>As at 30/6/96</b>					
Gross value	Nil	Nil	Nil	1 871 831	1 871 831
Accumulated depreciation	Nil	Nil	Nil	(685 258)	(685 258)
<b>Net book value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>1 186 573</b>	<b>1 186 573</b>

(c) Summary of balances of assets at valuation as at 30 June 1997

<b>As at 30/6/97</b>					
Gross value	361 000	765 000	1 126 000	3 229 200	4 355 200
Accumulated depreciation	Nil	(76 164)	(76 164)	(2 544 444)	(2 620 608)
<b>Net book value</b>	<b>361 000</b>	<b>688 836</b>	<b>1 049 836</b>	<b>684 756</b>	<b>1 734 592</b>
<b>As at 30/6/96</b>					
Gross value	481 000	1 084 000	1 565 000	3 381 300	4 946 300
Accumulated depreciation	Nil	(53 962)	(53 962)	(2 510 261)	(2 564 222)
<b>Net book value</b>	<b>481 000</b>	<b>1 030 038</b>	<b>1 511 038</b>	<b>871 039</b>	<b>2 382 077</b>

	1996-97	1995-96
	\$	\$
<b>Note 10 Provisions and Payables</b>		
CURRENT		
Suppliers		
Trade creditors	1 762 085	1 308 893
Operating lease rentals	<u>374 326</u>	<u>Nil</u>
Total suppliers	<u>2 136 411</u>	<u>1 308 893</u>
Other		
Prepayment received	<u>2 098 490</u>	<u>874 340</u>
Employees		
Salary and wages	2 494 627	1 583 913
Leave	6 384 192	6 860 801
Superannuation	<u>70 654</u>	<u>55 641</u>
Total employees	<u>8 949 473</u>	<u>8 500 355</u>
<b>Total current provisions and payables</b>	<b><u><u>13 184 374</u></u></b>	<b><u><u>10 683 588</u></u></b>
NON-CURRENT		
Employees		
Leave	<u>5 662 905</u>	<u>5 127 000</u>
Suppliers		
Trade creditors	<u>527 799</u>	<u>Nil</u>
<b>Total non-current provisions and payables</b>	<b><u><u>6 190 704</u></u></b>	<b><u><u>5 127 000</u></u></b>
<b>Note 11 Reconciliation of Cash Flow</b>		
Operating loss after abnormal items	(3 510 129)	(1 889 034)
(Gain)/loss on sale of non-current assets	(4 112)	104 000
Depreciation	602 987	594 608
Interest offset against dividend	Nil	(650 000)
Provision for doubtful debt	12 341	Nil
Changes in assets and liabilities		
Decrease/(increase) in receivables	1 765 483	(1 831 820)
Decrease/(increase) in inventory	115 444	(266 749)
(Decrease)/increase in prepayments	(47 311)	393 878
Increase in provisions and payables	<u>3 564 490</u>	<u>266 190</u>
<b>Net cash (used by)/provided by operating activities</b>	<b><u><u>2 499 193</u></u></b>	<b><u><u>(3 278 927)</u></u></b>

#### Note 12 Equity

Item	Capital	Accumulated Results	Asset Revaluation Reserve	Capital Profit Reserve	Insurance Reserve	Total Reserves	Total Equity
Balance 1/7/96	3 872 055	(2 045 904)	173 292	31 716	41 668	246 676	2 072 827
Loss	Nil	(3 510 129)	Nil	Nil	Nil	Nil	(3 510 129)
Transfer (to)/from reserves	Nil	(99 996)	(77 659)	77 659	99 996	99 996	Nil
<b>Balance 30/6/97</b>	<b>3 872 055</b>	<b>(5 656 029)</b>	<b>95 633</b>	<b>109 375</b>	<b>141 664</b>	<b>346 672</b>	<b>(1 437 302)</b>

#### Note 13 Remuneration of Auditors

Amounts payable to the Consolidated Revenue Fund in recognition of the cost of auditing the financial statements for the year ended 30 June 1997 was \$78 000 (1995-96: \$63 000). No other services were provided by the Australian National Audit Office during the reporting period.

#### Note 14 Superannuation

During 1996-97 employees of the Australian Protective Service contributed to the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). An employer superannuation contribution is paid to COMSUPER to meet the assessed employer costs under the respective schemes. They are 23% under the CSS and 15.4% under the PSS (inclusive of productivity benefits).

The amount of employer contribution paid and payable and expensed in the Profit and Loss Statement in respect of the year ended 30 June 1997 was \$7.23 million (1995-96: \$6.64 million).

#### Note 15 Remuneration of Officers

The amounts of fixed remuneration received, or due and receivable, by officers whose income falls within each \$10 000 band of income are as follows

	1996-97	1995-96
\$100 001 to \$110 000	1	1
\$110 001 to \$120 000	1	1
\$120 001 to \$130 000	1	Nil
\$130 001 to \$140 000	Nil	1
<b>Total remuneration</b>	<b>\$337 906</b>	<b>\$348 000</b>

No performance pay is received, or due and receivable, by officers.

#### Note 16 Related Party Transactions

There are no related party transactions during the year.

#### Note 17 Resources Received Free of Charge

During the financial year the Attorney-General's Department provided internal auditing services free of charge which are not recognised in the financial statements because they are unable to be quantified.

## **Note 18 Economic Dependency and Restructure**

The Australian Protective Service operates solely within Australia and its normal business activities are dependent upon business with Commonwealth Government agencies.

The amount recorded as sales under operating revenue does not include \$2.95 million, being potential revenue which remains in dispute with a client. If this amount were to be recognised the operating profit would be \$1.75 million in lieu of the \$1.2 million loss recorded.

