

ATTORNEY-GENERAL'S DEPARTMENT  
FINANCIAL STATEMENTS

*for the year ended 30 June 1999*

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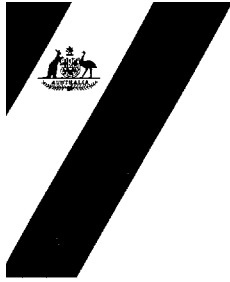
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## INDEPENDENT AUDIT REPORT

To the Attorney-General

### Scope

I have audited the financial statements of the Attorney-General's Department for the year ended 30 June 1999. The financial statements comprise:

- Statement by the Chief Executive
- Agency and Administered statements of:
  - Revenues and Expenses
  - Assets and Liabilities
  - Revenues and Expenses by Program
  - Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Notes to and forming part of the Financial Statements.

The Department's Chief Executive Officer is 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 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 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 my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Attorney-General's Department as at 30 June 1999 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



Lynne O'Brien  
Executive Director  
Delegate of the Auditor-General

Canberra  
14 October 1999

ATTORNEY-GENERAL'S DEPARTMENT

STATEMENT BY THE CHIEF EXECUTIVE

In my opinion, the accompanying financial statements give a true and fair view of the matters required by Schedule 2 to the *Finance Minister's Orders* made under s63 of the *Financial Management and Accountability Act 1997*.



A S Blunn  
Chief Executive

14<sup>th</sup> October 1999

ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL REVENUES AND EXPENSES  
for the year ended 30 June 1999

	Notes	1998-99 \$'000	1997-98 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employees	3A	113 332	175 005
Suppliers	3B	56 256	81 499
Depreciation and amortisation	3C	5 384	6 311
Write Down of Assets	3D	2 371	25 592
Net losses from sale of assets	3E	1 120	966
Other costs of providing goods and services	3F	5 457	6 288
<b>Total expenses</b>		<u>183 920</u>	<u>295 661</u>
<b>Revenues from independent sources</b>			
	4A, 4C		
Net gains from sale of assets		33	364
Sales of Goods & Services		60 098	135 270
Other revenues from independent sources		11 325	7 598
<b>Total revenues from independent sources</b>		<u>71 456</u>	<u>143 232</u>
<b>Net cost of services</b>		<u>(112 464)</u>	<u>(152 429)</u>
<b>REVENUES FROM GOVERNMENT</b>			
	4B		
Appropriations used for:			
Ordinary annual services (net appropriations)		85 962	127 908
Resources received free of charge		1 237	135
<b>Total revenues from Government</b>		<u>87 199</u>	<u>128 043</u>
<b>Operating surplus/(deficit) before extraordinary items and Abnormal Items</b>		(25 265)	(24 386)
Net revenues/(expenses) from abnormal items:	5	2 023	0
Net revenues/(expenses) from extraordinary items:			
Restructuring	6A	5 254	(1 064)
<b>Operating surplus/(deficit)</b>		<u>(17 988)</u>	<u>(25 450)</u>
Accumulated results at 1 July		17 596	47 410
Dividends proposed or paid		(882)	(3 784)
Transfers to (from) reserves	11A	622	(580)
<b>Accumulated results at 30 June</b>		<u>(652)</u>	<u>17 596</u>

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED REVENUES AND EXPENSES  
*for the year ended 30 June 1999*

	Notes	1998-99 \$'000	1997-98 \$'000
<b>REVENUES</b>			
<b>NON-TAXATION</b>			
Interest and dividends	4D	1 873	4 509
Other		29 303	18 629
Total non-taxation		<u>31 176</u>	<u>23 138</u>
<b>Total revenues</b>			<b>23 138</b>
<b>EXPENSES</b>			
Subsidies	3G	6 137	5 817
Grants	3H	186 670	175 614
Other	3I	282 971	108 342
<b>Total expenses</b>		<u>475 778</u>	<u>289 773</u>
<b>Net contribution/(cost) to Government</b>		<b>(444 602)</b>	<b>(266 635)</b>
<b>TRANSFERS</b>			
Special Appropriation Accrued		212 971	0
Cash from Official Commonwealth Public Account		261 162	287 106
Cash to Official Commonwealth Public Account		<u>(32 734)</u>	<u>(17 778)</u>
<b>Net change in administered net assets before extraordinary items</b>		<b>(3 203)</b>	<b>2 693</b>
Net revenues/(expenses) from extraordinary items	6B	<u>(11 996)</u>	<u>0</u>
<b>Net change in administered net assets</b>		<b>(15 199)</b>	<b>2 693</b>
Accumulated results at 1 July		<u>41 574</u>	<u>38 881</u>
<b>Accumulated results at 30 June</b>		<b><u>26 375</u></b>	<b><u>41 574</u></b>

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL ASSETS AND LIABILITIES  
*as at 30 June 1999*

	Notes	1998-99 \$'000	1997-98 \$'000
<b>DEBT</b>			
Loans (from future running costs)	9A	272	17 423
Leases	9B	0	216
Other	9C	190	4 092
<b>Total debt</b>		<b>462</b>	<b>21 731</b>
<b>PROVISIONS AND PAYABLES</b>			
Employees	10A	28 870	49 168
Suppliers	10B	3 591	3 176
Other	10C	9 104	15 537
<b>Total provisions and payables</b>		<b>41 565</b>	<b>67 881</b>
<b>EQUITY</b>			
Capital of trust accounts	11A	6 103	28 221
Capital Injection		16 050	0
Accumulated results		(652)	17 596
Reserves		8 860	1 846
<b>Total equity</b>		<b>30 361</b>	<b>47 663</b>
<b>Total liabilities and equity</b>		<b>72 388</b>	<b>137 275</b>
<b>FINANCIAL ASSETS</b>			
Cash	12A	19 841	2 630
Receivables	13A	24 419	44 648
Investments	14A	0	50 880
<b>Total financial assets</b>		<b>44 260</b>	<b>98 158</b>
<b>NON-FINANCIAL ASSETS</b>			
Land and buildings	15A, 15F	744	1 286
Infrastructure, plant and equipment	15B, 15C, 15F	20 665	30 765
Inventories	16	707	796
Intangibles	15D, 15F	4 760	1 437
Other	17A	1 252	4 833
<b>Total non-financial assets</b>		<b>28 128</b>	<b>39 117</b>
<b>Total assets</b>		<b>72 388</b>	<b>137 275</b>
<b>Current liabilities</b>		<b>23 343</b>	<b>57 571</b>
<b>Non-current liabilities</b>		<b>18 684</b>	<b>32 041</b>
<b>Current assets</b>		<b>46 219</b>	<b>103 787</b>
<b>Non-current assets</b>		<b>26 169</b>	<b>33 488</b>

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED ASSETS AND LIABILITIES  
*as at 30 June 1999*

	Notes	1998-99 \$'000	1997-98 \$'000
<b>PROVISIONS AND PAYABLES</b>			
	10D		
Subsidies		-	-
Grants		11 106	-
Other		203 147	1 184
<b>Total provisions and payables</b>		<u>214 253</u>	<u>1 184</u>
<b>EQUITY</b>			
	11B		
Accumulated results		26 375	41 573
Capital		0	28 213
Administered reserve		138 188	133 580
<b>Total equity</b>		<u>164 563</u>	<u>203 366</u>
<b>Total liabilities and equity</b>		<u><b>378 816</b></u>	<u><b>204 550</b></u>
<b>FINANCIAL ASSETS</b>			
Cash	12B	-	1 896
Receivables	13B	213 990	21 482
Investments	14B	164 794	181 098
<b>Total financial assets</b>		<u>378 784</u>	<u>204 476</u>
<b>NON-FINANCIAL ASSETS</b>			
Infrastructure, plant and equipment	15E, 15G	20	28
Other	17B	12	46
<b>Total non-financial assets</b>		<u>32</u>	<u>74</u>
<b>Total assets</b>		<u><b>378 816</b></u>	<u><b>204 550</b></u>
<b>Current liabilities</b>		20 853	1 184
<b>Non-current liabilities</b>		193 400	0
<b>Current assets</b>		10 332	23 424
<b>Non-current assets</b>		368 484	181 126

The above statement should be read in conjunction with the accompanying notes

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

for the year ended 30 June 1999

	Program 1 Legal Policy Services to the Commonwealth		Program 2 Legal Services to the Commonwealth		Program 3 Community Affairs		Program 4 Administration of Justice		Program 6 Maintenance of Law, Order and Security		Inter-Program Eliminations		Total	
	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>														
<b>Expenses</b>														
Employees	41 696	-	454	480	18 904	19 838	119	38	52 159	5 374	-	-	113 332	25 730
Suppliers	12 917	-	271	289	17 973	14 537	595	1 439	41 264	6 869	(16 764)	(4 734)	56 256	18 400
Depreciation and amortisation	3 179	-	3	1	1 400	1 366	4	-	798	174	-	-	5 384	1 541
Net losses from sale of assets	1 401	-	-	-	32	100	-	-	2 058	31	-	-	3 491	131
Other costs of providing goods and services	1 960	-	4	-	80	39	-	-	3 413	-	-	-	5 457	39
Expenses of commercial fund operations	-	29 691	-	135 306	-	-	-	18 745	-	66 628	-	(550)	-	249 820
<b>Total expenses</b>	<b>61 153</b>	<b>29 691</b>	<b>732</b>	<b>136 076</b>	<b>38 389</b>	<b>35 880</b>	<b>718</b>	<b>20 222</b>	<b>99 692</b>	<b>79 076</b>	<b>(16 764)</b>	<b>(5 284)</b>	<b>183 920</b>	<b>295 661</b>
<b>Revenues from independent sources</b>														
Net gains from sale of assets	3	-	-	-	21	7	-	-	9	18	-	-	33	25
Sales of Goods & Services	14 841	-	-	-	1 934	-	-	-	60 086	-	(16 764)	-	60 098	-
Revenues of commercial fund operations	-	2 737	-	73 248	-	-	-	15 545	-	51 274	-	(1 379)	-	141 425
Other revenues from independent sources	7 801	-	(18)	2	175	1 338	-	-	3 367	442	-	-	11 325	1 782
<b>Total revenues from independent sources</b>	<b>22 645</b>	<b>2 737</b>	<b>(18)</b>	<b>73 250</b>	<b>2 130</b>	<b>1 345</b>	<b>-</b>	<b>15 545</b>	<b>63 462</b>	<b>51 734</b>	<b>(16 764)</b>	<b>(1 379)</b>	<b>71 456</b>	<b>143 232</b>
<b>Net cost of services</b>	<b>(38 508)</b>	<b>(26 953)</b>	<b>(750)</b>	<b>(62 826)</b>	<b>(36 259)</b>	<b>(34 535)</b>	<b>(718)</b>	<b>(4 677)</b>	<b>(36 230)</b>	<b>(27 342)</b>	<b>-</b>	<b>3 905</b>	<b>(112 464)</b>	<b>(152 429)</b>
<b>REVENUES FROM GOVERNMENT</b>														
Appropriations used for:														
Ordinary annual services (net appropriations)	23 574	27 869	820	19 421	34 614	33 832	768	6 137	26 185	44 553	-	(3 905)	85 961	127 908
Resources received free of charge	1 014	-	-	88	-	47	-	-	223	-	-	-	1 237	135
<b>Total revenues from Government</b>	<b>24 588</b>	<b>27 869</b>	<b>820</b>	<b>19 510</b>	<b>34 614</b>	<b>33 879</b>	<b>768</b>	<b>6 137</b>	<b>26 408</b>	<b>44 553</b>	<b>-</b>	<b>(3 905)</b>	<b>87 199</b>	<b>128 043</b>
<b>Operating surplus/(deficit) before extraordinary and abnormal items</b>	<b>(13 920)</b>	<b>916</b>	<b>70</b>	<b>(43 316)</b>	<b>(1 645)</b>	<b>(656)</b>	<b>50</b>	<b>1 460</b>	<b>(9 821)</b>	<b>17 211</b>	<b>-</b>	<b>-</b>	<b>(25 265)</b>	<b>(24 386)</b>
Net Revenues/(expenses) from abnormal items	228	-	-	-	9	-	-	-	1 786	-	-	-	2 023	-
Net Revenues/(expenses) from extraordinary items:														
Restructuring	6 486	-	-	-	407	174	(1 639)	(1 238)	-	-	-	-	5 254	(1 064)
<b>Operating surplus/(deficit)</b>	<b>(7 206)</b>	<b>916</b>	<b>70</b>	<b>(43 316)</b>	<b>(1 229)</b>	<b>(482)</b>	<b>(1 589)</b>	<b>222</b>	<b>(8 035)</b>	<b>17 211</b>	<b>-</b>	<b>-</b>	<b>(17 988)</b>	<b>(25 450)</b>

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED REVENUES AND EXPENSES BY PROGRAM  
for the year ended 30 June 1999

	Program 1 Legal Policy Services to the Commonwealth		Program 2 Legal Services to the Commonwealth		Program 3 Community Affairs		Program 4 Administration of Justice		Program 6 Maintenance of Law, Order and Security		Inter-Program Eliminations		Total	
	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000
REVENUES														
NON-TAXATION REVENUES														
Interest and dividends	750		-		719	725	-	-	404	3 784			1 873	4 509
Other	36		-	1 366	21 019	16 558	5	660	8 243	45			29 303	18 629
Total non-taxation revenues	786	-	-	1 366	21 738	17 283	5	660	8 647	3 829		-	31 176	23 138
<b>Total revenues</b>	<b>786</b>	<b>-</b>	<b>-</b>	<b>1 366</b>	<b>21 738</b>	<b>17 283</b>	<b>5</b>	<b>660</b>	<b>8 647</b>	<b>3 829</b>	<b>-</b>	<b>-</b>	<b>31 176</b>	<b>23 138</b>
EXPENSES														
Subsidies		-	-				2 346	2 265	3 791	3 551			6 137	5 817
Grants	1 984	580	8 500	-	155 951	164 125	15 167	10 910	5 068	-			186 670	175 615
Other	1 880	1 448	88	3 951	1 992	1 648	212 847	6 779	66 164	94 516			282 971	108 342
<b>Total expenses</b>	<b>3 864</b>	<b>2 028</b>	<b>8 588</b>	<b>3 951</b>	<b>157 942</b>	<b>165 773</b>	<b>230 360</b>	<b>19 954</b>	<b>75 024</b>	<b>98 067</b>	<b>-</b>	<b>-</b>	<b>475 778</b>	<b>289 773</b>
Net contribution/(cost) to Government	(3 078)	(2 028)	(8 588)	(2 585)	(136 205)	(148 490)	(230 355)	(19 294)	(66 377)	(94 238)	-	-	(444 602)	(266 635)
TRANSFERS														
Special Appropriation Accrued							203 000		9 971				212 971	
Cash from Official Commonwealth Public Account	3 769	2 046	8 500	2 716	157 722	166 438	26 187	21 237	64 984	94 669			261 162	287 106
Cash to Official Commonwealth Public Account	(786)		-	-	(21 734)	(17 778)	(5)		(10 209)				(32 734)	(17 778)
Net change in administered net assets before extraordinary items	(95)	18	(88)	131	(217)	170	(1 172)	1 943	(1 631)	431	-	-	(3 203)	2 693
Net revenues/(expenses) from extraordinary items	14		(15 868)		1 258		(1 383)		3 983		-	-	(11 996)	
Net change in administered net assets	(81)		(15 956)		1 041		(2 555)		2 352		-	-	(15 199)	
Accumulated results at 1 July	(8)	(26)	18 162	18 031	49	(121)	20 757	18 814	2 614	2 183			41 574	38 881
Accumulated results at 30 June	(89)	(8)	2 206	18 162	1 090	49	18 202	20 757	4 966	2 614	-	-	26 375	41 574

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
DEPARTMENTAL CASH FLOWS  
for the year ended 30 June 1999

	Notes	1998-99 \$'000	1997-98 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		104 393	115 144
Sale of goods and services		68 478	136 972
Interest		0	2 705
Other		17 972	5 668
<b>Total cash received</b>		<u>190 843</u>	<u>260 489</u>
<b>Cash used</b>			
Employees		(114 857)	(176 582)
Suppliers		(60 499)	(74 142)
Borrowings costs (plus interest, leases, other costs of finance)		(3)	(1 344)
Extraordinary items		(29 135)	(4)
Other		(9 542)	(4 848)
<b>Total cash used</b>		<u>(214 036)</u>	<u>(256 920)</u>
<b>Net cash from operating activities</b>	18A	<u>(23 193)</u>	<u>3 569</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of property, plant and equipment		281	671
Proceeds of Sale of Equity Instruments		46 090	0
<b>Total cash received</b>		<u>46 371</u>	<u>671</u>
<b>Cash used</b>			
Purchase of property, plant and equipment		(3 872)	(4 901)
Purchase of Treasury bills		0	(50 880)
Other – Loans made		0	(120)
<b>Total cash used</b>		<u>(3 872)</u>	<u>(55 901)</u>
<b>Net cash from/(used by) investing activities</b>		<u>42 499</u>	<u>(55 230)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Repayments of Finance Leases		0	(105)
Repayments of Debt		(88)	0
Dividends paid		(2 008)	(1 327)
<b>Total cash used</b>		<u>(2 096)</u>	<u>(1 432)</u>
<b>Net cash from financing activities</b>		<u>(2 096)</u>	<u>(1 432)</u>
<b>Net increase/(decrease) in cash held</b>		17 210	(53 093)
add cash at 1 July		2 630	55 723
<b>Cash at 30 June</b>	12A	<u>19 840</u>	<u>2 630</u>

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
ADMINISTERED CASH FLOWS  
*for the year ended 30 June 1999*

	Notes	1998-99 \$'000	1997-98 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
NON-TAXATION			
Interest		608	725
Dividends		2 869	1 327
Cash from Official Commonwealth Public Account		261 162	287 106
Other		29 257	18 704
<b>Total cash received</b>		<u>293 896</u>	<u>307 862</u>
<b>Cash used</b>			
Subsidies		6 007	5 817
Grants		191 326	175 615
Cash to Official Commonwealth Public Account		32 734	17 778
Other		65 725	108 252
<b>Total cash used</b>		<u>295 792</u>	<u>307 463</u>
<b>Net cash from operating activities</b>	18B	<u>(1 896)</u>	<u>399</u>
<b>Net increase/(decrease) in cash held</b>		(1 896)	399
add cash at 1 July		1 896	1 497
<b>Cash at 30 June</b>	12B	<u>0</u>	<u>1 896</u>

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
SCHEDULE OF COMMITMENTS

as at 30 June 1999

	Departmental		Administered	
	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000
<b>BY TYPE</b>				
<b>CAPITAL COMMITMENTS</b>				
Land and buildings (a)	73	-	-	163 699
Infrastructure, plant and equipment	31	150	-	-
<b>Total capital commitments</b>	<b>104</b>	<b>150</b>	<b>-</b>	<b>163 699</b>
<b>OTHER COMMITMENTS</b>				
Operating leases (b)	66 897	123 473	-	-
Other commitments	5 959	6 571	-	-
<b>Total other commitments</b>	<b>72 856</b>	<b>130 044</b>	<b>-</b>	<b>-</b>
<b>Less: Surplus leased space</b>	<b>(1 249)</b>	<b>(2 345)</b>	<b>-</b>	<b>-</b>
<b>COMMITMENTS RECEIVABLE</b>				
Net commitments	71 711	127 849	-	163 699
<b>BY MATURITY</b>				
<b>All net commitments</b>				
One year or less	17 444	22 438	-	699
From one to two years	10 105	20 820	-	16 300
From two to five years	24 479	61 603	-	48 900
Over five years	19 683	22 988	-	97 800
<b>Net commitments</b>	<b>71 711</b>	<b>127 849</b>	<b>-</b>	<b>163 699</b>
<b>Operating lease commitments</b>				
One year or less	11 678	20 127	-	-
From one to five years	35 536	81 336	-	-
Over five years	19 683	22 010	-	-
<b>Net commitments</b>	<b>66 897</b>	<b>123 473</b>	<b>-</b>	<b>-</b>

(a)Contractual commitment for the upgrade of National Control Monitoring Station.