As a result of the Australian Protective Service Review the Australian Protective Service incurred certain abnormal expenses for restructuring in the accounts (eg the closure of RHQs in May 1997) which will be funded by an appropriation on 1 July 1997. The amounts referred to are \$596 000 of the \$930 000 amount recorded as redundancy payments, and the \$897 000 amount recorded as surplus leased space; a total positive effect of \$1.493 million on abnormals.

When considered together (the amounts for potential revenue and the abnormal items which will be funded by an appropriation) if the revenue and appropriation could be recognised the result after abnormals for the financial year ending 30 June 1997 would be a profit of \$933 000.

During 1996-97 the Department of Immigration and Multicultural Affairs (DIMA) called a tender for the provision of services at the Immigration Detention Centres. The Australian Protective Service did not tender for the service at the time.

However, DIMA has not made a final decision on who the new service provider is to be and have engaged the Australian Protective Service to provide the service up to 31 October 1997 with possible further extension. At balance date, neither individual positions nor individual employees who may be affected by this situation had been identified.

## **Note 19 Events Occurring After Balance Date**

Except for those matters discussed in Note 18, no subsequent events have occurred requiring disclosure in these notes.



## INDEPENDENT AUDIT REPORT

To the Attorney-General

### Scope

I have audited the financial statements of the Attorney-General's Legal Practice for the year ended 30 June 1997. The statements comprise:

- Statement by the Acting Departmental Secretary and Acting General Manager, Resources
- Balance Sheet
- Profit and Loss Statement
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies, and
- Notes to and forming part of the Financial Statements.

The Acting Departmental Secretary and Acting General Manager, Resources are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you, the Attorney-General.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with my understanding of the entity's financial position, 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 accordance with sub-section 41D(2A) of the *Audit Act 1901*, I now report that the financial statements are in agreement with the accounts and records of the Attorney-General's Legal Practice, and in my opinion:

- (i) the statements are based on proper accounts and records;
- (ii) the statements show fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Attorney-General's Legal Practice as at 30 June 1997 and the results of its operations and its cash flows for the year then ended, and
- (iii) the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.

**Inherent Uncertainty regarding the proposed restructure of the Legal Practice**

Without qualification to the opinion above attention is drawn to the following matter. As indicated in Note 2 to the financial statements a restructure of the Legal Practice has been proposed. As a result of the proposed restructure, scheduled for July 1998, certain assets and liabilities may be transferred from the Legal Practice to the Attorney-General's Department. The circumstances of the proposed restructure are such that the ultimate outcome cannot presently be determined with an acceptable degree of reliability, and accordingly the financial impact of the proposed restructure is uncertain.



W. G. Nelson  
Acting Auditor-General

Canberra  
8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE TRUST ACCOUNT  
STATEMENT BY DEPARTMENTAL SECRETARY  
AND PRINCIPAL ACCOUNTING OFFICER

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In our opinion, the attached financial statements present fairly the information required by the *Minister for Finance Guidelines for Financial Statements of Commonwealth Authorities*.



Norman S Reaburn  
Acting Secretary

Geoff Hine  
Acting General Manager  
Resources

8 October 1997

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE TRUST ACCOUNT  
PROFIT AND LOSS STATEMENT  
for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
OPERATING REVENUES (BEFORE ABNORMAL ITEMS)	5		
Legal fees		78 232 396	78 056 035
Interest		2 830 083	3 077 494
Net gains from sale of assets		32 483	29 165
Revenues from government		48 255 001	68 412 483
Other		2 993 306	1 427 997
<b>Total operating revenues (before abnormal items)</b>		<b>132 343 269</b>	<b>151 003 174</b>
OPERATING EXPENSES (BEFORE ABNORMAL ITEMS)	6		
Employees		80 209 600	89 207 521
Suppliers		39 803 029	48 721 547
Depreciation and amortisation		2 840 342	2 164 294
Write-down of assets		Nil	128 196
Net losses from sale of assets		353 387	551 581
Interest		1 367 309	1 600 890
Other		1 185 239	1 373 774
<b>Total operating expenses (before abnormal items)</b>		<b>125 758 906</b>	<b>143 747 802</b>
<b>Operating profit (before abnormal items)</b>		<b>6 584 363</b>	<b>7 255 372</b>
Abnormal items	7	<u>4 847 350</u>	<u>34 243 982</u>
<b>Operating profit (before extraordinary items)</b>		<b>11 431 713</b>	<b>41 499 354</b>
Extraordinary items	8	<u>701 803</u>	<u>1 035 779</u>
<b>Operating profit and extraordinary items</b>		<b>12 133 517</b>	<b>42 535 133</b>
EQUITY INTERESTS			
Accumulated profits at beginning of reporting period		<u>42 185 795</u>	<u>8 250 662</u>
<b>Total available for appropriation</b>		<b>54 319 312</b>	<b>50 785 795</b>
Dividends provided for and dividends paid		<u>1 326 998</u>	<u>8 600 000</u>
<b>Accumulated profits at end of reporting period</b>		<b><u>52 992 314</u></b>	<b><u>42 185 795</u></b>

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE TRUST ACCOUNT  
BALANCE SHEET  
as at 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>CURRENT ASSETS</b>			
Cash	10	46 566 951	42 953 381
Receivables	11	20 356 938	16 471 823
Inventories	12	7 774 793	7 967 913
Other	14	3 037 531	2 804 091
<b>Total current assets</b>		<u>77 736 214</u>	<u>70 197 207</u>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	15	603 480	609 240
Infrastructure, plant and equipment	15	47 757 777	43 043 903
Intangibles	13	298 788	384 156
<b>Total non-current assets</b>		<u>48 660 045</u>	<u>44 037 299</u>
<b>Total assets</b>		<u>126 396 259</u>	<u>114 234 506</u>
<b>CURRENT LIABILITIES</b>			
Debt	16	119 759	95 226
Provisions and payables	17	14 029 792	12 754 457
<b>Total current liabilities</b>		<u>14 149 551</u>	<u>12 849 684</u>
<b>NON-CURRENT LIABILITIES</b>			
Debt	16	15 378 398	15 457 614
Provisions and payables	17	18 898 623	18 764 040
<b>Total non-current liabilities</b>		<u>34 277 021</u>	<u>34 221 654</u>
<b>Total liabilities</b>		<u>48 426 572</u>	<u>47 071 337</u>
<b>Net assets</b>		<u>77 969 687</u>	<u>67 163 169</u>
<b>EQUITY</b>			
Capital	18	24 348 595	24 348 595
Asset revaluation reserve		628 779	628 779
Accumulated profits		52 992 314	42 185 795
<b>Total equity</b>		<u>77 969 687</u>	<u>67 163 169</u>

ATTORNEY-GENERAL'S DEPARTMENT  
 LEGAL PRACTICE TRUST ACCOUNT  
 STATEMENT OF CASH FLOWS  
 for the year ended 30 June 1997

	Notes	1996-97 \$	1995-96 \$
<b>OPERATING ACTIVITIES</b>			
Cash received			
Appropriations		48 255 001	68 273 685
Legal fees		81 161 534	78 056 035
Other		6 088 650	20 053 299
<b>Total cash received</b>		<u>135 505 185</u>	<u>166 383 019</u>
Cash used			
Employees		(81 971 710)	(88 932 171)
Suppliers		(38 796 100)	(50 186 685)
Interest and other financing costs		(1 367 309)	(1 601 557)
<b>Total cash used</b>		<u>(122 135 118)</u>	<u>(140 720 413)</u>
<b>Net cash from operating activities</b>	22	<u>13 370 066</u>	<u>25 662 606</u>
<b>INVESTING ACTIVITIES</b>			
Cash received			
Proceeds from sale of property, plant and equipment		458 452	293 323
<b>Total cash received</b>		<u>458 452</u>	<u>293 323</u>
Cash used			
Purchase of property, plant and equipment		(8 246 175)	(3 534 831)
<b>Total cash used</b>		<u>(8 246 175)</u>	<u>(3 534 831)</u>
<b>Net cash from investing activities</b>		<u>(7 787 723)</u>	<u>(3 241 508)</u>
<b>FINANCING ACTIVITIES</b>			
Cash used			
Dividends paid		(1 886 152)	(5 000 000)
Other		(82 621)	(60 119)
<b>Total cash used</b>		<u>(1 968 773)</u>	<u>(5 060 119)</u>
<b>Net cash from financing activities</b>		<u>(1 968 773)</u>	<u>(5 060 119)</u>
<b>Net increase in cash held</b>		<u>3 613 570</u>	<u>17 360 979</u>
add cash at 1 July 1996		42 953 381	25 592 402
<b>Cash at 30 June 1997</b>	10	<u>46 566 951</u>	<u>42 953 381</u>

ATTORNEY-GENERAL'S DEPARTMENT  
 LEGAL PRACTICE TRUST ACCOUNT  
 SCHEDULE OF COMMITMENTS  
*as at 30 June 1997*

	1996-97	1995-96
	\$	\$
<b>BY TYPE</b>		
CAPITAL COMMITMENTS		
Land and buildings	<u>Nil</u>	<u>29 750</u>
<b>Total capital commitments</b>	<b>Nil</b>	<b>29 750</b>
OTHER COMMITMENTS		
Operating leases	98 334 013	107 374 632
Other commitments	<u>4 509 560</u>	<u>4 931 084</u>
<b>Total other commitments</b>	<u><b>102 843 573</b></u>	<u><b>112 305 716</b></u>
<b>Total commitments payable</b>	<u><b>102 843 573</b></u>	<u><b>112 335 466</b></u>
COMMITMENTS RECEIVABLE		
	<u>Nil</u>	<u>Nil</u>
<b>Net commitments</b>	<u><b>102 843 573</b></u>	<u><b>112 335 466</b></u>
<b>BY MATURITY</b>		
One ear or less	15 170 555	16 408 988
From one to two ears	14 519 483	15 450 220
From two to five ears	42 367 584	45 126 723
Over five ears	<u>30 785 951</u>	<u>35 349 535</u>
<b>Net commitments</b>	<u><b>102 843 573</b></u>	<u><b>112 335 466</b></u>

ATTORNEY-GENERAL'S DEPARTMENT  
 LEGAL PRACTICE TRUST ACCOUNT  
 SCHEDULE OF CONTINGENCIES  
*as at 30 June 1997*

	1996-97	1995-96
	\$	\$
CONTINGENT LOSSES		
Make good costs	<u>1 257 300</u>	<u>1 257 300</u>
<b>Total contingent losses</b>	<b>1 257 300</b>	<b>1 257 300</b>
CONTINGENT GAINS	<u>Nil</u>	<u>Nil</u>
<b>Net contingencies</b>	<b>(1 257 300)</b>	<b>(1 257 300)</b>

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 1997, the Practice was not aware of any unquantifiable contingent losses or gains.

Remote contingencies are disclosed in Note 23.