(b)Operating leases included are effectively non-cancellable and comprise:

- leases for office accommodation; and
- agreements for the provision of motor vehicles to senior executive officers and operation.

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
SCHEDULE OF CONTINGENCIES

as at 30 June 1999

	Departmental		Administered	
	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000
<b>CONTINGENT LOSSES</b>				
Claims for damages/costs	1 600	100	2 096	1 784
Make good costs	697	1 203	-	-
<b>Total contingent losses</b>	<u>2 297</u>	<u>1 303</u>	<u>2 096</u>	<u>1 784</u>
<b>CONTINGENT GAINS</b>				
Claims for damages/costs	-	-	53	10
<b>Total contingent gains</b>	<u>-</u>	<u>-</u>	<u>53</u>	<u>10</u>
<b>Net contingencies</b>	<u>2 297</u>	<u>1 303</u>	<u>2 043</u>	<u>1 774</u>

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

**Departmental**

At 30 June 1999, seven unquantifiable Native Title claims.

**Administered**

At 30 June 1999, the Department was not aware of any unquantifiable contingent losses or gains.

The above statement should be read in conjunction with the accompanying notes

ATTORNEY-GENERAL'S DEPARTMENT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ended 30 June 1999*

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**Note 1 Objectives of the Attorney-General's Department**

**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 1999 is summarised below.

*Program 1 Legal Policy Services to the Commonwealth*

To advance and protect the interests of the Commonwealth, its Ministers, and agencies by the provision of sound, constructive, timely legal policy advice.

*Program 2 Legal Services to the Commonwealth*

To serve and protect the interests of the Commonwealth, its Ministers and agencies by the provision of sound, constructive and highly professional legal services.

*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 and to interpret and uphold the Australian Constitution.

*Program 6 Maintenance of Law, Order and Security*

To contribute to the maintenance of law and order, to combat crime, 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, and maintain effective border management.

**Note 2 Summary of Significant Accounting Policies**

**2.1 Basis of Accounting**

The financial statements are required by Section 49 of the *Financial Management and Accountability Act 1997* (FMA Act) and are a general purpose financial report.

The statements have been prepared in accordance with Schedule 2 to the *Financial Management and Accountability (FMA) Orders* made by the Minister for Finance and Administration in December 1998.

The statements have been prepared:

- in compliance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards and the Consensus Views of the Urgent Issues Group; and
- having regard to Statement of Accounting Concepts.

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, 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 \$1,000 except in relation to the following transactions of the Consolidated Revenue Fund, the Commercial Activities Fund and the Reserved Money Fund; act of grace payments and waivers; remuneration of executives; and remuneration of auditors.

- 2.3 Comparative Figures**  
With the exception of the allocation of costs and revenues to primary programs (refer note 2.25), 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 under the *Income Tax Assessment Act*, except fringe benefits tax, tax on fuel purchases and sales tax in certain circumstances. The Legal Practice Commercial Activities Fund consolidated into the Department's financial statements until 31 August 1998 is subject to the payment of tax equivalents under the Government's principles of competitive neutrality. The APS Reserved Money Fund is subject to the payment of tax equivalents under the Government's principles of competitive neutrality.
- 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**  
A new Commonwealth insurable risk managed fund, called "Comcover", commenced operations as from 1 July 1998. From 9 November 1998, the Department has insured with the fund for risks other than workers compensation, which is dealt with via continuing arrangements with Comcare.  
The new arrangements replace the previous policy of non-insurance and require the systematic identification, quantification, reporting and management of risk across the Department.
- 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 the Australian Protective Service Reserved Money Fund (APS) and, the Legal Practice Commercial Activities Funds (Legal Practice) until 31 August 1998, are consolidated into the Department's financial statements. Where accounting policies differ between the Funds 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 (see Note 2.18).
- 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.
- 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, 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 or with short periods to maturity (3 months or less) subject to insignificant risk of change in value with a bank or financial institution; and the balances of components of the Reserved Money Fund and Commercial Activities Fund.

## 2.11 Acquisition of 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.

## 2.12 Property, plant and equipment

### *Asset recognition threshold*

All depreciable non-current assets with 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 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.

### *Revaluations*

The *Finance Minister's Orders* 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 Department has implemented its progressive revaluations as follows:

- the library was revalued on 30 June 1998;
- plant and equipment assets were revalued as at 30 June 1999. .

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported at cost for the duration of the progressive revaluation then in progress.

All valuations are independent except the Library which was revalued by directors in 1997/1998.

The carrying amounts of non-current assets held by the Fund 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.

### *Depreciation and Amortisation*

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. 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.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current or current and future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when the assets are revalued.

The useful lives applying to each class of depreciable assets are as follows:

	1998-99	1997-98
Buildings on freehold land	25-50 years	25-50 years
Infrastructure, plant and equipment	4-10 years	4-10 years
Leasehold improvements	lease term	lease term
Intangible assets	5 years	5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3C.

## 2.13 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 of the asset 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.

When lease space under a non-cancellable operating lease becomes surplus to requirements and provides no substantive future benefit from occupancy, a liability and an expense is recognised for the amount of the total expected outlay relating to the surplus space (net of any sub-lease), discounted using an interest rate implicit in the lease or an estimate thereof. In subsequent years rental payments for the space are accounted for as reductions in the liability recognised.

## 2.14 Intangible Assets

Intangible assets are reported at the lower of cost or recoverable amount and are amortised over their anticipated useful lives.

## 2.15 Employee Entitlements

### *Leave*

The liability for employee entitlements includes 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 1999 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 1999. In determining the present value of the liability, attrition rates and pay increases through promotion and scheduled increments have been taken into account.

### *Superannuation*

Staff of the Department, APS, Auscript and Legal Practice 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. In 1998-99 these were 18.9% of salary under the CSS and 10.1% of salary under the PSS (inclusive of productivity benefits).

For casual commercial funds staff not in the CSS or the PSS, the Department contributes 9% (1997-98 9.0%) of salary (inclusive of productivity benefits) to the Australian Government Employee Superannuation Trust (AGEST).

Employer contributions amounting to \$11,416,287 (1997-98 \$19 282 261) in relation to the above schemes have been expensed in these financial statements.

## 2.16 Revenues

### *Appropriations*

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

The *Finance Minister's Orders* 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. Interest may also be charged on borrowings.

With the introduction of accrual budgeting by the Commonwealth for 1999–2000, any re-appropriation to the Department of the automatic running costs carryover for 1999–2000 will be by way of capital rather than revenue appropriation. Accordingly, the carryover is not recognised as revenue but directly in equity in the financial statements for 1998–1999.

### *Administered Appropriations*

Administered annual appropriations are recognised as revenue to the extent that cash is transferred from the Official Commonwealth Public Account to enable administered liabilities to be settled. The amount of revenue is disclosed as “transfers – cash from CPA” in the statement of Administered Revenues and Expenses.

With the introduction of accrual budgeting by the Commonwealth for the year 1999–2000, the Department has been re-appropriated amounts of administered annual appropriations recognised as an expenses, but unexpected at 30 June. This amount has been re-appropriated as administered capital.

Administered special appropriations are recognised as revenue when the related expense is incurred. This is a change from the previous policy of recognising the appropriation revenue when the related cash expenditure occurred. The effect of the change has been to increase administered special appropriation by \$212 970 739 this financial year.

### *Resources Received Free of Charge*

Resources received free of charge are recognised as revenue in the financial statements 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements. In the latter case, the assets are initially recognised at the amount at which they were recognised by the transferring agency immediately prior to the transfer.

## 2.17 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 where the proceeds are deemed appropriated under section 31 of the *Financial Management and Accountability Act 1997*; 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 departmental and administered items is to enable assessment of the administrative efficiency of the Department in providing goods and services.

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 APS and the Legal Practice is recognised as an asset and is carried at cost.

The Commonwealth's investment in other controlled authorities in this portfolio was initially valued by the aggregate of the Commonwealth's share of the net assets and net liabilities of each entity. The carrying amount of each investment and the associated investment reserve is fixed as at 1 July 1997.

#### **2.18 Reserved Money Fund (RMF), Commercial Activities Fund (CAF) and Non-CPA Trust Accounts**

Components of the RMF and CAF were established by the Finance Minister under sections 20 and 21 of the FMA Act, or by specific legislation. Components which form part of the CPA and receipts that were credited to, and payments made from, are set out in Note 23. The Department performs only a custodial role in respect of non-CPA trust accounts set out in Note 19 and because these moneys cannot be used for achievement of the Department's objectives they are not brought to account in the financial report.

#### **2.19 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 which will be transferred to Domestic Property Group, Department of Finance and Administration upon completion.

The Department reports the cost of construction of court facilities as an administered expense in the Statement of Revenues and Expenses.

#### **2.20 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 to fees under the Act for this service and these fees are included in administered revenue.

#### **2.21 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. These details are included in Note 23.

At the end of the financial period assets totalling \$16,929,877.45 were on hand. These comprised

- property to the value of \$14,298,335.84 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, totalling \$1,187,074.88; and
- assets that had not yet been realised, totalling \$1,444,466.73.

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

**2.22 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 operates throughout Australia and is substantially dependent upon parliamentary appropriations to fund its operations.

**2.23 Allocation of Costs and Revenues**

The cost of goods and services provided by programs to other programs within the Department (including overhead costs) and any revenues have been attributed to those other programs. Total amounts allocated in 1998–99 were expenses \$21,432,180.05 and revenues \$20,327,855.58. (The equivalent amount in 1997–98 was expenses of \$20,198,887.00 and revenue of \$20,198,887.00.)

**2.24 Guarantees and Undertakings**

The Department has no guarantees and undertakings to report.

**2.25 Financial Instruments**

Accounting policies for financial instruments are stated in Note 28.

	1998-99 \$'000	1997-98 \$'000
<b>Note 3 Expenses</b>		
Departmental — Goods and services expenses		
3A Employees expenses		
Remuneration for services provided	102 640	157 192
Separation and redundancy payments	10 692	17 813
Total employees expense	<u>113 332</u>	<u>175 005</u>
3B Suppliers expenses		
Supply of goods and services	51 816	61 196
Operating lease rentals	4 440	20 303
Total suppliers expenses	<u>56 256</u>	<u>81 499</u>
3C Depreciation and amortisation		
Depreciation	4 739	5 772
Amortisation of leased assets	—	58
Amortisation of intangible assets	645	481
Total depreciation and amortisation	<u>5 384</u>	<u>6 311</u>
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Buildings	33	36
Plant and equipment	5 351	6 275
Total expensed	<u>5 384</u>	<u>6 311</u>
No depreciation or amortisation was allocated to the carrying amounts of other assets.		
3D Write Down of Assets		
Receivables for Goods & Services	1 945	292
Infrastructure Plant & Equipment Write off	37	—
Asset Revaluation Decrement	389	25 300
Total Expensed	<u>2 371</u>	<u>25 592</u>
3E Net losses from sale of assets		
Non-financial assets		
Infrastructure, plant and equipment	1 120	966
Total net losses from sale of assets	<u>1 120</u>	<u>131</u>
3F Other costs of providing goods and services	5 457	6 288
Total other costs of providing goods and services	<u>5 457</u>	<u>6 288</u>
Administered expenses		
3G Subsidies	6 137	5 817
Total Subsidies	<u>6 137</u>	<u>5 817</u>
3H Grants		
Grants to non-profit institutions	117 808	46 283
Grants to state and territory governments	68 862	129 332
Total Grants	<u>186 670</u>	<u>175 614</u>
3I Other administered expenses		
Compensation and legal expenses	3 925	5 006
Other	212 936	11 771
Guns buy-back scheme	66 110	91 566
Total Other	<u>282 971</u>	<u>108 342</u>

	1998-99 \$'000	1997-98 \$'000
<b>Note 4</b>		
<b>Revenues</b>		
4A. Departmental – Non-taxation revenues		
Net gains from sale of assets		
Non-financial assets		
Infrastructure, plant and equipment	33	25
Total net gains from sale of assets	<u>33</u>	<u>25</u>
Revenues of commercial fund operations		
Sale of goods and services	60 098	135 270
Net gains from sale of assets	–	339
Interest	920	2 565
Other	2 015	3 251
Total revenues of commercial fund operations	<u>63 033</u>	<u>141 425</u>
Other revenue from independent sources	<u>8 390</u>	<u>1 782</u>
Total other revenue from independent sources	<u>8 390</u>	<u>1 782</u>
<b>Total non-taxation revenues</b>	<b><u>71 456</u></b>	<b><u>143 232</u></b>
4B. Revenues from Government		
Appropriations used for:		
Ordinary annual services (net appropriations)	85 962	127 908
Resources received free of charge		
Australian National Audit Office fees	140	104
Australian Government Solicitor	420	–
Comcover	646	–
Australian Archives (storage of permanent records)	31	31
<b>Total revenues from Government</b>	<b><u>87 199</u></b>	<b><u>128 043</u></b>
4C. Reconciliation of Revenues from Independent Sources		
Gross revenue earned		
Sales of Goods and Services (User Charges)		
Recovery of bad debt		
Profit on sale of assets		
Amounts not recognised as departmental revenue:		
Other		
Revenue from Independent Sources	<u>8 390</u>	<u>1 782</u>
4D. Administered – Non-taxation revenues		
Interest and dividends		
Interest from other sources		
Deposits	608	725
Dividends		
From commercial funds	1 265	3 784
Total interest and dividends	<u>1 873</u>	<u>4 509</u>
Other revenues		
Sale of goods and services	19 722	9 067
Fees	9 581	9 562
Total other revenues	<u>29 303</u>	<u>18 629</u>
<b>Total administered revenues</b>	<b><u>31 176</u></b>	<b><u>23 138</u></b>

	1998-99 \$'000	1997-98 \$'000
<b>Note 5</b>		
Included in the Net Cost of services are the following abnormal items:		
Abnormal revenue	2 023	-
<b>Total abnormal revenue</b>	<u>2 023</u>	<u>-</u>
Abnormal expense		
Writedown of library assets	-	25 300
<b>Total abnormal expense</b>	<u>-</u>	<u>25 300</u>
<b>Net abnormal items</b>	<u>2 023</u>	<u>(25 300)</u>

	1998-99	1997-98
	\$'000	\$'000

**Note 6**

**Extraordinary Items**

6A Departmental – Restructuring

As a result of revised administrative arrangements on 20 October 1998 the Department relinquished responsibility for Family Services (formerly part of Program 3.4) to the Department of Family and Community Services. In addition, on that date the Department assumed responsibility for Native Title matters from the Department of the Prime Minister and Cabinet and the Trade Measures Review Office from the Department of Industry, Science and Tourism.

The department assumed responsibility for Trade Measures Review Office.

Further, the department assumed responsibility for Auscript Redundancies and Receivables post sale. Cash and Receivables were transferred back to the department.

(1997-98: the Office of Film and Literature Classification commenced operations as a separate authority.)

**Departmental – Extraordinary revenue**

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

Assets

Cash	(11 062)	4
Receivables	(212)	32
Inventories	–	6
Other current assets	–	104
Infrastructure, plant and equipment	34	404
Total assets transferred	<u>(11 240)</u>	<u>550</u>

Liabilities

Creditors		24
Provisions	(353)	700
Total liabilities transferred	<u>(353)</u>	<u>724</u>
Net liabilities transferred from Department	<u>(11 593)</u>	<u>(174)</u>
<b>Total extraordinary revenue</b>	<b><u>11 593</u></b>	<b><u>174</u></b>

**Departmental – Extraordinary expenses**

(1997-98: the business of Auscript was sold. The sale was conducted by OAS&IT Outsourcing.

The department did not record any proceeds of sale but recognised a loss on sale for the value of net assets transferred to the Purchaser.)

– Loss on sale of Auscript	–	1 238
	<u>–</u>	<u>1 238</u>

In respect of sub-programs assumed in 1998-99, the following assets and liabilities were recognised at the date of transfer.

Assets

Cash	843	0
Receivables	1 956	0
Property, plant and equipment	–	0
Other	4 793	0
Total assets transferred	<u>7 592</u>	<u>0</u>

Liabilities

Creditors	4 483	0
Provisions	1 470	0
Total liabilities transferred	<u>5 953</u>	<u>0</u>
Net liabilities transferred to Department	<u>(1 639)</u>	<u>0</u>
<b>Total extraordinary expenses</b>	<b><u>(1 639)</u></b>	<b><u>1 238</u></b>

	1998-99 \$'000	1997-98 \$'000
<b>Note 6</b>		
<b>Extraordinary Items</b>		
On 31 August 1998 the department relinquished responsibility for the Australian Government Solicitors Office.		
In respect of sub-programs relinquished, the following assets and liabilities were transferred.		
Assets		
Cash	28 292	0
Receivables	22 570	0
Inventories	11 757	0
Other current assets	3 260	0
Infrastructure, plant and equipment	13 905	0
Total assets transferred	<u>79 784</u>	<u>0</u>
Liabilities		
Debt	19 101	0
Suppliers	9 455	0
Provisions	13 793	0
Other	32 735	0
Total liabilities transferred	<u>75 084</u>	<u>0</u>
Net liabilities transferred from Department	<u>4 700</u>	<u>0</u>
Total extraordinary expenses	<u>(4 700)</u>	<u>0</u>
Net extraordinary revenue/(expense)	<u>5 254</u>	<u>(1 064)</u>

6B. Administered – Restructuring

As a result of the establishment of the Australian Government Solicitor as a prescribed agency and the sale of Auscript, associated balances have been transferred to those entities.

**Administered – Extraordinary revenue**

The following assets and liabilities were recognised at the date of transfer.

Assets		
Receivables	18 494	–
Cash	1 896	–
Total assets transferred	<u>20 390</u>	<u>–</u>
Liabilities		
Grants		
Other	1 096	–
Total liabilities transferred	<u>1 096</u>	<u>–</u>
Net assets/liabilities transferred	<u>19 294</u>	<u>–</u>
Total Administered extraordinary expenses from Restructuring	<u>19 294</u>	<u>–</u>
Further, adjustment was made to bring Investments in Associated entities in line with 30 June 1997 balances		
Extraordinary revenue	(1 203)	Nil
Transfer to/(from) Capital	(6 095)	Nil
Total Extraordinary Administered Expenses	<u>11 996</u>	<u>Nil</u>

	1998-99	1997-98
	\$	\$
<b>Note 7</b>		
<b>Services Provided by the Auditor-General</b>		
Financial statement audit services are provided free of charge to the Department. The Legal Practice and Auscript Commercial Activities Funds and the Australian Protective Service Reserved Money Fund are required to remit an amount equivalent to the cost of their audit into the Consolidated Revenue Fund.		
The fair value of audit services provided was		
Auscript — Commonwealth Reporting Service Commercial Activities Fund	0	40 000
Australian Protective Service Reserved Money Fund	43 000	45 000
Legal Practice Commercial Activities Fund	26 000	156 000
Department	140 000	104 000
	<u>209 000</u>	<u>345 000</u>

No other services were provided by the Auditor-General.

**Note 8** **Act of Grace Payments and Waivers**

During the financial year 1998-99 Act of Grace no payment was made pursuant to s.33 of the FMA Act

<u>0</u>	<u>300</u>
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No waivers of amounts owing to the Commonwealth were made pursuant to sub-s.34(1) of the Financial Management and Accountability Act 1997.

	1998-99	1997-98
	\$'000	\$'000
<b>Note 9</b>		
<b>Debt</b>		
9A. Loans from future running costs		
Maturity schedule for loans:		
Payable: within one year	272	17 423
<b>Total loans</b>	<u>272</u>	<u>17 423</u>
9B. Leases		
Current	0	79
Non-current		
Later than one year but not later than two	0	79
Later than two years but not later than five	0	78
Total lease commitments	0	236
Less future interest payments	0	(20)
Total lease commitments less future interest payments	0	216
Current lease liability	0	66
Non-current lease liability	0	150
<b>Total leases</b>	<u>0</u>	<u>216</u>
9C. Other – Lease incentive		
Current	26	549
Non-current		
Later than one year but not later than two	26	665
Later than two years but not later than five	77	1 488
Later than five years	61	1 390
<b>Total other</b>	<u>190</u>	<u>4 092</u>

	1998-99 \$'000	1997-98 \$'000
<b>Note 10</b>		
Departmental provisions and payables		
10A. Employees		
Salaries and wages	2 063	2 952
Leave	26 426	40 363
Superannuation	193	271
Separations and redundancies	185	5 169
Aggregate employee entitlements liability	<u>28 867</u>	<u>48 755</u>
Other	3	413
<b>Total employees</b>	<u>28 870</u>	<u>49 168</u>
10B. Suppliers		
Trade creditors	3 481	2 832
Operating lease rentals	110	344
<b>Total suppliers</b>	<u>3 591</u>	<u>3 176</u>
10C. Other		
Interest payable	-	1 452
Provision for Fringe Benefits Tax	87	-
Prepayments received	4 000	2 757
Provision for lease breaks	-	7 000
Liability for surplus lease space	902	1 923
Dividend	882	2 320
Other	3 233	85
<b>Total other</b>	<u>9 104</u>	<u>15 537</u>
10D. Administered provisions and payables		
Subsidies	<u>-</u>	<u>-</u>
<b>Total subsidies</b>	<u>-</u>	<u>-</u>
Grants	<u>11 106</u>	<u>-</u>
<b>Total grants</b>	<u>11 106</u>	<u>-</u>
Other		
Interest payable	0	1 008
Trade creditors	<u>203 147</u>	<u>176</u>
<b>Total other</b>	<u>203 147</u>	<u>1 184</u>

**Note 11 Equity**

	Capital \$'000 98-99	Capital \$'000 97-98	Accumulated results \$'000 98-99	Accumulated results \$'000 97-98	Asset revaluation reserve \$'000 98-99	Asset revaluation reserve \$'000 97-98	Other reserves \$'000 98-99	Other reserves \$'000 97-98	Total reserves \$'000 98-99	Total reserves \$'000 97-98	Total equity \$'000 98-99	Total equity \$'000 97-98
<b>11A. Departmental Equity</b>												
Balance as at 1 July 1998	28 221	28 221	17 596	47 410	1 014	935	832	252	1 846	1 187	47 663	76 818
Operating result			(17 988)	(25 450)					-	-	(17 988)	(25 450)
Dividends			(882)	(3 784)		-			-	-	(882)	(3 784)
Transfers Out	(22 118)								-	-	(22 118)	-
Carryover	16 050								-	-	16 050	-
Net revaluation increases					7 786	79			7 786	79	7 786	79
Transfers to/(from) reserves			622	(580)	(239)		(533)	580	(772)	580	(150)	-
<b>Balance at 30 June 1998</b>	<b>22 153</b>	<b>28 221</b>	<b>(652)</b>	<b>17 596</b>	<b>8 561</b>	<b>1 014</b>	<b>299</b>	<b>832</b>	<b>8 860</b>	<b>1 846</b>	<b>30 361</b>	<b>47 663</b>

	Capital \$'000 98-99	Capital \$'000 97-98	Accumulated results \$'000 98-99	Accumulated results \$'000 97-98	Administered investments reserve \$'000 98-99	Administered investments reserve \$'000 97-98	Administered Asset revaluation reserve \$'000 98-99	Administered Asset revaluation reserve \$'000 97-98	Other administered reserves \$'000 98-99	Other administered reserves \$'000 97-98	Total reserves \$'000 98-99	Total reserves \$'000 97-98	Total equity \$'000 98-99	Total equity \$'000 97-98
<b>11B. Administered Equity</b>														
Balance as at 1 July 1998	28 213	28 213	41 574	38 881	137 094	137 094	(3 519)	1 089	5	5	133 580	138 188	203 366	205 282
Net change in administered net assets	(22 118)		(21 294)	2 693							-	-	(43 412)	2 693
Net revaluation increases							4 608	(4 608)			4 608	(4 608)	4 608	(4 608)
Transfers to/(from) reserves													-	-
Changes in accounting policies	(6 095)		6 095										-	-
<b>Balance at 30 June 1999</b>	<b>0</b>	<b>28 213</b>	<b>26 375</b>	<b>41 574</b>	<b>137 094</b>	<b>137 094</b>	<b>1 089</b>	<b>(3 519)</b>	<b>5</b>	<b>5</b>	<b>138 188</b>	<b>133 580</b>	<b>164 563</b>	<b>203 367</b>

	1998-99	1997-98
	\$'000	\$'000
<b>Note 12</b>		
12A. Departmental Cash		
Cash on hand	1 322	2 612
Account balance held in Commonwealth Public Account	18 519	18
<b>Total departmental cash</b>	<u>19 841</u>	<u>2 630</u>
12B. Administered Cash		
Cash	-	1 896
<b>Total administered cash</b>	<u>-</u>	<u>1 896</u>
<b>Note 13</b>		
13A. Departmental Receivables		
Loans		
Loans to Commonwealth Authorities		
— Office of Film and Literature Classification	120	120
<b>Total loans</b>	<u>120</u>	<u>120</u>
Appropriations carried over		
Running costs	16 050	17 964
<b>Total appropriations carried over</b>	<u>16 050</u>	<u>17 964</u>
Goods and services		
Trade debtors	9 790	25 025
Less provision for doubtful debts	(1 951)	(1 551)
Net trade debtors	<u>7 839</u>	<u>23 474</u>
Other debtors	0	874
Accrued interest receivable	410	2 216
<b>Net goods and services receivables</b>	<u>8 249</u>	<u>26 564</u>
<b>Net receivables</b>	<u>24 419</u>	<u>44 648</u>
Receivables include receivables overdue by:		
less than 30 days	1 602	2 927
30 to 60 days	818	1 040
more than 60 days	2 088	3 765
13B. Administered Receivables		
Accrued Receivables	9 971	-
Judges Pension	203 000	-
<b>Other taxes, fees and fines</b>	<u>1 020</u>	<u>5 092</u>
<b>Total other taxes, fees and fines</b>	<u>213 990</u>	<u>5 092</u>
<b>Loans</b>	<u>0</u>	<u>16 390</u>
<b>Total loans</b>	<u>0</u>	<u>16 390</u>
<b>Net receivables</b>	<u>213 990</u>	<u>21 482</u>
Maturity schedule for loans:		
within one year	0	16 390
one to two years	-	-
two to five years	-	-
over five years	-	-
<b>Total</b>	<u>0</u>	<u>16 390</u>
Receivables include receivables overdue by:		
less than 30 days	764	2 638
30 to 60 days-	0	-
greater than 60 days	256	2 456
<b>Total</b>	<u>1 020</u>	<u>5 092</u>

	1998-99 \$'000	1997-98 \$'000
<b>Note 14 Investments</b>		
14A. Departmental Investments		
Internal Treasury Bills, maturing within one year	0	50 880
<b>Total Departmental Investments</b>	<u>0</u>	<u>50 880</u>
14B. Administered Investments		
Associated entities		
Law Courts Ltd*	19 303	19 303
Controlled entities		
Australian Institute of Criminology	422	417
Australian Law Reform Commission	380	380
Criminology Research Council	311	327
High Court of Australia	138 273	132 450
Commercial trust accounts		
Australian Protective Service Reserved Moneys Fund	3 872	3 872
Legal Practice Commercial Activities Fund	2 233	24 349
<b>Total Administered Investments</b>	<u>164 794</u>	<u>181 098</u>

\*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 \$72 257 795 as calculated below, based on the latest available accounts.

	Law Courts Limited	Attorney-General's Interest (47.50%)	
	1999 \$'000	1999 \$'000	1998 \$'000
Opening Shareholders' Equity	167 836	79 722	79 335
Profit (Loss)	( 15 714)	( 7 464)	387
Closing Shareholders' Equity	<u>152 122</u>	<u>72 258</u>	<u>79 722</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.

	1998-99 \$'000	1997-98 \$'000
Note 15 Property, Plant and Equipment, and Intangibles		
15A. Departmental Land and Buildings		
Land – at valuation 1994/95 (AG), 1997/98 (APS)	242	499
Total Land	<u>242</u>	<u>499</u>
Buildings – at valuation 1994/95 (AG), 1997/98 (APS)	533	809
Accumulated depreciation	31	22
Total Buildings (net)	<u>502</u>	<u>787</u>
<b>Total Land and Buildings</b>	<b><u>744</u></b>	<b><u>1 286</u></b>
15B. Departmental – Library		
Library – at 1997/98 valuation	3 189	9 277
<b>Total Library</b>	<b><u>3 189</u></b>	<b><u>9 277</u></b>
15C. Departmental Plant and Equipment		
Plant and Equipment – at cost	0	24 070
Accumulated depreciation	0	6 549
	<u>0</u>	<u>17 521</u>
Plant and Equipment under finance lease	0	335
Accumulated amortisation	0	159
	<u>0</u>	<u>176</u>
Plant/Equipment – at valuation 1998/99 (AG), 1997/98 (APS)	33 460	17 451
Accumulated depreciation	15 984	13 660
	<u>17 476</u>	<u>3 791</u>
<b>Total Plant and Equipment</b>	<b><u>17 476</u></b>	<b><u>21 488</u></b>
15D. Departmental Intangibles		
Internally developed computer software – at cost	0	2 341
Accumulated amortisation	0	1 011
	<u>0</u>	<u>1 330</u>
Internally developed computer software – at 1998/99 valuation	4 016	183
Accumulated amortisation	1 604	76
	<u>2 412</u>	<u>107</u>
Purchased computer software – at cost	2 408	0
Accumulated amortisation	60	0
	<u>2 348</u>	<u>0</u>
<b>Total Intangibles</b>	<b><u>4 760</u></b>	<b><u>1 437</u></b>
<b>Total Departmental Land, buildings, PPE, intangibles</b>	<b><u>26 169</u></b>	<b><u>33 488</u></b>
15E. Administered Plant and Equipment		
Plant and Equipment – at 1994-95 valuation	87	87
Accumulated depreciation	67	59
<b>Total Administered Plant and Equipment</b>	<b><u>20</u></b>	<b><u>28</u></b>

## Note 15 Property, Plant and Equipment, and Intangibles

15F Analysis of Departmental Property, Plant, Equipment and Intangibles

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

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Library \$'000	Infrastructure, plant and equipment \$'000	Total infrastructure plant and equipment \$'000	Intangibles \$'000	Total land, buildings infrastructure, plant, equipment and intangibles \$'000
Gross value at 1/7/98	499	809	1 308	9 277	41 835	51 112	2 525	54 945
Additions					3 723	3 723	2 413	6 136
Revaluations					3 182	3 182	1 492	4 674
Disposals	(257)	(276)	(533)	(6 088)	(15 280)	(21 368)	(6)	(21 907)
<b>Gross value at 30/6/99</b>	<b>242</b>	<b>533</b>	<b>775</b>	<b>3 189</b>	<b>33 460</b>	<b>36 649</b>	<b>6 424</b>	<b>43 848</b>
Accumulated depreciation/amortisation at 1/7/98	n/a	(21)	(21)	–	(20 348)	(20 348)	(1 088)	(21 457)
Depreciation/amortization charge for assets held 1/7/98	n/a	(31)	(31)	–	(4 203)	(4 230)	(516)	(4 750)
Depreciation/amortization charge for additions	n/a		–		(556)	(556)	(65)	(621)
Adjustments for revaluations			–		2 358	2 358		2 358
Adjustments for disposals		21	21		6 521	6 521	5	6 547
Adjustment for other movements			–	–	244	244		244
<b>Accumulated depreciation/amortisation at 30/6/99</b>	<b>n/a</b>	<b>(31)</b>	<b>(31)</b>	<b>–</b>	<b>(15 984)</b>	<b>(15 984)</b>	<b>(1 664)</b>	<b>(17 679)</b>
<b>Net book value at 30/6/99</b>	<b>242</b>	<b>502</b>	<b>744</b>	<b>3 189</b>	<b>17 476</b>	<b>20 665</b>	<b>4 760</b>	<b>26 169</b>
Net book value at 1/7/98	499	787	1 286	9 277	21 488	30 765	1 437	33 488

(b) Assets at independent valuation<sup>1</sup>

As at 30/6/99								
Gross value					33 461	33 461	4 017	37 478
Accumulated depreciation/amortisation	n/a	n/a	n/a	n/a	(15 984)	(15 984)	(1 604)	(17 588)
Net book value					17 477	17 477	2 413	19 890
As at 30/6/98								
Gross value	499	809	1 308	333	17 451	17 784	183	19 275
Accumulated depreciation/amortisation	n/a	(22)	(22)	–	(13 660)	(13 660)	(76)	(13 758)
Net book value	499	787	1 286	333	3 791	4 124	107	5 517

(c) Assets at Chief Executive's valuation<sup>2</sup>

As at 30/6/99								
Gross value					n/a	n/a	n/a	n/a
Accumulated depreciation/amortisation	n/a	n/a	n/a	n/a				
Net book value								
As at 30/6/98								
Gross value	–	–	–	8 994	–	8 994	–	8 994
Accumulated depreciation/amortisation	n/a	–	–	–	–	–	–	–
Net book value	–	–	–	8 994	–	8 994	–	8 994

## Plant and Equipment, and Intangibles (cont.)

*(d) Assets held under finance leases*

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Library \$'000	Infrastructure, plant and equipment \$'000	Total infrastructure plant and equipment \$'000	Intangibles \$'000	Total land, buildings infrastructure, plant, equipment and intangibles \$'000
<i>As at 30/6/99</i>								
Gross value								
Accumulated depreciation/amortisation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net book value	-							
<i>As at 30/6/98</i>								
Gross value		-	-	-	335	335	-	335
Accumulated depreciation/amortisation	n/a	-	-	-	(159)	(159)	-	(159)
Net book value	-	-	-	-	176	176	-	176

*(e) Assets at cost*

<i>As at 30/6/99</i>								
Gross value							2 408	2 408
Accumulated depreciation/amortisation	n/a	n/a	n/a	n/a	n/a	n/a	(60)	(60)
Net book value	-	-					2 348	2 348
<i>As at 30/6/98</i>								
Gross value		-	-	-	24 070	24 070	2 341	26 411
Accumulated depreciation/amortisation	n/a	-	-	-	(6 549)	(6 549)	(1 011)	(7 560)
Net book value	-	-	-	-	17 521	17 521	1 350	18 851

1 All departmental non-current assets, other than the Library, receivables and investments, were valued by Australian Valuation Office as at 30 June 1999.

**Note 15 Property, Plant and Equipment, and Intangibles (continued)**

15G. Analysis of Administered Property, Plant, Equipment and Intangibles

*(a) Total*

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Library \$'000	Infrastructure, plant and equipment \$'000	Total infrastructure plant and equipment \$'000	Intangibles \$'000	Total land, buildings infrastructure, plant, equipment and intangibles \$'000
Gross value at 1/7/98	-	-	-	-	87	87	-	87
Additions								
Revaluations								
Disposals								
<b>Gross value at 30/6/99</b>					<b>87</b>	<b>87</b>		<b>87</b>
Accumulated depreciation/amortisation at 1/7/98	n/a	-	-	-	(59)	(59)	-	(59)
Depreciation/amortization charge for assets held 1/7/98	n/a				(8)	(8)		(8)
Depreciation/amortization charge for additions	n/a							
Adjustments for revaluations								
Adjustments for disposals								
Adjustment for other movements								
<b>Accumulated depreciation/amortisation at 30/6/99</b>	<b>n/a</b>				<b>(67)</b>	<b>(67)</b>		<b>(67)</b>
<b>Net book value at 30/6/99</b>					<b>20</b>	<b>20</b>	<b>-</b>	<b>20</b>
Net book value at 1/7/98	-	-	-	-	28	28	-	28

*(b) Assets at independent valuation<sup>1</sup>*

As at 30/6/99								
Gross value					87	87		87
Accumulated depreciation/amortisation	n/a				(67)	(67)		(67)
Net book value					20	20		20
As at 30/6/98								
Gross value	-	-	-	-	87	87	-	87
Accumulated depreciation/amortisation	n/a-	-	-	-	(59)	(59)	-	(59)
Net book value	-	-	-	-	28	28	-	28

	1998-99 \$'000	1997-98 \$'000
<b>Note 16</b>		
<b>Inventories</b>		
Inventories not held for sale		
Stores and stationery	796	894
Less provision for obsolete stock	<u>(89)</u>	<u>(98)</u>
<b>Total inventories not held for sale</b>	<u>707</u>	<u>796</u>
<b>Total inventories</b>	<u><b>707</b></u>	<u><b>796</b></u>
<b>17A. Other Administered Non-Financial Assets</b>		
Prepayments	1 252	4 830
Other	<u>0</u>	<u>3</u>
<b>Total other departmental non-financial assets</b>	<u><b>1 252</b></u>	<u><b>4 833</b></u>
<b>17B. Other Administered Non-Financial Assets</b>		
Prepayments	<u>12</u>	<u>46</u>
<b>Total other administered non-financial assets</b>	<u><b>12</b></u>	<u><b>46</b></u>

**Note 18 Cash Flow Reconciliation****18A. Departmental Reconciliation**

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

	1998-99	1997-98
	\$'000	\$'000
Net cost of services — gain/(loss)	(110 643)	(152 429)
Revenue from Government	85 962	128 043
Extraordinary items — gain/(loss)	5 255	(1 064)
Abnormal item — gain/(loss)	796	
Depreciation/amortisation	5 384	6 311
Loss on sale of non-current assets	1 120	966
Gain on sale of non-current assets	(33)	(364)
Interest offset against dividend	—	(1 464)
Resources Provided Free of Charge	1 237	
Increase in Surplus Lease Space Increase	627	
Lease incentives — reduction in rent expense	(26)	(173)
Writedown of fixed assets	2 371	25 434
Transfer of fixed assets on disposal — extraordinary items	10 357	1 536
Changes in assets and liabilities		
(Increase)/decrease in receivables	10 851	(7 016)
(Increase)/decrease in inventories	7 552	141
(Increase)/decrease in other current assets	3 581	(234)
Increase/(decrease) in creditors	416	(1 765)
Increase/(decrease) in provisions	(20 298)	(2 332)
Increase/(decrease) in other liabilities	(27 702)	7 979
<b>Net cash provided by operating activities</b>	<b>(23 193)</b>	<b>3 569</b>

**18B. Administered Reconciliation**

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

Net contribution (cost) to government	(463 895)	(266 636)
Cash from Commonwealth Public Account for operations	261 162	287 106
Cash to Commonwealth Public Account from operations	(32 734)	(17 778)
(Increase)/decrease in non current assets	8	11
(Increase)/decrease in investments	(781)	5 429
(Increase)/decrease in receivables	20 464	610
(Increase)/decrease in other current assets	34	20
(Increase)/decrease in other investment reserves	781	(4 608)
Increase/(decrease) in creditors	231 065	(2 932)
(Increase)/decrease in investments		(823)
<b>Net cash provided by operating activities</b>	<b>(1 896)</b>	<b>399</b>

**Note 19 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

	1998–99	1997–98
	\$'000	\$'000
Balance as at beginning of the financial year	12 208	16 060
Add: Receipts	32 533	25 753
Less: Expenditure	<u>34 414</u>	<u>29 605</u>
Balance as at the end of the financial year	<u>10 327</u>	<u>12 208</u>

**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	14	35
Add: Receipts	621	714
Less: Expenditure	<u>635</u>	<u>734</u>
Balance as at the end of the financial year	<u>–</u>	<u>14</u>

**Note 20 Executive Remuneration**

Officer remuneration includes all officers concerned with or taking part in the management of the Department during 1998–99.