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Proposed Restructure
3	Segment Reporting
4	Economic Dependency
5	Items Credited as Revenue
6	Items Charged as Expenses
7	Abnormal Items
8	Extraordinary Items - Restructuring
9	Services Provided by the Auditor-General
10	Cash
11	Receivables
12	Inventories
13	Intangible Assets
14	Other Current Assets
15	Property, Plant and Equipment, and Intangibles
16	Debt
17	Provisions and Payables
18	Equity
19	Employee Superannuation
20	Trust Money
21	Officer Remuneration
22	Cash Flow Reconciliation
23	Remote Contingencies
24	Events Occurring After Balance Date

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ending 30 June 1997*

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**Note 1 Summary of Significant Accounting Policies**

**1.1 Basis of Accounting**

On 30 June 1994 the Minister for Finance's Delegate, pursuant to Section 41D of the *Audit Act 1901*, required the Attorney-General's Department to keep accounts and prepare financial statements in respect of Sub-Program 1.1, Attorney-General's Legal Practice.

The financial statements are a general purpose financial report for the financial year ending 30 June 1997. The Statements have been prepared in accordance with the Guidelines titled *Financial Statements of Commonwealth Authorities* issued by the Minister for Finance in July 1997 which require the financial statements to be prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and other mandatory professional reporting requirements (eg Consensus Views of the Urgent Issues Group of the Australian Accounting Research Foundation (UIG of AARF)).

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except where stated, and do not take account of changing money values.

**1.2 Rounding**

Amounts are rounded to the nearest dollar.

**1.3 Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

**1.4 Taxation**

The Legal Practice is exempt from taxation except fringe benefits tax, tax on fuel purchases and sales tax on executive lease vehicles.

**1.5 Foreign Currency Transactions**

Transactions denominated in a foreign currency are converted at the exchange rate prevailing at the date of the transaction. At balance date, amounts receivable and payable in foreign currency are translated at the exchange rates prevailing at that date and any exchange differences are brought to account in the Profit and Loss Statement.

**1.6 Insurance**

In accordance with Government policy assets are not insured and losses are expensed as they are incurred.

## 1.7 **Inventories**

Inventory not held for resale is valued at cost. Costs are assigned to individual items of stock on a first-in first-out basis. No threshold for recognition has been applied.

Work-in-progress is valued at the lower of cost or net realisable value and applies to services performed but not billed at 30 June 1997.

## 1.8 **Bad and Doubtful Debts**

Bad debts are written off during the year in which they are identified. A provision is raised for doubtful debts based on a review of all outstanding receivables as at year end.

## 1.9 **Asset Capitalisation Threshold**

All depreciable non-current assets, except software, with an historical cost equal to or in excess of \$2 000 are capitalised in the year of acquisition and included in the Practice's Asset Register. The value of all such assets on the Asset Register is included in the financial statements. Assets with an historical cost under \$2 000 are expensed in the year of acquisition. The \$2 000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

### **Software Capitalisation Policy**

Where costs can be reliably identified, internally generated software is capitalised.

## 1.10 **Library Valuation**

Last financial year the Legal Practice valued its library collection for the first time. The collection was valued according to the deprival value methodology. Where applicable, the gross amount and the related accumulated depreciation of valued assets was restated under Australian Accounting Standard 29, Financial Reporting by Government Departments. The valuation was carried out by the Australian Valuation Office. This initial valuation increment was credited directly to the Profit and Loss Statement as an abnormal item because of its size and effect on the Practice's assets.

## 1.11 **Valuation of Non-Current Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Legal Practice. Cost is determined as the cash amount paid or the fair value of assets transferred or acquired.

From 1996-97 onwards, the Guidelines require property, plant and equipment to be progressively revalued in accordance with the deprival method of valuation by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

### 1.12 Depreciation of Non-Current Assets

All depreciable non-current assets are written off over their estimated useful lives using straight line depreciation. Useful lives and residual values are reviewed annually. The straight line depreciation method correctly reflects the pattern of usage and rate of loss of value of the Legal Practice's depreciable assets.

### 1.13 Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the fair value at the inception of the lease. A liability is recognised at the same amount. Lease payments are allocated between the principal component and the interest expense. Leased assets are amortised over the period of the lease on a straight line basis.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Profit and Loss Statement in the periods in which they are incurred.

### 1.14 Intangible Assets

As at balance date the only intangible asset the Legal Practice held was internally generated software. Where recognised, intangible assets are reported at the lower of cost or recoverable amount. Intangible assets are amortised over their anticipated useful lives.

### 1.15 Provision for Employee Entitlements

The liability for employee entitlements encompasses provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees of the Practice is estimated to be less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of total leave entitlements of all employees at 30 June 1997 and is recognised at its nominal value. The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 1997. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. These calculations are in accordance with Australian Accounting Standard 30, Accounting for Employee Entitlements.

### **1.16 Superannuation**

The superannuation expense for the year comprises actual contributions paid by the Legal Practice to the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and the Australian Government Employee Superannuation Trust.

### **1.17 Free Resources**

Resources received free of charge are recognised as revenue in the financial statements where their fair value can be reliably measured. Use of the resources is recognised as an expense, or, where there is a long term benefit, an asset is recognised.

### **1.18 Related Party Transactions**

Support Group charges are eliminated. There were no other related party transactions.

### **1.19 Lease Incentives**

Lease incentives are recognised in accordance with Abstract 3 from the UIG of AARF. Lease incentives taking the form of rent-free periods and 'free' fitout are recognised as liabilities on receipt. The liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

### **1.20 Cash**

Cash includes cash on hand and the Trust Account balance held in the Commonwealth Public Account.