The number of executive officers who received, or were due to receive total remuneration of \$100 000 or more:

	1998–99	1997–98
	Number	Number
\$100 000 to \$110 000	6	17
\$110 001 to \$120 000	1	72
\$120 001 to \$130 000	9	4
\$130 001 to \$140 000	16	24
\$140 001 to \$150 000	5	
\$150 001 to \$160 000	9	
\$160 001 to \$170 000		3
\$170 001 to \$200 000	2	
\$200 001 to \$210 000	1	
\$220 001 to \$230 000		
\$230 001 to \$240 000	1	2
The aggregate amount of total remuneration of executive officers shown above	<b>\$6 834 357</b>	<b>\$14 830 367</b>
The aggregate amount of performance pay paid or payable during the year to executive officers shown above	0	\$ 294 035
The aggregate amount of separation and redundancy payments during the year to executive officers shown above	0	0

	1998–99 Budget \$	1998–99 Actual \$	1997–98 Actual \$
<b>Note 21 Consolidated Revenue Fund — Receipts</b>			
Legal Practice Trust Account			
Loan repayments	15 000 000	–	–
Dividend payments	750 000	750 000	1 326 998
Closure of Legal Practice Reserve	35 000 000	–	–
Insolvency and Trustee Service, Australia			
Bankruptcy fees	16 900 000	21 983 193	17 283 791
Departmental Receipts			
Section 31 of the FMA Act	7 761 031	8 214 580	3 138 225
Miscellaneous	14 800 000	8 335 208	6 283 426
Australian Protective Service Trust Account			
Dividend payments	2 300 000	2 008 285	–
Payments in lieu of taxation	3 800 000	–	–
High Court of Australia Fees and Miscellaneous	1 174 000	713 332	551 430
<b>Total receipts</b>		96 735 031	42 004 598
28 583 870			
CRF receipts forwarded to Commercial Activities Fund		–	n/a
CRF receipts forwarded to Reserved Money Fund		–	n/a
<b>Note 22 Consolidated Revenue Fund – Expenditure</b>			
<b>Special Appropriations</b>			
<i>High Court of Australia Act 1979</i>			
— Justices of the High Court	1 887 000	1 828 884	2 358 423
<i>Judges Pensions Act 1968</i>			
	9 695 000	9 601 097	8 061 423
<i>National Firearms Program Implementation Act 1996</i>			
	79 000 000	56 123 510	91 162 013
<b>Total Expenditure Special Appropriations</b>	<b>90 582 000</b>	<b>67 553 491</b>	<b>101 581 859</b>

Note 22 Consolidated Revenue Fund – Expenditure (continued)

	1998–99 Budget Estimates \$	1998–99 Additional Appropriations \$	1998–99 Advance to the Minister for Finance \$	1998–99 Total Appropriation \$	1998–99 Actual Expenditure \$	1997–98 Actual Expenditure \$
<b>Annual Appropriations</b>						
<b>Ordinary Annual Services of Government</b>						
<b>Appropriation Act</b>	<b>Act No. 1</b>	<b>Act No. 3</b>				
<b>Division 120 — Administrative</b>						
1 Running costs	121 205 404	5 600 000		126 805 404	110 755 503	69 515 207
2 Other services						
1 Australian organisations — grants	222 000	33 000		255 000	211 113	1 267 423
2 International bodies — membership contributions	390 000			390 000	384 623	363 278
3 Financial assistance towards legal costs and related expenses	8 560 000	16 000		8 576 000	8 547 809	5 308 884
4 Compensation and legal expenses	4 172 000	30 000		4 202 000	3 794 367	4 973 623
5 Publication of Acts & Statutory Rules	1 443 000			1 443 000	1 341 477	984 199
6 Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence — Operating expenses	3 741 000			3 741 000	3 738 054	3 506 909
7 Law Courts Ltd — Contribution to operating expenses and costs of Law Library	2 277 000			2 277 000	2 268 711	2 265 393
8 Family Law Council	147 000			147 000	134 230	142 998
9 Grants to family relationship support organisations (including payments under the <i>Family Law Act 1975</i> and the <i>Marriage Act 1961</i> )	22 328 000	281 000		22 609 000	22 607 571	32 953 479
10 Reimbursements or payments on account of reimbursements made for services under the <i>Family Law Act 1975</i> and the Child Support Scheme Legislation	5 624 000			5 624 000	3 940 078	4 750 327
11 Constitutional Centenary Foundation Incorporated	278 000			278 000	278 000	273 000
12 Family Court of Western Australia — Operating expenses	8 389 000			8 389 000	7 199 000	6 159 914
13 Community legal services	22 205 000			22 205 000	18 659 191	–
14 Business rationalisation and redundancy costs (for payment to the Australian Protective Service Reserve)	6 101 000			6 101 000	1 500 000	–
Total Division 120	207 082 404	5 960 000	–	213 042 404	185 359 728	132 464 633

Note 22 Consolidated Revenue Fund – Expenditure (continued)

	1998–99 Budget Estimates \$ Act No. 1	1998–99 Additional Appropriations \$ Act No. 3	1998–99 Advance to the Minister for Finance \$	1998–99 Total Appropriation \$	1998–99 Actual Expenditure \$	1997–98 Actual Expenditure \$
<b>Appropriation Act</b>						
<b>Division 121 — Legal Practice Trust Account</b>						
1 Running costs	–	–	–	–	–	35 330
Total Division 121	–	–	–	–	–	35 330
<b>Division 123 — Australian Institute of Criminology</b>						
1 For expenditure under the <i>Criminology Research Act 1971</i>						
Operating expenses	3 134 000	200 00		3 334 000	3 334 000	2 791 000
Total Division 123	3 134 000	200 000		3 334 000	3 334 000	2 791 000
<b>Division 126 — Criminology Research Council</b>						
1 Criminology Research (For payment to the Criminology Research Fund)	234 000	–		234 000	234 000	236 000
Total Division 126	234 000	–		234 000	234 000	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	7 425 000	242 000		7 667 000	7 667 000	8 289 000
Total Division 127	7 425 000	242 000		7 667 000	7 667 000	8 289 000
<b>Division 129 — Law Reform Commission</b>						
1 For expenditure under the <i>Law Reform Commission Act 1973</i>						
Operating expenses	2 884 000	–		2 884 000	2 884 000	3 371 000
Total Division 129	2 884 000	–		2 884 000	2 884 000	3 371 000
Total Appropriation Acts Nos 1 and 3	220 759 404	6 402 000	–	227 161 404	199 478 728	147 186 963

Note 22 Consolidated Revenue Fund – Expenditure (continued)

	1998–99 Budget Estimates \$	1998–99 Additional Appropriations \$	1998–99 Advance to the Minister for Finance \$	1998–99 Total Appropriation \$	1998–99 Actual Expenditure \$	1997–98 Actual Expenditure \$
<b>Other Annual Services of Government</b>						
Appropriation Act	Act No. 2	Act No. 4				
<b>Division 805 — Capital Works and Services</b>						
1 Acquisitions, Buildings, Works, Plant and Equipment						
1 Departmental Plant and Equipment	561 000	27 000	–	588 000	561 000	98 976
2 Construction of Departmental Facilities	3 433 000	146 000	–	3 579 000	3 177 900	523 872
3 Advances and Loans						
1 Business loan (for payment to the Australian Protective Service Reserve)	1 290 000	–	–	1 290 000	–	–
2 Working capital advance (for payment to the Australian Government Solicitor Commercial Activities Fund)	15 000 000	–	–	15 000 000	–	–
3 Overdraft facility (for payment to the Australian Protective Service Reserve (money received as repayments of the overdraft facility may be credited to this item))	3 500 000	–	–	3 500 000	–	–
Total Division 805	23 784 000	173 000	–	23 957 000	3 738 900	622 848
<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	48 837 000	8 251 000	–	57 088 000	57 087 000	91 678 019
3 Legal Aid — Grants to supplement voluntary and community legal aid schemes	–	–	–	–	–	14 903 603
Total Division 806	48 837 000	8 251 000	–	57 088 000	57 087 000	106 581 622
<b>Division 807 — Other Services</b>						
1 Lease termination costs associated with the rationalisation of the Australian Government Solicitor	8 500 000	–	–	8 500 000	8 500 000	–
2 Commonwealth legal aid program	54 001 000	(8 251 000)	–	45 750 000	45 750 000	18 000 000
Total Division 807	62 501 000	(8 251 000)	–	54 250 000	54 250 000	18 000 000
<b>Division 938 – Payments to the States and Territories</b>						
1 For expenditure under Part 9 of the <i>Native Title Act 1993</i>	7 000 000	–	–	7 000 000	–	–
Total Division 938	7 000 000	–	–	7 000 000	–	–
Total Appropriation Acts Nos 2 and 4	135 122 000	173 000	–	135 295 000	115 075 900	125 204 470
<b>Explanation of Material Variances</b>						

**Note 22 Consolidated Revenue Fund – Expenditure (continued)**

**Reconciliation of Agency Running Costs**

	1998-99	1997-98
	\$	\$
Running costs appropriation spent (Div 120-1)	111 922 733	119 911 023
Less: appropriations under FMA Act section 31	<u>(7 996 443)</u>	<u>(3 139 084)</u>
	103 926 290	116 771 939
Add: Carryover 30 June		17 964 441
Less: Carryover 1 July	(17 964 441)	(6 828 380)
Less: New Running Costs Borrowings		
Add: Running Costs Borrowings repaid		
Running Costs Revenue (included in Operating Statement)	<u>85 961 849</u>	<u>127 908 000</u>
Other agency spending – ordinary annual services appropriations		
Revenue from Government – ordinary annual services (Per Operating Statement)	<u>85 961 849</u>	<u>127 908 000</u>

	1998-99 Cash \$	1998-99 Investments \$	1998-99 Total \$	1997-98 Cash \$	1997-98 Investments \$	1997-98 Total \$
<b>Note 23 Receipts and Expenditure of the Reserve Money Fund and Commercial Activities Fund</b>						
<b>Reserved Money Fund</b>						
<b>Attorney-General's Department – Services for other Governments and non-departmental bodies</b>						
• Legal Authority – Section 20, FMA Act						
• Purpose – For the payment of costs in connection with services performed on behalf of other Governments and non-departmental bodies						
Opening Balance	7 973	970 000	977 973	500 000	–	500 000
Receipts						
– from appropriations	13 308 441		13 308 441	3 046 787	–	3 046 787
– from realisation of investments	970 000	(970 000)				
	<u>14 286 414</u>	<u>–</u>	<u>14 286 414</u>	<u>3 546 787</u>	<u>–</u>	<u>3 546 787</u>
Expenditure						
– for operations	(6 203 070)		2 438 389	(2 568 814)		165 290
– for purchase of investments	(8 080 000)	8 080 000	3 764 681	(970 000)	970 000	2 403 524
	<u>(14 283 070)</u>	<u>8 080 000</u>	<u>6 203 070</u>	<u>(3 538 814)</u>	<u>970 000</u>	<u>2 568 814</u>
Balance as at the end of the financial year	<u>3 344</u>	<u>8 080 000</u>	<u>8 083 344</u>	<u>7 973</u>	<u>970 000</u>	<u>977 973</u>
<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	9 781	–	9 781	1 000		1 000
Receipts						
– from operations	620 726	–	620 726	735 968		735 968
	<u>630 507</u>	<u>–</u>	<u>630 507</u>	<u>736 968</u>		<u>736 968</u>
Expenditure						
• Purpose – Payments under Section 20J, <i>Bankruptcy Act 1966</i>						
– for operations	(635 192)	–	635 192	(727 186)		727 186
	<u>(635 192)</u>	<u>–</u>	<u>635 192</u>	<u>(727 186)</u>		<u>727 186</u>
Balance as at the end of the financial year	<u>4 685</u>	<u>–</u>	<u>4 685</u>	<u>9 781</u>		<u>9 781</u>

Note 23 Receipts and Expenditure of the Reserve Money Fund  
and Commercial Activities Fund (continued)

	1998-99 Cash \$	1998-99 Investments \$	1998-99 Total \$	1997-98 Cash \$	1997-98 Investments \$	1997-98 Total \$
<b>Other Trust Moneys (Attorney-General's)</b>						
• Legal Authority – Section 20, FMA Act						
• Purpose – Receipt of moneys temporarily held in trust for other persons						
Opening Balance	6 836	100 000	106 836	109 000		109 000
Receipts						
– from appropriations	68 738		68 738	28 158		28 158
	75 574	100 000	175 574	137 158		137 158
Expenditure						
– for purchase of investments				(100 000)	100 000	
– for operations	(75 574)	51 197	126 771	(30 322)		30 322
	(75 574)	51 197	126 771	(130 322)	100 000	30 322
Balance as at the end of the financial year	–	48 803	48 803	6 836	100 000	106 836
<b>Australian Protective Services Trust Account</b>						
• Legal Authority –Section 20, FMA Act						
• Purpose – for the receipt of all moneys and payment of all expenditure associated with services provided by the Australian Protective Service						
Opening Balance	2 987	8 810 000	8 812 987	5 173 000		5 173 000
Receipts						
– from operations	60 434 475		60 434 475	67 269 000		67 269 000
– from appropriation	1 500 000		1 500 000	7 503 981	–	7 503 981
	61 937 462	8 810 000	70 747 462	79 945 981	–	79 945 981
Expenditure						
– for purchase of investments				(8 810 000)	8 810 000	
– for operations	(58 105 761)		58 105 761	(71 132 994)		71 132 994
	(58 105 761)		58 105 761	(79 942 994)		71 132 994
Balance as at the end of the financial year	3 831 701	8 810 000	12 641 701	2 987	8 810 000	8 812 987

	1998-99 Cash \$	1998-99 Investments \$	1998-99 Total \$	1997-98 Cash \$	1997-98 Investments \$	1997-98 Total \$
<b>Note 23 Receipts and Expenditure of the Reserve Money Fund and Commercial Activities Fund (continued)</b>						
<b>Confiscated Assets Trust Account</b>						
<ul style="list-style-type: none"> <li>• Legal Authority – Part 11A, <i>Proceeds of Crime Legislation Amendment Act 1991</i>, Regulation 34A(1)</li> <li>• 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</li> </ul>						
Opening Balance	2 976	1 230 000	1 232 976	1 540 000		1 540 000
Receipts						
– from operations	8 192 662		8 192 662	4 510 481		4 510 481
	8 195 638	1 230 000	9 425 638	6 050 481		6 050 481
Expenditure						
– for purchase of investments				(1 230 000)	1 230 000	
– for operations	(7 853 065)	1 230 000	9 083 065	(4 817 506)		4 817 506
	(7 853 065)	1 230 000	9 083 065	(6 047 506)		4 817 506
Balance as at the end of the financial year	342 573	–	342 573	2 976	1 230 000	1 232 976
<b>Attorney-General's Department Law Enforcement Projects Trust Account</b>						
<ul style="list-style-type: none"> <li>• Legal Authority –Section 20, FMA Act</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	8 025	230 000	238 025	318 000		318 000
Receipts						
– from operations			–	–		–
	8 025	8 810 000	238 025	318 000	–	318 000
Expenditure						
– for purchase of investments				(230 000)	230 000	
– for operations	(8 335)	230 000	238 335	(79 975)		79 975
	(8 335)	2330 000	238 335	(309 975)	230 000	79 975
Balance as at the end of the financial year	(310)	–	(310)	8 025	230 000	238 025

**Note 23 Receipts and Expenditure of the Reserve Money Fund and Commercial Activities Fund**

**Auscript Trust Account**

- Legal Authority – Section 21, FMA Act
- Purpose –For the receipt of all moneys and the payment of all expenditure related to the operation of Auscript

	1998-99 Cash \$	1998-99 Investments \$	1998-99 Total \$	1997-98 Cash \$	1997-98 Investments \$	1997-98 Total \$
Opening Balance	8 744	4 790 000	4 798 744	1 261 000		1 261 000
Receipts						
– from operations	4 742 181		4 742 181	15 602 102		15 602 102
– from appropriation			–	4 681 000		4 681 000
	<u>4 750 925</u>	<u>4 790 000</u>	<u>9 540 925</u>	<u>21 544 102</u>		<u>21 544 102</u>
Expenditure						
– for purchase of investments				(4 790 000)	4 790 000	
– for operations	(4 750 925)	2 259 253	7 010 178	(16 745 358)		16 745 358
	<u>(4 750 925)</u>	<u>2 259 253</u>	<u>7 010 178</u>	<u>(21 535 358)</u>	<u>4 790 000</u>	<u>16 745 358</u>
Balance as at the end of the financial year	<u>–</u>	<u>2 530 747</u>	<u>2 530 747</u>	<u>8 744</u>	<u>4 790 000</u>	<u>4 798 744</u>

**Legal Practice Trust Account**

- Legal Authority –Section 21, FMA Act
- Purpose – For the receipt of all moneys and the payment of all expenditure related to the operation of the Attorney-General’s Legal Practice

Opening Balance	6 779	37 280 000	37 286 779	45 812 000		45 812 000
Receipts						
– from operations	81 962 692		81 962 692	100 380 621		100 380 621
	<u>81 969 471</u>	<u>37 280 000</u>	<u>119 249 471</u>	<u>146 192 621</u>	<u>–</u>	<u>146 192 621</u>
Expenditure						
– for purchase of investments				(37 280 000)	37 280 000	
– for operations	(75 357 019)		75 357 019	(108 905 843)		108 905 843
	<u>(75 357 019)</u>		<u>75 357 019</u>	<u>(146 185 843)</u>	<u>37 280 000</u>	<u>108 905 843</u>
Balance as at the end of the financial year	<u>6 612 452</u>	<u>37 280 000</u>	<u>43 892 452</u>	<u>6 779</u>	<u>37 280 000</u>	<u>37 286 779</u>

**Note 24 Average Staffing Level**

Average staffing levels by Program and in total were as follows

	1998–99	1997–98
	Number	Number
Program 1 — Legal Policy Services to the Commonwealth	400	402
Program 2 — Legal Services to the Commonwealth	0	652
Program 3 — Community Affairs	317	345
Program 4 — Administration of Justice	0	85
Program 6 — Maintenance of Law, Order and Security	820	827
Total	<u>1 537</u>	<u>2 311</u>

The Average staffing levels excluded AGS.

**Note 25 Restructure**

As a result of a review of the Legal Practice the commercial elements of the Legal Practice became a prescribed authority from 1 September 1998, known as the Australian Government Solicitor (AGS).

**Note 26 Events Occurring after Balance Date**

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

**Note 27 Year 2000 Compliance Plan**

The Department has continued to plan for, check and test the Year 2000 compliance of its business critical systems. Plans are in place to modify systems, as required, before the impact of the year 2000 date change creates significant errors in accounting records or adversely impacts on business operations.

**Note 28 Financial Instruments**

*(a) Terms, conditions and accounting policies*

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Assets</i>		<b>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</b>	
Cash — deposits at call	12	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Surplus funds held by APS, Auscript and the Legal Practice are invested with the Department of Finance and Administration. Interest is earned on the daily balance at rates based on money market call rates. Rates have averaged 5% for the year (1997–98: 5%).
Receivables for goods & services	13	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1997/98: 30 days).
Loans	13	Loans are recognised at the amount lent. Collectability of amounts outstanding is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan or part thereof is judged to be less rather than more likely. Interest is credited to revenue as it accrues.	The Department provided a non-interest bearing loan repayable by 30 June 1999 for the acquisition of new systems by the Office of Film and Literature Classification.
Investments	14	Internal Treasury Bills are recognised at their nominal amount. Interest is credited as it accrues.	The Internal Treasury Bills held at 30 June 1999 have a maturity date of 30 June 1999. The interest rate earned on the bills is 1%.
<i>Financial Liabilities</i>		<b>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of liabilities can be reliably measured.</b>	
Finance Leases	9	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the Department had finance leases with terms of 5 years. The interest rate implicit in the leases averaged 9.9% (1997–98: 9.9%). The lease liabilities are secured by the lease assets.
Loans	9	Loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.	The Legal Practice commercial business carry a loan provided by the Commonwealth. Interest is calculated on the balance of the loan and accrued as an expense of the business operations. The effective interest rate is based on the 10 year bond rate (currently 12%). The loan is unsecured.

**Note 34 Financial Instruments (continued)**

Note 28 Financial Instruments (continued)

Financial Instrument	Note	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Lease incentives	9	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	The Department has received fitout incentives on entering property operating leases in January 1993 and January 1995. Lease payments are made monthly.
Trade creditors	10	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

Note 28 Financial Instruments (continued)

(b) Interest Rate Risk

	Note	Floating Interest Rate		Fixed Interest Rate 1 year or less		Non Interest Bearing		Total		Weighted Average Effective Interest Rate	
		1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000
<b>DEPARTMENTAL</b>											
<b>Financial Assets</b>											
Cash on Hand or at Bank	12A					1 323	2 612	1 323	2 612	n/a	n/a
Account Balances held in the Commonwealth Public Account	12A	18 519	18					18 519	18	5.0%	5.0%
Receivables — goods and services	13A					8 013	18 864	8 013	18 864	n/a	n/a
Loan to Commonwealth Authority	13A					120	120	120	120	n/a	n/a
Internal Treasury Bills	14A				50 880				50 880	1.0%	1.0%
<b>Total financial assets</b>		<b>18 519</b>	<b>18</b>		<b>50 880</b>	<b>9 456</b>	<b>21 596</b>	<b>27 975</b>	<b>72 494</b>		
<b>Total assets</b>								<b>72 390</b>	<b>137 273</b>		
<b>Financial Liabilities</b>											
Finance Leases	9B				216				216	9.9%	9.4%
Loans	9A				16 390				16 390	12.0%	8.0%
Lease Incentives	9C					190	4 092	190	4 092	n/a	n/a
Trade creditors	10B					3 481	2 832	3 481	2 832	n/a	n/a
<b>Total Financial Liabilities</b>		<b>—</b>	<b>—</b>		<b>16 606</b>	<b>3 671</b>	<b>6 924</b>	<b>3 671</b>	<b>23 530</b>		
<b>Total Liabilities</b>								<b>42 028</b>	<b>89 612</b>		

Note 28 Financial Instruments (continued)

(b) Interest Rate Risk (continued)

	Note	Floating Interest Rate		Fixed Interest Rate 1 year or less		Non Interest Bearing		Total		Weighted Average Effective Interest Rate	
		1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000	1998-99 \$'000	1997-98 \$'000
<b>ADMINISTERED</b>											
<b>Financial Assets</b>											
Cash	12B					1 896		1 896		n/a	n/a
Receivables — taxes, fees and fines	13B					1 020	5 092	1 020	5 092	n/a	n/a
Receivables — loans	13B				16 390				16 390	7.0%	8.0%
Investments	14B					186 910	181 099	186 910	181 099	n/a	n/a
<b>Total financial assets</b>		<b>—</b>	<b>—</b>		<b>16 390</b>	<b>187 930</b>	<b>188 087</b>	<b>187 930</b>	<b>204 477</b>		
<b>Total assets</b>								<b>187 961</b>	<b>204 550</b>		
<b>Financial Liabilities</b>											
Trade creditors	10D					214 252	176	214 252	176	n/a	n/a
<b>Total Financial Liabilities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176</b>	<b>214 252</b>	<b>176</b>		
<b>Total Liabilities</b>								<b>214 252</b>	<b>1 185</b>		

There is no interest rate risk exposure to the Department.

**Note 28**

**Financial Instruments (continued)**

*(c) Net Fair Values of Financial Assets and Liabilities*

		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		1998-99 \$'000	1998-99 \$'000	1997-98 \$'000	1997-98 \$'000
<b>DEPARTMENTAL</b>					
<b>Financial Assets</b>					
Cash on Hand or at Bank	12A	1 323	1 323	2 612	2 612
Account Balances held in the Commonwealth					
Public Account	12A	18 519	18 519	18	18
Receivables — goods and services	13A	8 013	8 013	18 864	18 864
Loan to Commonwealth Authority	13A	120	120	120	120
Internal Treasury Bills	14A			50 880	50 880
<b>Total financial assets</b>		<b>27 975</b>	<b>27 975</b>	<b>72 494</b>	<b>72 494</b>
<b>Total assets</b>			<b>72 390</b>		<b>137 273</b>
<b>Financial Liabilities</b>					
Finance Leases	9B			216	216
Loans	9A			16 390	16 390
Lease Incentives	9C	190	190	4 092	4 092
Trade creditors	10B	3 481	3 481	2 832	2 832
<b>Total Financial Liabilities</b>		<b>3 671</b>	<b>3 671</b>	<b>23 530</b>	<b>23 530</b>
<b>Total Liabilities</b>			<b>42 028</b>		<b>89 612</b>
<b>ADMINISTERED</b>					
<b>Administered Financial Assets</b>					
Cash	12B			1 896	1 896
Receivables — taxes, fees and fines	13B	1 020	1 020	5 092	5 092
Receivables — loans	13B			16 390	16 390
Investments	14B	186 910	186 910	181 099	181 099
<b>Total financial assets</b>		<b>187 930</b>	<b>187 930</b>	<b>204 477</b>	<b>204 477</b>
<b>Total assets</b>			<b>187 961</b>		<b>204 550</b>
<b>Financial Liabilities</b>					
Trade creditors	10D	214 52	214 252	176	176
<b>Total Financial Liabilities</b>		<b>214 252</b>	<b>214 252</b>	<b>176</b>	<b>176</b>
<b>Total Liabilities</b>			<b>214 252</b>		<b>1 185</b>

The net fair values of the above financial assets and liabilities are approximated by their carrying amounts.

*(d) Credit Risk Exposures*

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Assets and Liabilities.

The Department has no significant exposures to credit risk.



## INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

### Scope

I have audited the financial statements of the Australian Protective Service for the year ended 30 June 1999. The statements comprise:

- Statement by the Chief Executive
- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Notes to and forming part of the Financial Statements.

The Departmental Chief Executive is 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 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 as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view of the entity which is consistent with my understanding of its 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.

GPO Box 707 CANBERRA ACT 2601  
Centenary House 19 National Circuit  
BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

**Audit Opinion**

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australian Protective Service as at 30 June 1999 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



Allan Thompson  
Executive Director

Delegate of the Auditor-General

Canberra

14 October 1999

ATTORNEY - GENERAL'S DEPARTMENT  
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT

STATEMENT BY THE CHIEF EXECUTIVE

In my opinion, the accompanying financial statements give a true and fair view of the matters required by Schedule 2 to the *Commonwealth Authorities and Companies Orders (Amendment) 1998* (the Orders) issued by the Finance Minister.



A.S. Blunn  
Chief Executive

14<sup>th</sup> October 1999

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT  
 PROFIT AND LOSS STATEMENT  
*for the year ended 30 June 1999*

	Notes	1998/99 \$	1997/98 \$
<b>OPERATING REVENUES (before abnormal items)</b>			
Sales	2A	59,457,696	66,078,558
Interest Income	2B	687,977	473,824
Other Income	2C	1,021,058	153,822
<b>Total Operating Revenues (before abnormal items)</b>		<b>61,166,731</b>	<b>66,706,204</b>
<b>OPERATING EXPENSES (before abnormal items)</b>			
Employees	3A	43,363,756	48,110,765
Suppliers	3B	10,951,083	11,098,347
Depreciation and amortisation	3C	593,431	518,025
Write-down of assets	3D	1,981,876	291,796
Net losses from sales of assets	3E	51,310	1,333
Competitive neutrality costs	3F	2,486,418	-
<b>Total operating expenses (before abnormal items)</b>		<b>59,427,874</b>	<b>60,020,266</b>
Resources received free of charge	4	222,991	-
<b>Operating profit before abnormal items and corporate tax equivalence</b>		<b>1,961,848</b>	<b>6,685,938</b>
Abnormal items	5	559,307	881,605
<b>Operating profit after abnormal items</b>		<b>2,521,155</b>	<b>7,567,543</b>
Competitive neutrality cost - corporate tax equivalence		756,347	-
<b>Operating profit after abnormal items and corporate tax equivalence</b>		<b>1,764,808</b>	<b>7,567,543</b>
Accumulated losses at the beginning of the reporting period	13	(2,452,251)	(5,656,029)
<b>Total available for Appropriation</b>		<b>(687,443)</b>	<b>1,911,514</b>
Dividend provided for		(882,404)	(3,783,772)
Aggregate of amounts transferred from/(to) reserves	13	621,657	(579,993)
<b>Accumulated losses at the end of reporting period</b>	13	<b>(948,190)</b>	<b>(2,452,251)</b>

The accompanying notes for an integral part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT  
 BALANCE SHEET  
*as at 30 June 1999*

	Notes	1998/99 \$	1997/98 \$
<b>CURRENT ASSETS</b>			
Cash	6	13,746,678	1,588,704
Receivables	7	6,910,727	6,349,546
Investments	8	-	8,810,000
Inventories	9	615,706	696,700
Other	10	279,108	572,236
<b>Total current assets</b>		<b>21,552,219</b>	<b>18,017,186</b>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	11A	744,742	986,000
Infrastructure, plant and equipment	11B	1,513,813	1,213,334
Intangibles	11C	130,084	107,334
<b>Total non-current assets</b>		<b>2,388,639</b>	<b>2,306,668</b>
<b>Total assets</b>		<b><u>23,940,858</u></b>	<b><u>20,323,854</u></b>
<b>CURRENT LIABILITIES</b>			
Provisions and payables	12	16,123,884	13,214,137
<b>Total current liabilities</b>		<b>16,123,884</b>	<b>13,214,137</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions and payables	12	4,508,834	4,683,981
<b>Total non-current liabilities</b>		<b>4,508,834</b>	<b>4,683,981</b>
<b>Total Liabilities</b>		<b><u>20,632,718</u></b>	<b><u>17,898,118</u></b>
<b>Net assets</b>		<b><u>3,308,140</u></b>	<b><u>2,425,736</u></b>
<b>EQUITY</b>			
Capital	13	3,872,055	3,872,055
Reserves	13	384,275	1,005,932
Accumulated losses	13	(948,190)	(2,452,251)
<b>Total equity</b>		<b><u>3,308,140</u></b>	<b><u>2,425,736</u></b>

The accompanying notes form an integral part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT  
 STATEMENT OF CASH FLOWS  
*for the year ended 30 June 1999*

	Notes	1998/99 \$	1997/98 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Sales of goods and services		59,587,322	67,229,666
Appropriations		1,500,000	7,503,981
<b>Total cash received</b>		<b>61,087,322</b>	<b>74,733,647</b>
<b>Cash Used</b>			
Suppliers		(9,878,634)	(14,033,242)
Employees		(45,108,642)	(56,997,141)
<b>Total cash used</b>		<b>(54 987 276)</b>	<b>(71 030 383)</b>
<b>Net Cash from operating activities</b>	14	<b>6,100,046</b>	<b>3,703,264</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		232,640	183,239
<b>Total cash received</b>		<b>232,640</b>	<b>183,239</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		(976,427)	(311,171)
<b>Total cash used</b>		<b>(976,427)</b>	<b>(311,171)</b>
<b>Net cash from investing activities</b>		<b>(743,787)</b>	<b>(127,932)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Payment of dividend to the Department of Finance and administration (DoFA)		(2,008,285)	-
<b>Total cash used</b>		<b>(2,008,285)</b>	<b>-</b>
<b>Net cash from financing activities</b>		<b>(2,008,285)</b>	<b>-</b>
Net increase in cash held		3,347,974	3 575 332
add cash at 1 July		10,398,704	6,823,372
Cash at 30 June (a)	6	13,746,678	10,398,704

(a) Cash includes Reserved Moneys Fund with the DoFA, cash in transit, cash on hand and at bank and investments.

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

ATTORNEY-GENERAL'S DEPARTMENT  
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT  
 SCHEDULE OF COMMITMENTS  
*as at 30 June 1999*

	1998/99	1997/98
	\$	\$
<b>BY TYPE</b>		
<b>CAPITAL COMMITMENTS</b>		
Capital (a)	73,170	-
Plant and equipment	-	149,729
<b>Total capital commitments</b>	<u>73,170</u>	<u>149,729</u>
<b>OTHER COMMITMENTS</b>		
Operating leases (b)	<u>3,102,893</u>	<u>2,952,895</u>
<b>Total other commitments</b>	<u>3,102,893</u>	<u>2,952,895</u>
Total commitments payable	<u><u>3,176,063</u></u>	<u><u>3,102,624</u></u>
<b>BY MATURITY</b>		
<b>All net commitments</b>		
One year or less	856,034	795,339
From one to two years	770,546	411,641
From Two to five years	1,018,955	881,381
Over five years	<u>530,528</u>	<u>1,014,263</u>
<b>Net commitments</b>	<u><u>3,176,063</u></u>	<u><u>3,102,624</u></u>
<b>Operating lease commitments</b>		
One year or less	782,864	645,610
From one to two years	770,546	411,641
From Two to five years	1,018,955	881,381
Over five years	<u>530,528</u>	<u>1,014,263</u>
<b>Operating lease commitments</b>	<u><u>3,102,893</u></u>	<u><u>2,952,895</u></u>

(a) Contractual commitments for the upgrade of National Control Monitoring Station.

(b) Operating leases included are effectively non-cancellable and comprise:

- leases for office accommodation; and
- agreements for the provision of motor vehicles to senior executive officers and operation.

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

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

*as at 30 June 1999*

	1998/99	1997/98
	\$	\$
<b>CONTINGENT LOSSES</b>		
Separations and redundancy (a)	1,500,000	-
Claims for damages/costs (b)	-	100,000
<b>Total contingent losses</b>	<b>1,500,000</b>	<b>100,000</b>

(a) The figure is related to the foreseen closure of operations at the Woomera station and the change of service requirements from clients.

(b) The 1997/98 figure represented an estimate of the Australian Protective Service's liability based on precedent cases.

**SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES**

At 30 June 1999, the Australian Protective Service was not aware of any unquantifiable contingent losses or gains.

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

ATTORNEY - GENERAL'S DEPARTMENT  
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ended 30 June 1999*

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<i>Note</i>	<i>Description</i>
1	Summary of Significant Accounting Policies
2	Operating Revenues
3	Operating Expenses
4	Resources Received Free of Charge
5	Abnormal Items
6	Cash
7	Receivables
8	Investments
9	Inventories
10	Other Current Assets
11	Non-Current assets
12	Provisions and Payables
13	Equity
14	Cash Flow Reconciliation
15	Remuneration of Auditors
16	Superannuation
17	Executive Officers' Remuneration
18	Related Party Transactions
19	Segment Reporting, Economic Dependency and Restructure
20	Financial Instruments
21	Subsequent Events

ATTORNEY-GENERAL'S DEPARTMENT  
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the year ended 30 June 1999*

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(1) Summary of Significant Accounting Policies

*1.1 Basis of Accounting*

The financial statements are a general purpose financial report.

They have been prepared in accordance with the form set out in Schedule 2 to the *Commonwealth Authorities and Companies Orders (Amendment) 1998* (the Orders) issued by the Finance Minister.

The financial statements have been prepared

- in accordance with Australian Accounting Standards, other authoritative pronouncements of the Accounting Standards Boards (Accounting Guidance Releases) and the Consensus Views of the Urgent Issue Group, and
- having regard to Statements of Accounting Concepts.

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.

1.2 Property, Plant and Equipment

*Capitalisation Policy*

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which 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.

*Revaluation*

Schedule 2 requires that property, plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation by no later than 1 July 1999 and thereafter be revalued progressively on that basis every three years.

The Australian Protective Service (APS) has implemented its progressive revaluations as follows:

- all freehold land and buildings have been revalued in full as at 30 June 1998; and
- other infrastructure, plant & equipment have been revalued as at 30 June 1998.

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported at cost for the duration of the progressive revaluation then in progress.

The application of the deprival method values land at its current market buying price and other assets at their depreciated replacement cost. Any assets which would not be replaced or are surplus to requirements are valued at net realisable value; at 30 June 1999, there were no assets in this situation.

All valuations are independent.

The carrying amounts of non-current assets of the APS 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.

## 1.2 Property, Plant and Equipment (cont.)

The financial effect of the move to progressive revaluations is that the carrying amounts of assets will reflect current values and that depreciation charges will reflect the current cost of the service potential consumed in each period.

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.

### *Depreciation and amortisation*

Depreciable property plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the APS using, in all cases, the straight line method of depreciation and amortisation. 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.

Depreciation and amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

	1998/99	1997/98
Buildings on freehold land	25 years	25 years
Plant and equipment	4 - 8 years	4 - 8 years

## 1.3. Leases

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased assets.

## 1.4. Provision for bad and doubtful debts

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.

## 1.5 Inventories

Inventories held represent stores of consumables and other goods not for resale. Inventories are valued at cost in accordance with *AAS 2 Inventories* except where no longer required, in which case they are valued at net realisable value. Cost is assigned to individual items of inventory using the first in first out method.