## **Note 2 Proposed Restructure**

As a result of a review of the activities of the Legal Practice, the Commonwealth has proposed to split the commercial and budget-funded elements of the Practice. In accordance with the review the commercial elements of the Practice will become a separate Sub-Program on 1 July 1997, known as the Australian Government Solicitor (AGS). Subject to the passage of amendments to the relevant legislation the AGS will become a new statutory body from 1 July 1998. The AGS will remain in the Attorney-General's portfolio and will be subject to competitive neutrality principles. The budget-funded elements of the Practice will be transferred to the Attorney-General's Department with a corresponding transfer of assets and liabilities.

## **Note 3 Segment Reporting**

The principal activity of the Practice is the provision of legal services and legal policy advice to Government, Government departments and agencies. The Practice operates in every capital city throughout Australia as well as in Townsville. Until recently, the Practice had a legal representative at the Australian Embassy in both Brussels and Washington.

#### Note 4 Economic Dependency

The normal activities of the Practice are dependent upon fees received from clients and appropriation of moneys by Parliament. The Practice is not dependent on any one particular client.

	1996-97 \$	1995-96 \$
<b>Note 5 Items Credited as Revenue</b>		
<b>Legal Fees</b>	<u>78 232 396</u>	<u>78 056 035</u>
Interest		
Deposits	<u>2 830 083</u>	<u>3 077 494</u>
<b>Total interest</b>	<u>2 830 083</u>	<u>3 077 494</u>
Net gains from sale of assets		
Land and buildings	Nil	13 712
Infrastructure, plant and equipment	<u>32 483</u>	<u>15 453</u>
<b>Total net gains from sale of assets</b>	<u>32 483</u>	<u>29 165</u>
Revenues from Government		
Parliamentary appropriations received	<u>48 190 120</u>	<u>68 273 685</u>
Resources received free of charge which have been recognised in the Profit and Loss Statement are		
– Department of Finance		
Provision of accounting and budgetary services	Nil	27 326
– Department of Administrative Services		
Provision of services at overseas posts	46 181	94 472
– Australian Archives		
Storage of permanent records	<u>18 700</u>	<u>17 000</u>
Total resources received free of charge	<u>64 881</u>	<u>138 798</u>
Services received free of charge but not recognised are		
– Reserve Bank of Australia		
Cheque presentation fees		
Estimates of these costs were not able to be provided by the service provider.		
<b>Total revenues from Government</b>	<u>48 255 001</u>	<u>68 412 483</u>
Other revenues		
Support Group services	2 371 797	454 085
Reimbursements/miscellaneous receipts	<u>621 508</u>	<u>973 912</u>
<b>Total other revenues</b>	<u>2 993 306</u>	<u>1 427 997</u>
<b>Total revenues</b>	<u>132 343 269</u>	<u>151 003 174</u>

	1996-97 \$	1995-96 \$
<b>Note 6 Items Charged as Expenses</b>		
Employee expenses		
Basic remuneration for services provided	<u>80 209 600</u>	<u>89 207 521</u>
<b>Total employee expenses</b>	<u><u>80 209 600</u></u>	<u><u>89 207 521</u></u>
Suppliers expenses		
Supply of goods and services	23 960 777	32 670 523
Operating lease rentals	<u>15 842 252</u>	<u>16 051 024</u>
<b>Total suppliers expenses</b>	<u><u>39 803 029</u></u>	<u><u>48 721 547</u></u>
Depreciation and amortisation		
Depreciation	2 708 985	2 066 419
Amortisation of leased assets	45 989	55 191
Amortisation of intangible assets	<u>85 368</u>	<u>42 684</u>
<b>Total depreciation and amortisation</b>	<u><u>2 840 342</u></u>	<u><u>2 164 294</u></u>
Write down of assets		
Non-financial assets		
Infrastructure, plant and equipment	Nil	16 641
Inventories	<u>Nil</u>	<u>111 555</u>
<b>Total write down of assets</b>	<u><u>Nil</u></u>	<u><u>128 196</u></u>
Net losses from sale of assets		
Infrastructure, plant and equipment	<u>353 387</u>	<u>551 581</u>
<b>Total net losses from sale of assets</b>	<u><u>353 387</u></u>	<u><u>551 581</u></u>
Interest		
Loans	1 077 166	1 140 630
Leases	<u>290 143</u>	<u>460 260</u>
<b>Total interest</b>	<u><u>1 367 309</u></u>	<u><u>1 600 890</u></u>
Other		
Audit fees	168 000	162 000
Refund of professional fees/disbursements	<u>1 017 239</u>	<u>1 211 774</u>
<b>Total other</b>	<u><u>1 185 239</u></u>	<u><u>1 373 774</u></u>
<b>Total expenses</b>	<u><u>125 758 906</u></u>	<u><u>143 747 802</u></u>

	1996-97 \$	1995-96 \$
<b>Note 7 Abnormal Items</b>		
Abnormal revenue		
Running costs appropriation carryover	6 828 380	Nil
Initial valuation of the Practice's library asset	<u>Nil</u>	<u>34 243 982</u>
<b>Total abnormal revenue</b>	<u>6 828 380</u>	<u>34 243 982</u>
Abnormal expense		
Separation and redundancy payments	<u>1 981 030</u>	<u>Nil</u>
<b>Total abnormal expense</b>	<u>1 981 030</u>	<u>Nil</u>
<b>Net abnormal items</b>	<u><u>4 847 350</u></u>	<u><u>34 243 982</u></u>

**Note 8 Extraordinary Items - Restructuring**

As a result of a Government decision, the Legal Practice relinquished its responsibility for the Protective Security Coordination Centre (PSCC) (formerly part of Sub-Program 1.1.62) on 1 July 1996. This resulted in net liabilities of \$701 803 being transferred from the Practice to PSCC.