## 1.6 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 is less than the annual entitlement for sick leave.

The provision for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 1999 and is recognised at its nominal value.

## **1.6 Employee Entitlements (cont.)**

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 1999. The APS has adopted the calculation in accordance with the Guidance Release for Departmental Financial Statements - Employee

Entitlements issued by the DoFA. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Provision is also made for separation and redundancy payments in circumstances where the APS has formally identified positions as excess to requirements, and publicly communicated this information, and a reliable estimate of the amount of the payments can be determined.

## **1.7 Intangible Assets**

Where recognised, intangible assets are reported at the lower of cost/valuation or recoverable amount.

Intangible assets include purchased software and they are amortised on a straight line basis over their anticipated useful lives of 5 years.

## **1.8. Taxation**

The APS is exempt from income tax and most indirect taxes and charges, being a Commonwealth Departmental activity. From 1 July 1999, the APS applies a tax equivalence regime in accordance with the Commonwealth's Competitive Neutrality Policy Statement issued in June 1996. Fringe Benefits tax and amounts in lieu of indirect taxes and income tax are accounted for and included in the determination of operating profit. Where the goods are assets, the amount of indirect tax is included in the capital value of the assets and is amortised over the estimated useful lives of the assets.

## **1.9. Dividends**

The 1995 Memorandum of Understanding between the DoFA and APS specifies that dividend payment is based on profitability with recognition of the requirement to retain funds for business purposes and the overall budgetary position.

## **1.10 Cash**

For the purpose of the Statement of Cash Flows, cash includes the Reserved Moneys Fund (which includes Internal Treasury Bills) with the DoFA, cash in transit and cash at bank and on hand.

## **1.11 Revenue**

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to clients. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Resources received free of charge are recognised as revenues in the Operating Statement when received and their fair value can be reliably measured. Use of the resources is recognised as an expense or an asset, according to whether there is a long term benefit.

Appropriation revenue is recognised at the time the APS becomes entitled to receive the revenue.

## **1.12 Financial Instruments**

Accounting policies in relation to financial instruments are disclosed in Note 20.

## **1.13 Rounding**

Amounts are rounded to the nearest dollar.

## **1.14 Comparative Figures**

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

## **1.15 Changes in accounting policies**

Changes in accounting policy have been identified in this note under their appropriate headings.

	1998/99	1997/98
	\$	\$
(2) Operating Revenues		
2A. Sales		
Sales of services	<u>59,457,696</u>	<u>66,078,558</u>
2B. Interest		
Reserved Moneys Fund with the DoFA	<u>687,977</u>	<u>473,824</u>
2C. Other		
Comcare reimbursement	678,164	-
Reversals of previous asset write-downs	115,613	-
Miscellaneous	227,281	118,377
Gains from sale of land and buildings	-	1,134
Gains from sale of infrastructure, plant and equipment	-	34,311
	<u>1,021,058</u>	<u>153,822</u>
Total operating revenue (before abnormal items)	<u><b>61,166,731</b></u>	<u><b>66,706,204</b></u>
(3) Operating Expenses		
3A. Employee expenses		
Remuneration	43,363,756	48,110,765
Separation and redundancy - abnormal expenses (see note 5)	<u>1,097,221</u>	<u>5,488,613</u>
Total employee expenses	<u>44,460,977</u>	<u>53,599,378</u>
3B. Suppliers expenses		
Supply of goods and services	9,681,485	9,924,156
Operating lease rentals	<u>1,269,598</u>	<u>1,174,191</u>
Total suppliers expenses	<u>10,951,083</u>	<u>11,098,347</u>
3C. Depreciation and amortisation		
Buildings	31,608	32,756
Plant and equipment	454,763	472,198
Intangibles	<u>107,060</u>	<u>13,071</u>
Total depreciation and amortisation	<u>593,431</u>	<u>518,025</u>
3D. Write down of assets		
Receivables for goods and services	1,945,290	158,211
Infrastructure, plant and equipment - write-off	<u>36,586</u>	<u>133,585</u>
Total write down of assets	<u>1,981,876</u>	<u>291,796</u>
3E. Net losses from sales of assets	<u>51,310</u>	<u>1,333</u>
3F. Competitive neutrality costs		
Wholesales tax	10,189	-
Financial Institution Duty	32,882	-
Bank Accounts Duty	6,340	-
Payroll tax	<u>2,437,007</u>	<u>-</u>
Total competitive neutrality costs	<u>2,486,418</u>	<u>-</u>
Total operating expenses (before abnormal items)	<u><b>59,427,874</b></u>	<u><b>60,020,266</b></u>

	1998/99	1997/98
	\$	\$
(4) Resources Received Free of Charge		
Provision of Comcover premium by the DoFA	222,991	-
(5) Abnormal Items		
Included in the operating profit are the following abnormal items		
Items Credited		
Parliamentary appropriation recognised (see note 19(c))	1,227,590	7,503,981
Overprovision of comcare premium in 1997/98	559,307	-
	<u>1,786,897</u>	<u>7,503,981</u>
Items Charged		
Rationalisation/implementation expenses	130,369	1,133,763
Redundancy payments	1,097,221	5,488,613
	<u>1,227,590</u>	<u>6,622,376</u>
Net abnormal items	<u>559,307</u>	<u>881,605</u>
(6) Cash		
Reserve Moneys Fund with DoFA	12,667,882	2,212
Cash in transit	206,563	1,276,665
Cash at bank and on hand	872,233	309,827
Total cash	<u>13,746,678</u>	<u>1,588,704</u>
(7) Receivables		
Goods & services	8,223,669	6,507,757
Less: Provision for doubtful debts	<u>(1,933,800)</u>	<u>(158,211)</u>
	6 289 869	6 349 546
Interest receivable	376,506	-
Other debtors	244,352	-
Net Receivables	<u>6,910,727</u>	<u>6,349,546</u>
Receivables includes receivables overdue by		
- less than 30 days	1,211,147	457,495
- 30 to 60 days	733,273	17,053
- more than 60 days	1,781,094	583,441
Total overdue	<u>3,725,514</u>	<u>1,057,989</u>

	1998/99	1997/98
	\$	\$
(8) <b>Investments</b>		
Internal Treasury Bills	-	8,810,000
(9) <b>Inventories</b>		
Inventories not held for sale	704,949	795,130
Less: Provision for obsolete stock	(89,243)	(98,430)
	<u>615,706</u>	<u>696,700</u>
(10) <b>Other Current Assets</b>		
Prepayment paid	279,108	572,236
	<u>279,108</u>	<u>572,236</u>
(11) <b>Non-Current Assets</b>		
<b>11A. Land and Buildings</b>		
Land - June 1998 valuation	<u>242,000</u>	<u>347,000</u>
Buildings on land - at June 1998 valuation	534,000	639,000
Accumulated depreciation	(31,258)	-
	<u>502,742</u>	<u>639,000</u>
<b>Total Land and Buildings</b>	<u>744,742</u>	<u>986,000</u>
<b>11B. Plant and Equipment</b>		
Plant and equipment - at cost	1,033,140	1,057,000
Accumulated depreciation	(216,646)	(14,669)
	<u>816,494</u>	<u>156,334</u>
Plant and equipment - at June 1998 valuation	923,670	1,057,000
Accumulated depreciation	(226,351)	-
	<u>697,319</u>	<u>1,057,000</u>
<b>Total Plant and Equipment</b>	<u>1,513,813</u>	<u>1,213,334</u>
<b>11C. Intangible Assets</b>		
Software - at cost	133,801	-
Accumulated depreciation	(3,717)	-
	<u>130,084</u>	<u>-</u>
Software - at June 1995 valuation	178,500	183,816
Accumulated depreciation	(178,500)	(76,482)
	<u>-</u>	<u>107,334</u>
<b>Total intangible assets</b>	<u>130,084</u>	<u>107,334</u>

The revaluation of non-financial assets as at 30 June 1998 in accordance with the revaluation policies stated at Note 1.2 was completed by an independent valuer, Australian Valuation Office (AVO).

**Note 11 Analysis of Property, Plant, Equipment and Intangibles**

**(a) Movement summary 1998–99 for all assets irrespective of valuation basis**

	Land	Buildings	Total land and and buildings	Other infrastructure plant & equipment	Intangibles (Software)	Total
	\$	\$	\$	\$	\$	\$
Gross value as at 30 June 1998	347,000	639,000	986,000	1,228,003	183,816	2,397,819
Additions	–	–	–	862,137	133,801	995,938
Write-offs	–	–	–	(52,696)	(5,316)	(58,012)
Disposals	(105,000)	(105,000)	(210,000)	(80,634)	–	(290,634)
<b>Gross value as at 30 June 1999</b>	<b>242,000</b>	<b>534,000</b>	<b>776,000</b>	<b>1,956,810</b>	<b>312,301</b>	<b>3,045,111</b>
Accumulated Depreciation /amortisation as at 30 June 1998	n/a	–	–	14,669	76,482	91,151
Depreciation and amortisation for assets held 1 July 1998	n/a	31,608	31,608	269,031	107,060	407,699
Depreciation and amortisation charge for additions	n/a	–	–	182,015	3,717	185,732
Adjustment for write-offs	n/a	–	–	(16,384)	(5,042)	(21,426)
Adjustment for Disposals	n/a	(350)	(350)	(6,334)	–	(6,684)
<b>Accumulated Depreciation/amortisation as at 30 June 1999</b>	<b>n/a</b>	<b>31,258</b>	<b>31,258</b>	<b>442,997</b>	<b>182,217</b>	<b>656,472</b>
<b>Net book value as at 30 June 1999</b>	<b>242,000</b>	<b>502,742</b>	<b>744,742</b>	<b>1,513,813</b>	<b>130,084</b>	<b>2,388,639</b>
<b>Net book value as at 1 July 1998</b>	<b>347,000</b>	<b>639,000</b>	<b>986,000</b>	<b>1,213,334</b>	<b>107,334</b>	<b>2,306,668</b>

**(b) Summary of balances of assets at valuation as at 30 June 1999**

As at 30 June 1999						
Gross value	242,000	534,000	776,000	923,670	178,500	1,878,170
Accumulated Depreciation /Amortisation	n/a	31,258	31,258	226,351	178,500	436,109
<b>Net book value</b>	<b>242,000</b>	<b>502,742</b>	<b>744,742</b>	<b>697,319</b>	<b>–</b>	<b>1,442,061</b>
As at 30 June 1998						
Gross value	347,000	639,000	986,000	1,057,000	183,816	2,226,816
Accumulated Depreciation /Amortisation-	–	–	–	–	76,482	76 482
<b>Net book value</b>	<b>347,000</b>	<b>639,000</b>	<b>986,000</b>	<b>1,057,000</b>	<b>107,334</b>	<b>2,150,334</b>

Note 12	1998-99 \$'000	1997-98 \$'000
	<b>Provisions and Payables</b>	
<b>12A. Suppliers</b>		
Trade creditors	1,568,029	1,065,952
Operating lease rentals	110,192	296,712
	<u>1,678,221</u>	<u>1,362,664</u>
<b>12B. Other</b>		
Prepayment received	4,000,119	2,954,163
Competitive neutrality cost provision	3,232,576	-
Dividend payable	882,404	2,319,756
Appropriation received but not yet spent (see note 19(c))	272,410	-
	<u>8,387,509</u>	<u>5,273,919</u>
<b>12C. Employees - Current</b>		
Salary & wages	1,280,862	1,289,116
Leave	4,532,087	4,961,077
Superannuation	60,359	72,035
Separation and redundancy	184,846	255,326
	<u>6,058,154</u>	<u>6,577,554</u>
<b>Total provisions and payables - current</b>	<u>16,123,884</u>	<u>13,214,137</u>
<b>12D. Employees - Non-current</b>		
Leave	4,508,834	4,637,099
<b>12E. Suppliers - Non-current</b>		
Operating lease rentals	-	46,882
<b>Total provisions and payables - non-current</b>	<u>4,508,834</u>	<u>4,683,981</u>

(13) Equity

Item	Capital \$	Accumulated Results \$	Asset revaluation Reserve \$	Capital Profit Reserve \$	Other Reserve (General Reserve) \$	Total Reserves \$	Total Equity \$
Balance 1 July 1998	3,872,055	(2,452,251)	173,766	110,509	721,657	1,005,932	2,425,736
Profit for the year	-	1,764,808	-	-	-	-	1,764,808
Dividend provided for or Paid	-	(882,404)	-	-	-	-	(882,404)
Transfer to/(from) reserves	-	621,657	(89,151)	89,151	(621,657)	(621,657)	-
Balance 30 June 1999	3,872,055	(948,190)	84,615	199,660	100,000	384,275	3,308,140

The Asset Revaluation Reserve contains unrealised gains from revaluation of assets. On realisation, these amounts are transferred to the Capital Profit Reserve.

The General Reserve included \$100,000 for the Year 2000 compliance project.

	1998/99	1997/98
	\$	\$
<b>(14) Cash Flow Reconciliation</b>		
Operating profit after abnormal items and corporate tax equivalence	1 764 808	7 567 543
Net loss/(gain) on sale of non current assets	51 310	(34 112)
Depreciation and amortisation	593 431	518 025
Write down of assets	1 981 876	291 796
Adjustment on Revaluation	–	8 503
Decrease/(increase) in receivable	(2 817 942)	535 215
Decrease/(increase) in inventories	80 994	(2 391)
Decrease/(increase) in prepayments	293 128	(394 407)
(Decrease)/increase in provisions and payables	4 152 441	(4 786 908)
<b>Net Cash provided by operating activities</b>	<b>6 100 046</b>	<b>3 703 264</b>

<b>(15)</b>	<b>Remuneration of Auditors</b>	
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	46 000	45 000
Remuneration to the Attorney-General's Department (AGD) for providing internal audit services	8 012	–
<b>Total remuneration to auditors</b>	<b>54 012</b>	<b>45 000</b>

No other accounting services were provided by the Australian National Audit Office and AGD's Audit and Evaluation Section during the reporting period.

**(16) Superannuation**

During 1998–99 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 21.9% under the CSS and 13.1% under the PSS (inclusive of productivity benefits).

The amount of employer contribution paid and payable and expensed in the Profit and Loss in respect of the year ended 30 June 1999 was \$4 550 648 (1997/98: \$5 439 343).

**(17) Executive Officers' Remuneration**

	1998/99	1997/98
	\$	\$
Income received or due and receivable by officers:	427 552	215 972
The number of officers included in these figures are shown below in the relevant income bands	<b>Number</b>	<b>Number</b>
\$100 000 to \$110 000	3	1
\$110 001 to \$120 000	1	1
	<b>4</b>	<b>2</b>

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

**(18) Related Party Transactions**

There are no related party transactions during the year.

(19) **Segment Reporting, Economic Dependency and Restructure**

*a. Capital*

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

*b. Segment Reporting*

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

*c. Economic Dependency and Restructure*

For the purpose of Rationalisation/Implementation and Redundancy, a total of \$1 500 000 special appropriation was received during the 1998/99 financial year in which \$1 227 590 has been utilised. The remaining balance will be used in 1999/00 financial year for the same purpose.

(20) **Financial Instruments**

(a) *Terms, conditions and accounting policies*

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Receivables for goods & services	7	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1997/98: 30 days).
Investments	8	Internal Treasury Bills are recognised at cost. Interest is credited to revenue as it accrues. They mature on 30 June 1999. The nominal interest rate is 1%.	
<i>Financial Liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of liabilities can be reliably measured.	
Trade creditors	12	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

(b) *Interest Rate Risk*

Receivables for goods and services and trade creditors are non interest bearing financial instruments. There is no interest rate risk exposure to the Australian Protective Service.

## (20) Financial Instruments (cont.)

		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	Note	1998-99 \$	1998-99 \$	1997-98 \$	1997-98 \$
<b>Financial Assets</b>					
Reserve Moneys Fund with DoFA	6	12 667 882	12 667 882	2 212	2 212
Cash in transit	6	206 563	206 563	1 276 665	1 276 665
Cash at bank	6	864 320	864 320	300 880	300 880
Cash on hand	6	7 913	7 913	8 947	8 947
Receivable for goods and services	7	6 289 869	6 289 869	6 349 546	6 349 546
Investments	8	—	—	8 810 000	8 810 000
<b>Total financial assets</b>		<b>20 036 547</b>	<b>20 036 547</b>	<b>16 748 250</b>	<b>16 748 250</b>
<b>Financial Liabilities (Recognised)</b>					
Trade creditors	12	1 568 029	1 568 029	1 065 952	1 065 952
<b>Total Financial Liabilities (Recognised)</b>		<b>1 568 029</b>	<b>1 568 029</b>	<b>1 065 952</b>	<b>1 065 952</b>

The net fair values of the above financial assets and liabilities are approximated by their carrying amounts.

*(d) Credit Risk Exposures*

The Australian Protective Service's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Australian Protective Service has no significant exposures to credit risk.

**(21) Subsequent Events**

No significant subsequent events have occurred since the year end requiring disclosure in the financial statements.



## INDEPENDENT AUDIT REPORT

To the Attorney-General

### Scope

I have audited the financial statements of the Attorney-General's Legal Practice Commercial Activities Fund for the period 1 July 1998 to 31 August 1998. The statements comprise:

- Statement by the Department's Chief Executive
- 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 Department's Chief Executive is 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 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 and statutory requirements so as to present a view which is consistent with my understanding of the Practice'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.


GPO Box 707 CANBERRA ACT 2601  
Centenary House 19 National Circuit  
BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

**Audit Opinion**

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Attorney-General's Legal Practice as at 31 August 1998 and the results of its operations and its cash flows for the two months then ended.