Assets		
Property, Plant and Equipment	102 780	19 676
Other	<u>Nil</u>	<u>11 277</u>
<b>Total assets</b>	<u>102 780</u>	<u>30 953</u>
Liabilities		
Creditors	15 033	51 882
Other	18 897	63 905
Provisions	<u>770 654</u>	<u>950 945</u>
<b>Total liabilities</b>	<u>804 584</u>	<u>1 066 732</u>
<b>Revenue from restructuring</b>	<u><u>701 803</u></u>	<u><u>1 035 779</u></u>

In 1995-96 the Legal Practice relinquished responsibility for part of the former Business Law Division. This resulted in net liabilities of \$1 035 779 being transferred from the Practice to the Department of Treasury.

**Note 9 Services Provided by the Auditor-General**

Amount payable to the Consolidated Revenue Fund in recognition of the cost of the audit of the financial statements for the reporting period is \$168 000 and for 1995-96 was \$162 000.

No other services were provided by the Auditor-General during the reporting period.

	1996-97 \$	1995-96 \$
<b>Note 10 Cash</b>		
On hand	754 745	583 263
Account balance in Commonwealth Public Account	<u>45 812 207</u>	<u>42 370 118</u>
<b>Total cash</b>	<u><u>46 566 951</u></u>	<u><u>42 953 381</u></u>
<b>Note 11 Receivables</b>		
Goods and services	10 891 396	13 962 806
Other debtors	527 236	398 128
Running cost appropriation carryover	6 828 380	Nil
Interest	<u>2 829 913</u>	<u>3 240 129</u>
<b>Total receivables</b>	<u>21 076 925</u>	<u>17 601 063</u>
Less provision for doubtful debts	<u>719 987</u>	<u>1 129 241</u>
<b>Net receivables</b>	<u><u>20 356 938</u></u>	<u><u>16 471 823</u></u>
Not overdue (less than 30 days)	16 202 376	10 229 421
Overdue by		
less than 30 days	2 370 330	3 709 479
30 to 60 days	573 637	1 269 033
greater than 60 days	<u>1 930 582</u>	<u>2 393 131</u>
<b>Total overdue</b>	<u>4 874 549</u>	<u>7 371 643</u>
<b>Note 12 Inventories</b>		
Work-in-progress	8 315 155	8 613 127
Less provision for irrecoverable amounts	<u>650 418</u>	<u>729 740</u>
	7 664 737	7 883 387
Inventories not held for sale	<u>110 056</u>	<u>84 526</u>
<b>Total inventories</b>	<u><u>7 774 793</u></u>	<u><u>7 967 913</u></u>
<b>Note 13 Intangible Assets</b>		
Computer software		
Internally developed	426 840	426 840
Less accumulated amortisation	<u>128 052</u>	<u>42 684</u>
<b>Total intangible assets</b>	<u><u>298 788</u></u>	<u><u>384 156</u></u>
<b>Note 14 Other Current Assets</b>		
Prepayments paid	<u>3 037 531</u>	<u>2 804 091</u>
<b>Total other current assets</b>	<u><u>3 037 531</u></u>	<u><u>2 804 091</u></u>

Note 15 Property, Plant and Equipment, and Intangibles

(a) Total (This includes amounts at cost plus amounts detailed in parts b, c and d)

	Land	Buildings	Total land and buildings	Librar	Other infrastructure, plant and equipment	Total infrastructure, plant and equipment	Intangibles	Total
Gross value at 1/7/96	327 000	365 000	692 000	34 243 982	27 097 711	61 341 693	426 840	62 460 533
Additions	Nil	Nil	Nil	Nil	7 919 350	7 919 350	Nil	7 919 350
Disposals	Nil	Nil	Nil	Nil	(4 932 153)	(4 932 153)	Nil	(4 932 153)
Other movements	Nil	Nil	Nil	Nil	124 799	124 799	Nil	124 799
<b>Gross value at 30/6/97</b>	<b>327 000</b>	<b>365 000</b>	<b>692 000</b>	<b>34 243 982</b>	<b>30 209 707</b>	<b>64 453 689</b>	<b>426 840</b>	<b>65 572 529</b>
Accumulated depreciation/ amortisation at 1/7/96	Nil	(82 760)	(82 760)	Nil	(18 297 790)	(18 297 790)	(42 684)	(18 423 234)
Depreciation/amortization charge for 1996-1997	Nil	(5 760)	(5 760)	Nil	(2 749 214)	(2 749 214)	(85 368)	(2 840 342)
Adjustments for disposals	Nil	Nil	Nil	Nil	4 125 297	4 125 297	Nil	4 125 297
Adjustments for other movements	Nil	Nil	Nil	Nil	225 796	225 796	Nil	225 796
<b>Accumulated depreciation/ amortisation at 30/6/97</b>	<b>Nil</b>	<b>(88 520)</b>	<b>(88 520)</b>	<b>Nil</b>	<b>(16 695 911)</b>	<b>(16 695 911)</b>	<b>(128 052)</b>	<b>(16 912 483)</b>
Net book value at 30/6/97	327 000	276 480	603 480	34 243 982	13 513 795	47 757 777	298 788	48 660 045
Net book value at 1/7/96	327 000	282 240	609 240	34 243 982	8 799 921	43 043 903	384 156	44 037 299

(b) Assets at valuation

As at 30/6/97								
Gross value	327 000	365 000	692 000	34 243 982	17 697 850	51 941 832	Nil	52 633 832
Accumulated depreciation/ amortisation	Nil	(88 520)	(88 520)	Nil	(14 350 490)	(14 350 490)	Nil	(14 439 010)
<b>Net book value</b>	<b>327 000</b>	<b>276 480</b>	<b>603 480</b>	<b>34 243 982</b>	<b>3 347 360</b>	<b>37 591 342</b>	<b>Nil</b>	<b>38 194 822</b>
As at 30/6/96								
Gross value	327 000	365 000	692 000	34 243 982	22 304 033	56 548 015	Nil	57 240 015
Accumulated depreciation/ amortisation	Nil	(82 760)	(82 760)	Nil	(17 538 400)	(17 538 400)	Nil	(17 621 160)
<b>Net book value</b>	<b>327 000</b>	<b>282 240</b>	<b>609 240</b>	<b>34 243 982</b>	<b>4 765 633</b>	<b>39 009 615</b>	<b>Nil</b>	<b>39 618 855</b>

(c) Assets held under finance leases

As at 30/6/97								
Gross value	Nil	Nil	Nil	Nil	333 170	333 170	Nil	333 170
Accumulated depreciation/ amortisation	Nil	Nil	Nil	Nil	(101 180)	(101 180)	Nil	(101 180)
<b>Net book value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>231 990</b>	<b>231 990</b>	<b>Nil</b>	<b>231 990</b>
As at 30/6/96								
Gross value	Nil	Nil	Nil	Nil	333 170	333 170	Nil	333 170
Accumulated depreciation/ amortisation	Nil	Nil	Nil	Nil	(43 422)	(43 422)	Nil	(43 422)
<b>Net book value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>289 748</b>	<b>289 748</b>	<b>Nil</b>	<b>289 748</b>

(d) Assets at cost

As at 30/6/97								
Gross value	Nil	Nil	Nil	Nil	12 178 687	12 178 687	426 840	12 605 527
Accumulated depreciation/ amortisation	Nil	Nil	Nil	Nil	(2 244 241)	(2 244 241)	(128 052)	(2 372 293)
<b>Net book value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>9 934 446</b>	<b>9 934 446</b>	<b>298 788</b>	<b>10 233 234</b>
As at 30/6/96								
Gross value	Nil	Nil	Nil	Nil	4 460 508	4 460 508	426 840	4 887 348
Accumulated depreciation/ amortisation	Nil	Nil	Nil	Nil	(715 968)	(715 968)	(42 684)	(758 652)
<b>Net book value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>3 744 540</b>	<b>3 744 540</b>	<b>384 156</b>	<b>4 128 696</b>

	1996-97 \$	1995-96 \$
<b>Note 16 Debt</b>		
Loans		
<b>Commonwealth loan</b>	<u>15 096 739</u>	<u>15 096 739</u>
The loan at the reporting date is payable as follows		
within one year	Nil	Nil
within one to two years	15 096 739	Nil
within two to five years	Nil	15 096 739
more than five years	Nil	Nil
	<u>15 096 739</u>	<u>15 096 739</u>
Finance lease liabilities		
Lease liabilities recognised in the statement of financial position		
Current	105 647	84 937
Non-current	<u>216 384</u>	<u>319 715</u>
<b>Total finance lease liabilities</b>	<u>322 031</u>	<u>404 652</u>
Finance lease liabilities at the reporting date and related finance charges are payable as follows		
within one year	128 729	114 729
within one to two years	78 889	128 729
within two to five years	157 778	236 667
more than five years	Nil	Nil
Minimum lease payments	<u>365 396</u>	480 125
Less future finance charges	<u>43 365</u>	<u>75 473</u>
	<u>322 031</u>	<u>404 652</u>
Lease incentive liabilities		
Lease incentive liabilities recognised in the statement of financial position		
Current	14 113	10 290
Non-current	<u>65 275</u>	<u>41 160</u>
<b>Total lease incentive liabilities</b>	<u>79 387</u>	<u>51 450</u>
The lease incentive liability is repayable as follows		
within one year	14 113	10 290
within one to two years	14 113	10 290
within two to five years	32 048	30 870
more than five years	19 114	Nil
	<u>79 387</u>	<u>51 450</u>
<b>Total current debt</b>	<u>119 759</u>	<u>95 226</u>
<b>Total non-current debt</b>	<u>15 378 398</u>	<u>15 457 614</u>

	1996-97 \$	1995-96 \$
<b>Note 17 Provisions and Payables</b>		
Employee entitlements		
Current		
Salaries and wages	772 933	522 201
Recreation leave	5 584 542	5 677 443
Long service leave	546 183	540 957
Superannuation	119 194	94 025
Other	<u>367 800</u>	<u>428 944</u>
Total current employee entitlements	<u>7 390 653</u>	<u>7 263 570</u>
Non-current		
Recreation leave	3 141 304	3 193 562
Long service leave	<u>15 059 055</u>	<u>14 914 960</u>
Total non-current employee entitlements	<u>18 200 359</u>	<u>18 108 522</u>
<b>Total employee entitlements</b>	<u>25 591 012</u>	<u>25 372 092</u>
Suppliers		
Current		
Trade creditors	<u>1 294 509</u>	<u>364 887</u>
Total current suppliers	<u>1 294 509</u>	<u>364 887</u>
Non-current		
Trade creditors	<u>698 264</u>	<u>655 518</u>
Total non-current suppliers	<u>698 264</u>	<u>655 518</u>
<b>Total suppliers</b>	<u>1 992 772</u>	<u>1 020 405</u>
Other		
Current		
Interest payable	1 345 119	1 526 000
Appropriation received in advance	2 672 513	Nil
Dividend payable	<u>1 326 998</u>	<u>3 600 000</u>
<b>Total other</b>	<u>5 344 630</u>	<u>5 126 000</u>
<b>Total current provisions and payables</b>	<u>14 029 792</u>	<u>12 754 457</u>
<b>Total non-current provisions and payables</b>	<u>18 898 623</u>	<u>18 764 040</u>