Australian National Audit Office



Lynne O'Brien  
Executive Director  
Delegate of the Auditor-General

Canberra  
14 October 1999

**ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
STATEMENT BY DEPARTMENTAL CHIEF EXECUTIVE**

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In my opinion the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*



A S Blunn  
Chief Executive

14<sup>th</sup> October 1999

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
PROFIT AND LOSS STATEMENT

*for the period ended 31 August 1998*

		2 months ended	
		31 August 98	1997-98
	Note	\$'000	\$'000
OPERATING REVENUES			
Legal fees		17 248	70 463
Interest		232	2 091
Net gains from sale of assets		-	304
Revenues from government		1 716	46 537
Other		1 934	3 127
<b>Total operating revenues</b>	5	<b>21 130</b>	<b>122 522</b>
OPERATING EXPENSES			
Employees		12 928	73 146
Suppliers		4 517	37 891
Depreciation and amortisation		901	3 929
Net losses from sale of assets		-	783
Interest		147	1 207
Other		657	4 965
<b>Total operating expenses</b>	6	<b>19 150</b>	<b>121 921</b>
<b>Operating profit(loss) before abnormal items</b>		<b>1 980</b>	<b>601</b>
Abnormal items	7	-	(43 107)
<b>Operating profit(loss) after abnormal items</b>		<b>1 980</b>	<b>(42 506)</b>
Competitive neutrally costs – corporate tax equivalents		594	-
<b>Operating profit(loss) after abnormal items and corporate tax equivalence</b>		<b>1 386</b>	<b>(42 506)</b>
Accumulated profits at beginning of the financial year		10 486	52 992
<b>Accumulated profits at end of the period</b>		<b>11 872</b>	<b>10 486</b>

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT  
 LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
 BALANCE SHEET

*as at 31 August 1998*

	Note	31 August 98 \$'000	1997-98 \$'000
<b>CURRENT ASSETS</b>			
Cash	9	31 635	157
Receivables	10	34 668	25 697
Investments	11	–	37 280
Inventories	12	72	79
Other	14	6 016	3 516
<b>Total current assets</b>		<b>72 391</b>	<b>66 729</b>
<b>NON-CURRENT ASSETS</b>			
Land and buildings	15	301	301
Infrastructure, plant and equipment	15	24 541	25 045
Intangibles	13	1 947	213
<b>Total non-current assets</b>		<b>26 789</b>	<b>25 559</b>
<b>Total assets</b>		<b>99 180</b>	<b>92 288</b>
<b>CURRENT LIABILITIES</b>			
Debt	16	15 574	15 663
Provisions and payables	17	26 160	20 309
<b>Total current liabilities</b>		<b>41 734</b>	<b>35 972</b>
<b>NON-CURRENT LIABILITIES</b>			
Debt	16	3 562	3 562
Provisions and payables	17	17 034	17 290
<b>Total non-current liabilities</b>		<b>20 596</b>	<b>20 852</b>
<b>Total liabilities</b>		<b>62 330</b>	<b>56 824</b>
<b>Net assets</b>		<b>36 850</b>	<b>35 464</b>
<b>EQUITY</b>			
Capital		24 349	24 349
Asset revaluation reserve		629	629
Accumulated profits		11 872	10 486
<b>Total equity</b>	18	<b>36 850</b>	<b>35 464</b>

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
STATEMENT OF CASH FLOWS  
*for the period ended 31 August 1998*

	Two months ended	1997-98
	31 August 98	1997-98
	Note	\$'000
<b>OPERATING ACTIVITIES</b>		
Cash received		
Appropriations	7 335	45 001
Legal fees	7 923	72 117
Interest received	-	2 705
Other	98	3 127
<b>Total cash received</b>	<b>15 356</b>	<b>122 950</b>
Cash used		
Employees	15 446	82 225
Suppliers	4 921	38 842
Interest and other financing costs	3	1 344
Other	657	4 809
<b>Total cash used</b>	<b>21 027</b>	<b>127 220</b>
<b>Net cash used by operating activities</b>	<b>22 (5 671)</b>	<b>(4 270)</b>
<b>INVESTING ACTIVITIES</b>		
Cash received		
Proceeds from sale of property, plant and equipment	-	448
Proceeds from sale of internal Treasury bills	37 280	-
<b>Total cash received</b>	<b>37 280</b>	<b>448</b>
Cash used		
Purchase of property, plant and equipment	43	3 755
Purchase of internal Treasury bills	-	37 280
Loans made	-	120
<b>Total cash used</b>	<b>43</b>	<b>41 155</b>
<b>Net cash from (used by) investing activities</b>	<b>37 237</b>	<b>(40 707)</b>
<b>FINANCING ACTIVITIES</b>		
Cash used		
Repayments of debt	88	106
Dividends paid	-	1 327
<b>Total cash used</b>	<b>88</b>	<b>1 433</b>
<b>Net cash used by financing activities</b>	<b>(88)</b>	<b>(1 433)</b>
Net (decrease)increase in cash held	31 478	(46 410)
add cash at 1 July 1998	157	46 567
<b>Cash at 31 August 1998</b>	<b>9 31 635</b>	<b>157</b>

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT  
 LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
 SCHEDULE OF COMMITMENTS

as at 31 August 1998

	31 August 98	1997-98
	\$'000	\$'000
<b>BY TYPE</b>		
<b>OTHER COMMITMENTS</b>		
Operating leases	81 311 <sup>1</sup>	81
311		
Other commitments	<u>6 571</u>	<u>6 571</u>
<b>Total other commitments</b>	<b>87 882</b>	<b>87 882</b>
<b>Less: Surplus leased space</b>	<u>(2,057)</u>	<u>(2 057)</u>
<b>Total commitments payable</b>	<b>85 825</b>	<b>85 825</b>
<b>COMMITMENTS RECEIVABLE</b>		
<b>Net commitments</b>	<u>85 825</u>	<u>85 825</u>
<b>BY MATURITY</b>		
One year or less	15, 662	15 662
From one to two years	14 259	14 260
From two to five years	40 906	40 906
Over five years	<u>14 998</u>	<u>14 997</u>
<b>Net commitments</b>	<b><u>85 825</u></b>	<b><u>85 825</u></b>

<sup>1</sup> Commitments for operating leases do not include a lease at Piccadilly Plaza, Sydney which the Legal Practice is re-negotiating with the lessor. A provision for the cost of breaking the current lease is included in Provisions and Payables.

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
SCHEDULE OF CONTINGENCIES

*as at 31 August 1998*

	31 August 98	1997-98
	\$'000	\$'000
CONTINGENT LOSSES		
Make good costs	833	833
<b>Total contingent losses</b>	<b>833</b>	<b>833</b>
CONTINGENT GAINS	-	-
<b>Net contingencies</b>	<b>833</b>	<b>833</b>

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 31 August 1998, the Legal Practice was not aware of any unquantifiable contingent losses or gains.

Remote contingencies are disclosed in Note 23.

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the period ended 31 August 1998*

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Note	Description
1	Summary of Significant Accounting Policies
2	Restructure
3	Segment Reporting
4	Economic Dependency
5	Items Credited as Revenue
6	Items Charged as Expenses
7	Abnormal Items
8	Services Provided by the Auditor-General
9	Cash
10	Receivables
11	Investments
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
25	Financial Instruments

ATTORNEY-GENERAL'S DEPARTMENT  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*for the period ended 31 August 1998*

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**Note 1 Summary of Significant Accounting Policies**

**1.1 Basis of Accounting**

The Attorney-General's Legal Practice Commercial Activities Fund (Legal Practice) financial statements are prepared in accordance with section 49 of the *Financial Management and Accountability Act 1997* which requires that the financial statements must be prepared in accordance with the *Minister for Finance and Administration's Orders*.

The financial statements are a general purpose financial report for the financial period ending 31 August 1998. The *Minister for Finance and Administration's Orders* 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 thousand dollars except for Executive Remuneration and Audit Services.

**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 under the Income Tax Assessment Act, except fringe benefits tax, tax on fuel purchases and sales tax on executive lease vehicles. However following the Government's competitive neutrality principles, entities operating within the Commercial Activities Fund are required to pay tax equivalents.

**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.

**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 a 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 a 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.

### 1.10 Software Capitalisation Policy

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

### 1.11 Library Valuation

The Legal Practice library collection was valued by the Attorney-General's Department as at 30 June 1998 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 Department's valuation was carried out under the supervision of the Australian Valuation Office, which certified as to the appropriateness of the valuation methodology and the procedures carried out by the Department. The valuation decrement was debited directly to the Profit and Loss Statement as an abnormal item because of its size and effect on the Legal Practice's assets.

### 1.12 Valuation of Non-Current Assets

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

The Legal Practice has implemented its progressive revaluations to 1 July 1999 as follows:

- leasehold improvements have been revalued in full as at 30 June 1999;
- plant and equipment assets have been revalued as at 30 June 1999.

Assets in each class acquired after the commencement of the progressive revaluation cycle are reported at cost for the duration of the progressive revaluation then in progress.

All valuations are independent.

### 1.13 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.

Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

	1998-99	1997-98
Buildings on freehold land	50 years	50 years
Other infrastructure, plant and equipment		
– Computer equipment	4 years	4 years
– Fitout	8 years	8 years
– Furniture and fittings	8 years	8 years
– Other plant and equipment	10 years	10 years
Intangible assets	5 years	5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 6.

#### **1.14 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.

When lease space under a non cancellable operating lease becomes surplus to requirements and provides no substantive future benefit from occupancy, a liability and an expense is recognised for the amount of the total expected outlay relating to the surplus space (net of any sub-lease), discounted using an interest rate implicit in the lease or an estimate thereof. In subsequent years rental payments for the space are accounted for as reductions in the liability first recognised.

#### **1.15 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 by discounting the future cash flows to their present values. Intangible assets are amortised over their anticipated useful lives.

#### **1.16 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 31 August 1998 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 31 August 1998. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

#### **1.17 Superannuation**

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

#### **1.18 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.

#### **1.19 Related Party Transactions**

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

#### **1.20 Lease Incentives**

Lease incentives are recognised in accordance with UIG Abstract 3. 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.

#### **1.21 Cash**

Cash includes cash on hand and the Commercial Activities Fund balance held in the Commonwealth Public Account.

### 1.22 Financial Instruments

Accounting policies for financial instruments are stated at note 25.

### 1.23 Revenue

Appropriation revenue is recognised at the time the Legal Practice becomes entitled to receive the revenue.

Interest revenue is recognised on daily cash balances at a level determined by the application of the Authorised dealers: weighted average rate. Interest is to be calculated and paid on 31 August and 28 February. The amount of interest payable will be calculated by applying the relevant monthly authorised dealers rate adjusted to a daily rate to each daily balance. The amount of accumulated interest payments standing to the “credit” of the Legal Practice will be offset against interest payments on long-term debt and/or draw-downs on the overdraft facility.

#### Note 2 Restructure

As a result of a review of the Legal Practice the commercial elements of the Legal Practice will become a separate business operation from 1 September 1998, known as the Australian Government Solicitor (AGS).

#### Note 3 Segment Reporting

The principal activity of the Legal Practice is the provision of legal services and legal policy advice to Government, Government departments and agencies. The Legal Practice operates in every capital city throughout Australia as well as in Townsville.

#### Note 4 Economic Dependency

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

	31 August 98 \$'000	1997-98 \$'000
<b>Note 5 Items Credited as Revenue</b>		
Legal Fees	<u>17 248</u>	<u>70 463</u>
Interest		
Deposits	<u>232</u>	<u>2 091</u>
<b>Total interest</b>	<u>232</u>	<u>2 091</u>
Net gains from sale of assets		
Land and buildings	-	276
Infrastructure, plant and equipment	<u>-</u>	<u>28</u>
<b>Total net gains from sale of assets</b>	<u>-</u>	<u>304</u>
Revenues from Government		
Parliamentary appropriations received	<u>1 716</u>	<u>46 450</u>
Resources received free of charge which have been recognised in the Profit and Loss Statement are:		
— Australian Archives		
Storage of permanent records	<u>-</u>	<u>87</u>
<b>Total resources received free of charge</b>	<u>-</u>	<u>87</u>
<b>Total revenues from Government</b>	<u>1 716</u>	<u>46 537</u>
Other revenues		
Support Group services	-	666
Reimbursements/miscellaneous receipts	98	2 461
Other	<u>1 836</u>	<u>-</u>
<b>Total other revenues</b>	<u>1 934</u>	<u>3 127</u>
<b>Total revenues</b>	<u>21 130</u>	<u>122 522</u>

	31 August 98 \$'000	1997-98 \$'000
<b>Note 6 Items Charged as Expenses</b>		
Employee expenses		
Basic remuneration for services provided	12 928	73 146
<b>Total employee expenses</b>	<u>12 928</u>	<u>73 146</u>
Suppliers expenses		
Supply of goods and services	2 547	24 688
Operating lease rentals	1 970	13 203
<b>Total suppliers expenses</b>	<u>4 517</u>	<u>37 891</u>
Depreciation and amortisation		
Depreciation	789	3 786
Amortisation of leased assets	10	58
Amortisation of intangible assets	102	85
<b>Total depreciation and amortisation</b>	<u>901</u>	<u>3 929</u>
The aggregate amounts of depreciation or amortisation allocated during the reporting period, either as expense or as part of the carrying amount of other assets, for each class of depreciable asset, are as follows:		
Land and Buildings	1	3
Infrastructure Plant and equipment	798	3 841
Intangibles	102	85
Total allocated	<u>901</u>	<u>3 844</u>
Net losses from sale of assets		
Infrastructure, plant and equipment	-	783
<b>Total net losses from sale of assets</b>	<u>-</u>	<u>783</u>
Interest		
Loans	144	1 197
Leases	3	10
<b>Total interest</b>	<u>147</u>	<u>1 207</u>
Other		
Audit fees	26	156
Refund of professional fees/disbursements	294	4 809
Bad debts expense	337	-
<b>Total other</b>	<u>657</u>	<u>4 965</u>
<b>Total expenses</b>	<u>19 150</u>	<u>121 921</u>

	31 August 98 \$'000	1997-98 \$'000
<b>Note 7 Abnormal Items</b>		
Abnormal expense		
Writedown in value of the Legal Practice library asset	-	25 300
Provision for cost of lease breaks due to AGS restructure	-	7 000
Recognition of liabilities for surplus lease space	-	1 648
Separation and redundancy provisions and payments	-	9 159
<b>Total abnormal expense</b>	<u>-</u>	<u>43 107</u>
 <b>Note 8 Services Provided by the Auditor-General</b>		
The amount payable to the Consolidated Revenue Fund in recognition of the cost of the audit of the financial statements for the period ended 31 August 1998 is \$26 000.		
No other services were provided by the Auditor-General during the period.		
 <b>Note 9 Cash</b>		
On hand	47	149
Account balance in Commonwealth Public Account	31 588	8
<b>Total cash</b>	<u>31 635</u>	<u>157</u>
 <b>Note 10 Receivables</b>		
Loans		
Loan to Commonwealth Authority	120	120
<b>Total loans</b>	<u>120</u>	<u>120</u>
Debtors and other receivables		
Goods and services	23 223	17 161
Other debtors	10 310	853
Running costs appropriation carryover	-	6 652
Interest	2 448	2 216
	<u>35 981</u>	<u>26 882</u>
Less provision for doubtful debts	(1 433)	(1 305)
<b>Net debtors and other receivables</b>	<u>34 548</u>	<u>25 577</u>
<b>Net receivables</b>	<u>34 668</u>	<u>25 697</u>
Overdue by		
less than 30 days	1 714	2 392
30 to 60 days	1 247	792
greater than 60 days	2 944	2 621
<b>Total overdue</b>	<u>5 905</u>	<u>5 805</u>
	<b>31 August 98</b>	<b>1997-98</b>

	\$'000	\$'000
<b>Note 11 Investments</b>		
Internal Treasury Bills, maturing within one year	<u>-</u>	<u>37 280</u>
<b>Note 12 Inventories</b>		
Inventories not held for sale	<u>72</u>	<u>79</u>
<b>Total inventories</b>	<u>72</u>	<u>79</u>
<b>Note 13 Intangible Assets</b>		
Computer software		
Internally developed	2 263	427
Less accumulated amortisation	<u>(316)</u>	<u>(214)</u>
<b>Total intangible assets</b>	<u>1 947</u>	<u>213</u>
<b>Note 14 Other Current Assets</b>		
Prepayments	<u>6 016</u>	<u>3 516</u>
<b>Total other current assets</b>	<u>6 016</u>	<u>3 516</u>
	<b>31 August 98</b>	<b>1997-98</b>

**Note 15 Property, Plant and Equipment, and Intangibles**

(a) Total (This includes amounts detailed in parts b, c, d and e)

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Library \$'000	Other infrastructure, plant and equipment \$'000	Total infrastructure, plant and equipment \$'000	Intangibles \$'000	Total land, buildings, infrastructure, plant, equipment and intangibles \$'000
Gross value at 1/7/98	152	170	322	8 944	32 829	41 773	427	42 522
Additions	-	-	-	-	43	43	1 836	1 879
Disposals	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Gross value at 31/8/98	152	170	322	8 944	32 872	41 816	2 263	44 401
Accumulated depreciation/amortisation at 1/7/98	-	(21)	(21)	-	(16 728)	(16 728)	(214)	(16 963)
Depreciation/amortisation charge for period	-	-	-	(40)	(759)	(799)	(102)	(901)
Adjustment for disposals	-	-	-	-	-	-	-	-
Adjustment for other movements	-	-	-	-	252	252	-	252
Accumulated depreciation/amortisation at 31/8/98	-	(21)	(21)	(40)	(17 235)	(17 275)	(316)	(17 612)
Net book value at 31/8/1998	152	149	301	8 904	15 637	24 541	1 947	26789
Net book value at 1 July 1998	152	149	301	8 944	16 101	25 045	213	25 559

(b) Assets at independent valuation <sup>1</sup>

								As at 31/8/98
Gross value	152	170	322	-	13 566	13 566	-	13 888
Accumulated depreciation/ amortisation	-	(21)	(21)	-	(11 555)	(11 555)	-	(11 576)
Net book value	152	149	301	-	2 011	2 011	-	2 312
								As at 30/6/98
Gross value	152	170	322	-	13 566	13 566	-	13 888
Accumulated depreciation/ amortisation	-	(21)	(21)	-	(11 555)	(11 555)	-	(11 576)
Net book value	152	149	301	-	2 011	2 011	-	2 312

(c) Assets at Chief Executive's valuation <sup>2</sup>

								As at 31/8/98
Gross value	-	-	-	8 944	-	8 944	-	8 944
Accumulated depreciation/ amortisation	-	-	-	(40)	-	(40)	-	(40)
Net book value	-	-	-	8 904	-	8 904	-	8 904
								As at 30/6/98
Gross value	-	-	-	8 944	-	8 944	-	8 944
Accumulated depreciation/ amortisation	-	-	-	-	-	-	-	-

Gross value	-	-	-	8 944	-	8 944	-	8 944
Accumulated depreciation/ amortisation	-	-	-	-	-	-	-	-

Note 15

Property, Plant and Equipment, and Intangibles (cont.)

	Land \$'000	Buildings \$'000	Total land and buildings \$'00	Library \$'000	Other infrastructure, plant and equipment \$'000	Total infrastructure, plant and equipment \$'000	Intangibles \$'000	Total land, buildings, infrastructure, plant, equipment and intangibles \$'000
<i>(d) Assets held under finance leases</i>								
<i>As at 31/8/98</i>								
Gross value	-	-	-	-	335	335	-	335
Accumulated depreciation/amortisation	-	-	-	-	(168)	(168)	-	(168)
Net book value	-	-	-	-	167	167	-	167
<i>As at 30/6/98</i>								
Gross value	-	-	-	-	335	335	-	335
Accumulated depreciation/amortisation	-	-	-	-	(159)	(159)	-	(159)
Net book value	-	-	-	-	176	176	-	176
<i>(e) Assets at cost</i>								
<i>As at 31/8/98</i>								
Gross value	-	-	-	-	335	335	-	335
Accumulated depreciation/amortisation	-	-	-	-	(168)	(168)	-	(168)
Net book value	-	-	-	-	167	167	-	167
<i>As at 30/6/98</i>								
Gross value	-	-	-	-	335	335	-	335
Accumulated depreciation/amortisation	-	-	-	-	(159)	(159)	-	(159)
Net book value	-	-	-	-	176	176	-	176

- 1 Land, buildings, library assets and plant and equipment at independent valuation were valued by the Australian Valuation Office as at 30 June 1994.
- 2 The Lionel Murphy Library and Australian Government Solicitor's Libraries were valued by the Department under the supervision of the Australian Valuation Office as at 30 June 1998.