## Note 18 Equity

Item	Capital	Accumulated results	Asset revaluation reserve	Total reserves	Total equity
As at 1 July 1996	24 348 595	42 185 795	628 779	628 779	67 163 169
Profit for 1997	Nil	12 133 517	Nil	Nil	12 133 517
Dividends	Nil	1 326 998	Nil	Nil	1 326 998
	<u>24 348 595</u>	<u>52 992 314</u>	<u>628 779</u>	<u>628 779</u>	<u>77 969 687</u>
As at 30 June 1997	<u>24 348 595</u>	<u>52 992 314</u>	<u>628 779</u>	<u>628 779</u>	<u>77 969 687</u>

## Note 19 Employee Superannuation

The Legal Practice staff contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Australian Government Employee Superannuation Trust (AGEST). The Legal Practice is required to meet the employee share of the costs of benefits payable to staff employed in the Legal Practice, which for 1996-97 was generally 19.1% under CSS/PSS, inclusive of productivity benefits. (16.1% is an average percentage as advised by Department of Finance.) For casual commercial elements staff not in the CSS or PSS, the Legal Practice contributes 6% to AGEST.

The Legal Practice's contributions to the above funds were \$11 457 844 in 1996-97 and \$12 003 115 in 1995-96.

### CSS/PSS

CSS is a split-benefit scheme based on defined member contributions and an employer component consisting of a defined benefit based on final salary and a productivity component. PSS is a defined-benefit scheme based on defined member contributions and an employer component consisting of a defined benefit based on final salary and a productivity component.

### Employer Productivity Superannuation Contribution and AGEST

Employer Productivity Superannuation Contribution and AGEST are accumulation funds based on defined employer contributions. The benefits are assessed on the amount of time the employee remains a member of the respective fund.

1996-97	1995-96
\$	\$

**Note 20 Trust Money**

The Legal Practice receives money in trust for clients. These moneys are not available for the Practice's operating purposes and are not recognised in the financial statements.

**Australian Government Solicitor Entities Trust Account**

Balance at beginning of reporting period	1 246 657	442 006
Add receipts	<u>21 286 910</u>	<u>19 456 336</u>
	22 533 567	19 898 342
Less expenditure	<u>21 757 347</u>	<u>18 651 685</u>
Balance at end of reporting period	<u>776 220</u>	<u>1 246 657</u>

**Australian Government Solicitor Agencies Trust Account**

Balance at beginning of reporting period	17 841 277	13 638 152
Add receipts	<u>139 485 752</u>	<u>203 964 425</u>
	157 327 029	217 602 577
Less expenditure	<u>138 857 601</u>	<u>199 761 300</u>
Balance at end of reporting period	<u>18 469 428</u>	<u>17 841 277</u>

**Australian Government Solicitor Other Trust Accounts**

Balance at beginning of reporting period	Nil	Nil
Add receipts	<u>2 047 778</u>	Nil
	2 047 778	Nil
Less expenditure	<u>648 465</u>	Nil
Balance at end of reporting period	<u>1 399 313</u>	Nil

**Note 21 Officer Remuneration**

The amounts of fixed remuneration and performance pay received, or due and receivable, by executive officers are as follows. The fixed remuneration package includes salary, superannuation, vehicle, parking, spouse travel, semi-official telephone and FBT for vehicle, spouse travel and telephone.

Fixed remuneration	1996-97	1995-96
\$100 000 to \$110 000	2	82
\$110 001 to \$120 000	77	3
\$120 001 to \$130 000	1	11
\$130 001 to \$140 000	18	12
\$140 001 to \$150 000	1	1
\$150 001 to \$160 000	4	2
\$210 001 to \$220 000	Nil	1
\$220 001 to \$230 000	1	Nil
Total fixed remuneration	<u>\$12 275 962</u>	<u>\$12 687 405</u>
Aggregate performance pay	<u>\$ 219 622</u>	<u>\$ 295 800</u>

1996–97	1995–96
\$	\$

**Note 22 Cash Flow Reconciliation**

Reconciliation of net cash provided by operating activities to operating result

Operating result before abnormal/extraordinary items	6 584 363	7 255 372
Depreciation/amortisation	2 840 342	2 109 103
Extraordinary/abnormal items	5 549 154	1 035 779
Loss on sale of non-current assets	324 633	436 406
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(3 885 115)	21 409 416
Decrease in inventories	193 119	573 034
Increase in provisions	218 920	275 351
(Decrease)/increase in trade creditors	2 858 520	(1 379 588)
Decrease/(increase) in prepayments	( 233 440)	550 340
Decrease in payables	(1 080 430)	(6 602 607)
<b>Net cash provided by operating activities</b>	<b>13 370 066</b>	<b>25 662 606</b>

**Note 23 Remote Contingencies**

As a result of the proposed restructure of the Legal Practice the following liabilities may result:

- separation and redundancy payments; and
- operating lease termination payments.

It is not expected that these matters will impact on the operations of the Legal Practice as the Commonwealth has indicated its intention to fund costs incurred in relation to the restructure.

**Note 24 Events Occurring After Balance Date**

There is no significant event occurring after balance date which warrants disclosure, or has to be brought to account in the financial statements.