	\$'000	\$'000
<b>Note 16 Debt</b>		
Loans		
<b>Commonwealth loan</b>	<u>15 097</u>	<u>15 097</u>
The loan at the reporting date is payable as follows		
within one year	<u>15 097</u>	<u>15 097</u>
Finance lease liabilities		
Lease liabilities recognised in the Statement of Financial Position		
Current	55	66
Non current	<u>151</u>	<u>151</u>
	<u>206</u>	<u>217</u>
Finance lease liabilities at the reporting date and related finance charges are payable as follows:		
within one year	79	79
within one to two years	79	79
within two to five years	<u>66</u>	<u>79</u>
Minimum lease payments	224	237
Less future finance charges	<u>(18)</u>	<u>(20)</u>
<b>Total lease liabilities</b>	<u>206</u>	<u>217</u>
Lease incentive liabilities		
Lease incentive liabilities recognised in the Statement of Financial Position:		
Current	422	500
Non current	<u>3 411</u>	<u>3 411</u>
<b>Total lease incentive liabilities</b>	<u>3 833</u>	<u>3 911</u>
The lease incentive liability is repayable as follows		
within one year	422	501
within one to two years	637	532
within two to five years	1 477	1 488
more than five years	<u>1 297</u>	<u>1 390</u>
	<u>3 833</u>	<u>3 911</u>
<b>Total current debt</b>	<u>15 574</u>	<u>15 663</u>
<b>Total non-current debt</b>	<u>3 562</u>	<u>3 562</u>
	<b>31 August 98</b>	1997-98

	\$'000	\$'000
<b>Note 17 Provisions and Payables</b>		
Employee entitlements		
Current		
Salaries and wages	561	1 117
Recreation leave	2 700	5 003
Long service leave	2 471	477
Superannuation	96	148
Separations and redundancies	1 219	2 575
Other	413	381
Total current employee entitlements	<u>7 460</u>	<u>9 701</u>
Non-current		
Recreation leave	4 799	2 814
Long service leave	10 894	13 156
Total non-current employee entitlements	<u>15 693</u>	<u>15 970</u>
<b>Total employee entitlements</b>	<u>23 153</u>	<u>25 671</u>
Suppliers		
Current		
Trade creditors	8 980	1 034
<b>Total suppliers</b>	<u>8 980</u>	<u>1 034</u>
Surplus Lease Space		
Current		
Current	286	327
Non-current		
Non-current	1 341	1 320
<b>Total surplus lease space</b>	<u>1 627</u>	<u>1 647</u>
Other		
Current		
Interest payable	1 352	1 208
Revenue in advance	511	6
Appropriation received in advance	–	1 033
Provision for cost of lease breaks	6 977	7 000
Provision for cost of competitive neutrality	594	
<b>Total other</b>	<u>9 434</u>	<u>9 247</u>
<b>Total current provisions and payables</b>	<u>26 160</u>	<u>20 309</u>
<b>Total non-current provisions and payables</b>	<u>17 034</u>	<u>17 290</u>

**Note 18 Equity**

Item	Capital \$'000	Accumulated results \$'000	Asset revaluation reserve \$'000	Total reserves \$'000	Total equity \$'000
As at 1 July 1998	24 349	10 486	629	629	35 464
Accumulated profits at end of the period	–	1 386	–	–	1 386
As at 31 August 1998	<u>24 349</u>	<u>11 872</u>	<u>629</u>	<u>629</u>	<u>36 850</u>

**Note 19 Employee Superannuation**

The staff contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Australian Government Employee Superannuation Trust (AGEST). The Practice is required to meet the employee share of the costs of benefits payable to staff. For the two months ended 31 August 1998 were:

21.9% of salary under the CSS and 13.1% of salary under the PSS (inclusive of productivity benefits).

For casual staff not in the CSS or PSS, the Practice contributes 9% (inclusive of productivity benefits) to AGEST.

The Legal Practice's contributions to the above funds were \$1 318 444 in the period to 31 August 1998. (1997–98 \$9 632 623).

**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.

31 August 1998	1997-98
\$'000	\$'000

**Note 20 Trust Money**

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

Australian Government Solicitor Entities Trust Account

Balance at beginning of the financial period	3 849	776
Add receipts	5 976	46 466
	<u>9 825</u>	<u>47 242</u>
Less expenditure	8 133	43 393
Balance at end of financial period	<u>1 692</u>	<u>3 849</u>

Australian Government Solicitor Agencies Trust Account

Balance at beginning of the financial period	27 162	18 469
Add receipts	21 775	156 019
	<u>48 937</u>	<u>174 488</u>
Less expenditure	27 213	147 326
Balance at end of financial period	<u>21 724</u>	<u>27 162</u>

Australian Government Solicitor Other Trust Accounts

Balance at beginning of the financial period	8 304	1 399
Add funds held at 30 June 1997 not previously reported	-	128
Add receipts	110	10 852
	<u>8 414</u>	<u>12 379</u>
Less expenditure	95	4 075
Balance at end of the financial period	<u>8 319</u>	<u>8 304</u>

2 months ended	
31/8/99	1997-98

**Note 21 Officer Remuneration**

Officer remuneration includes all officers concerned with or taking part in the management of the Legal Practice during the two months 31 August 1998.

The number of executive officers who received, or were due to receive total remuneration of \$100,000 or more:

	Number	Number
\$100 000 to \$110 000	-	12
\$110 001 to \$120 000	-	56
\$120 001 to \$130 000	-	5
\$130 001 to \$140 000	-	20
\$140 001 to \$150 000	-	1
\$150 001 to \$160 000	-	-
\$160 001 to \$170 000	-	3
\$200 001 to \$210 000	-	1
\$220 001 to \$230 000	-	2

The aggregate amount of total remuneration of executive officers shown above.

\$-	<u>\$12 378 489</u>
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The aggregate amount of performance pay paid or payable during the year to executive officers shown above.

\$-	<u>\$207 933</u>
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	<b>2 months ended</b>	
	<b>31/8/98</b>	1997-98
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 22 Cash Flow Reconciliation</b>		
Reconciliation of net cash used by operating activities to operating result		
Operating result	1 980	(42 506)
Depreciation/amortisation	901	3 929
Revaluation loss	-	25 300
Asset write ons/adjustments	(2 089)	-
Gain on sale of non-current assets	-	(303)
Loss on sale of non-current assets	-	783
Lease incentive reduction in rent paid	-	(167)
Changes in assets and liabilities		
Decrease(increase) in receivables	(4 693)	2 480
(Increase)decrease in inventories	(4 270)	(5)
Increase in prepayments	(2 500)	(478)
(Decrease)increase in trade creditors	7 518	(261)
Increase in employee provisions	(2 518)	80
Increase(decrease) in other liabilities	-	6 878
<b>Net cash provided by operating activities</b>	<b><u>(5 671)</u></b>	<b><u>(4 270)</u></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.

Note 25 Financial Instruments

(a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<i>Financial Assets</i>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash — deposits at call	9	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The Legal Practice Commercial Activities Fund invests surplus funds with the Department of Finance and Administration. Interest is earned on the daily balance at rates based on money market call rates. Rates have averaged 5% for the period (1997–98: 5%).
Receivables for goods & services	10	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1997/98: 30 days).
Loans	10	Loans are recognised at the amount lent. Collectability of amounts outstanding is reviewed at balance date. Interest is credited to revenue as it accrues.	The Practice provided a non-interest bearing loan, repayable by 30 June 1999 for the acquisition of new systems by the Office of Film and Literature Classification.
Investments	11	Internal Treasury Bills are recognised at their nominal amount. Interest is credited as it accrues.	The Internal Treasury Bills held at 30 June 1998 have a maturity date of 1 July 1999. The interest rate earned on the Bills is 1%.
<i>Financial Liabilities</i>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of liabilities can be reliably measured.	
Finance Leases	16	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the Department had finance leases with terms of 5 years. The interest rate implicit in the leases averaged 9.9% (1997–98: 9.9%). The lease liabilities are secured by the lease assets.
Lease incentives	16	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of liability.	The Legal Practice has received fitout incentives on entering property operating leases in January 1993 and January 1995 and also received a rent free period on a lease entered into in April 1998. Lease payments are made monthly.
Trade creditors	17	Creditors and accruals are recognised at their nominal amounts, being the amounts	Settlement is usually made net 30 days. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Note 26 Financial Instruments (continued)

Note 25 Financial Instruments (continued)

(b) Interest Rate Risk

	Note	Floating Interest Rate	Fixed Interest Rate 1 year or less	Non Interest Bearing	Total	Weighted Average Effective Interest Rate
		31 August 1998 \$'000	31 August 1998 \$'000	31 August 1998 \$'000	31 August 1998 \$'000	31 August 1998 \$'000
<b>Financial Assets</b>						
Cash on Hand	9			47	47	n/a
Account Balances held in the Commonwealth Public Account	9		31 588		31 588	5.0%
Receivables — goods and services	10			9 812	9 812	n/a
Loan to Commonwealth Authority	10			120	120	n/a
<b>Total financial assets</b>		<u>—</u>	<u>31 588</u>	<u>9 979</u>	<u>41 567</u>	
<b>Total assets</b>					<u>99 180</u>	
<b>Financial Liabilities</b>						
Finance Leases	16		206		206	9.4%
Lease Incentives	16			3 833	3 833	n/a
Trade creditors	17			8 980	8 980	n/a
<b>Total Financial Liabilities</b>		<u>—</u>	<u>206</u>	<u>12 813</u>	<u>13 019</u>	
<b>Total Liabilities</b>					<u>62 330</u>	

*(c) Net Fair Values of Financial Assets and Liabilities*

		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	Note	31 Aug 1998 \$'000	31 Aug 1998 \$'000	1997-98 \$'000	1997-98 \$'000
<b>Financial Assets</b>					
Cash on Hand	9	47	47	149	149
Account Balances held in the Commonwealth Public Account	9	31 588	31 588	8	8
Receivables – goods and services	10	9 812	9 812	8 156	8 156
Loan to Commonwealth Authority	10	120	120	120	120
Internal Treasury Bills	11	–	–	37 280	37 280
<b>Total financial assets</b>		<u>41 567</u>	<u>41 567</u>	<u>45 713</u>	<u>45 713</u>
<b>Total assets</b>			<u><b>99 180</b></u>		<u><b>92 288</b></u>
<b>Financial Liabilities</b>					
Finance Leases	16	206	206	216	216
Lease Incentives	16	3 833	3 833	3 911	3 911
Trade creditors	17	<u>8 980</u>	<u>8 980</u>	<u>1 034</u>	<u>1 034</u>
<b>Total Financial Liabilities</b>		<u>13 019</u>	<u>13 019</u>	<u>5 161</u>	<u>5 161</u>
<b>Total Liabilities</b>			<u><b>62 330</b></u>		<u><b>56 824</b></u>

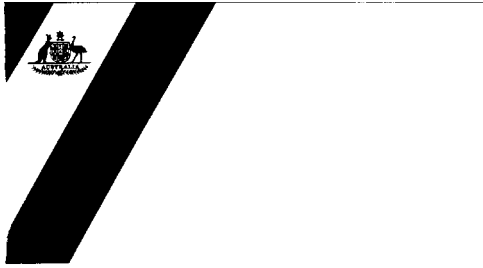
The net fair values of the above financial assets and liabilities are approximated by their carrying amounts.

*(d) Credit Risk Exposures*

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to credit risk.





## INDEPENDENT AUDIT REPORT

### To the Attorney-General

#### Scope

I have audited the financial statements of the Australian Government Solicitor for the ten months ended 30 June 1999 . The financial statements comprise:

- Statement by Chief Executive Officer
- 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 Chief Executive Officer is 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 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 as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view of the entity which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

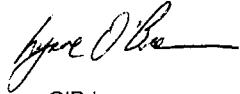
The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australian Government Solicitor as at 30 June 1999 and the results of its operations and its cash flows for the ten months then ended.

Australian National Audit Office



Lynne O'Brien  
Executive Director  
Delegate of the Auditor-General

Canberra  
21 October 1999



**AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
FINANCIAL STATEMENTS**

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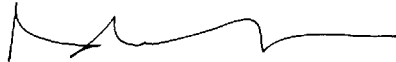
*For the period 1 September 1998 to 30 June 1999*



**AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
STATEMENT BY CHIEF EXECUTIVE OFFICER**

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In my opinion the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*



Rayne de Gruchy  
Chief Executive Officer

21 October 1999

**AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
PROFIT AND LOSS STATEMENT**  
*for the period ended 30 June 1999*

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		Ten months ended 30 June 1999 \$'000
OPERATING REVENUES		
Legal fees		63 517
Interest		1 435
Other		<u>687</u>
<b>Total operating revenues</b>	5	<b>65 639</b>
OPERATING EXPENSES		
Employees		40 198
Suppliers		13 451
Depreciation and amortisation		2 021
Interest		735
Other		<u>2 108</u>
<b>Total operating expenses</b>	6	<b>58 513</b>
<b>Operating profit before extraordinary items</b>		<b>7 126</b>
Extraordinary items	7	<u>7 000</u>
<b>Operating profit including extraordinary items</b>		<b>14 126</b>
Income tax expense	8	( 5 085)
<b>Total available for appropriation</b>		<u>9 041</u>
Dividends paid	16	( 750)
<b>Accumulated profits made in the period</b>		<u><u>8 291</u></u>

The accompanying notes form part of these financial statements

**AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
BALANCE SHEET**  
*as at 30 June 1999*

	Note	30-Jun-99 \$'000
<b>CURRENT ASSETS</b>		
Cash	9	5 896
Receivables	10	27 626
Investments	11	40 000
Other	12	1 788
<b>Total current assets</b>		<b>75 310</b>
<b>NON-CURRENT ASSETS</b>		
Land and buildings	13	298
Infrastructure, plant and equipment	13	11 990
<b>Total non-current assets</b>		<b>12 288</b>
<b>Total assets</b>		<b>87 598</b>
<b>CURRENT LIABILITIES</b>		
Debt	14	15 697
Provisions and payables	15	23 105
<b>Total current liabilities</b>		<b>38 802</b>
<b>NON-CURRENT LIABILITIES</b>		
Debt	14	2 930
Provisions and payables	15	10 390
<b>Total non-current liabilities</b>		<b>13 320</b>
<b>Total liabilities</b>		<b>52 122</b>
<b>Net assets</b>		<b>35 476</b>
<b>EQUITY</b>		
Capital		27 185
Retained profits		8 291
<b>Total equity</b>	16	<b>35 476</b>

The accompanying notes form part of these financial statements

**AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
STATEMENT OF CASH FLOWS**  
*for the period ended 30 June 1999*

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	Note	Ten months ended 30 June 1999 \$'000
<b>OPERATING ACTIVITIES</b>		
Cash received		
Appropriations		7 699
Legal fees		71 647
Interest received		4
Other		687
<b>Total cash received</b>		<u>80 037</u>
Cash used		
Employees		( 38 365)
Suppliers		( 14 545)
Interest and other financing costs		( 11)
Other		( 7 888)
<b>Total cash used</b>		<u>( 60 809)</u>
<b>Net cash from operating activities</b>	20	<u>19 228</u>
<b>INVESTING ACTIVITIES</b>		
Cash used		
Purchase of property, plant and equipment		( 404)
Investments		( 40 000)
<b>Total cash used</b>		<u>( 40 404)</u>
<b>Net cash from investing activities</b>		<u>( 40 404)</u>
<b>FINANCING ACTIVITIES</b>		
Cash used		
Repayments of debt		( 471)
Dividends paid		( 750)
<b>Total cash used</b>		<u>( 1 221)</u>
<b>Net cash from financing activities</b>		<u>( 1 221)</u>
<b>Net (decrease)increase in cash held</b>		( 22 397)
add cash at 1 September 1998		28 293
<b>Cash at 30 June 1999</b>	9	<u>5 896</u>

The accompanying notes form part of these financial statements

AUSTRALIAN GOVERNMENT SOLICITOR

SCHEDULE OF COMMITMENTS

as at 30 June 1999

	30-Jun-99
	\$'000
<b>BY TYPE</b>	
OTHER COMMITMENTS	
Operating leases <sup>1</sup>	22 722
Other commitments <sup>2</sup>	<u>567</u>
<b>Total other commitments</b>	<b>23 289</b>
<b>Less: Surplus leased space</b>	<b><u>(1 175)</u></b>
<b>Total commitments payable</b>	<b><u><u>22 114</u></u></b>
COMMITMENTS RECEIVABLE	<u>0</u>
<b>Net commitments</b>	<b><u><u>22 114</u></u></b>
<b>BY MATURITY</b>	
One year or less	6 104
From one to two years	5 763
From two to five years	9 031
Over five years	<u>1 216</u>
<b>Net commitments</b>	<b><u><u>22 114</u></u></b>
<b>Operating Lease Commitments</b>	
One year or less	6 080
From one to two years	5 715
From two to five years	9 539
Over five years	1 388
<b>Total</b>	<b><u><u>22 722</u></u></b>

<sup>1</sup> Operating leases included are effectively non-cancellable and comprise:

- leases for office accommodation; and
- agreements for the provision of motor vehicles for senior executive officers.

<sup>2</sup> Comprises leases for office equipment.

The accompanying notes form part of these financial statements

**AUSTRALIAN GOVERNMENT SOLICITOR  
COMMERCIAL ACTIVITIES FUND  
SCHEDULE OF CONTINGENCIES**

*as at 30 June 1999*

	Note	30-Jun-99 \$'000
CONTINGENT LOSSES AND GAINS		
Net contingencies		<u>0</u>

**SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES**

At 30 June 1999, AGS was not aware of any unquantifiable contingent losses or gains.

AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
*for the period ended 30 June 1999*

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	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Structure of AGS and Background to the Financial Statements
3	Segment Reporting
4	Economic Dependency
5	Items Credited as Revenue
6	Items Charged as Expenses
7	Extraordinary Items
8	Income Tax
9	Cash
10	Receivables
11	Investments
12	Other Current Assets
13	Property, Plant and Equipment, and Intangibles
14	Debt
15	Provisions and Payables
16	Equity
17	Employee Superannuation
18	Trust Money
19	Officer Remuneration
20	Cash Flow Reconciliation
21	Events Occurring After Balance Date
22	Financial Instruments

**AUSTRALIAN GOVERNMENT SOLICITOR  
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 1999*

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**Note 1 Summary of Significant Accounting Policies**

**1.1 Basis of Accounting**

The Attorney-General's Legal Practice Commercial Activities Fund (Australian Government Solicitor (AGS)) financial statements are prepared in accordance with Schedule 2 to Orders issued by the Finance Minister under the *Commonwealth Authorities and Companies Act 1997*.

The financial statements are a general purpose financial report for the financial period ending 30 June 1999. The financial statements have been 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 thousand dollars except for auditor's remuneration and executive remuneration.

**1.3 Comparative Figures**

Because AGS was formed as a prescribed agency on 1 September 1998 no comparative figures are shown.

**1.4 Taxation**

AGS is exempt from taxation under the Income Tax Assessment Act, except fringe benefits tax, tax on fuel purchases and sales tax under certain circumstances. However following the Government's competitive neutrality principles, entities operating within the Commercial Activities Fund are required to pay tax equivalents to the Commonwealth.

**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. Provision is however made for insurance under competitive neutrality principles.

**1.7 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.

**1.8 Asset Capitalisation Threshold**

All depreciable non-current assets, except software, with a historical cost equal to or in excess of \$2 000 are capitalised in the year of acquisition and included in the AGS's Asset Register. The value of all such assets on the Asset Register is included in the financial

statements. Assets with a 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.

#### **1.9 Software Capitalisation Policy**

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

#### **1.10 Library Valuation**

The AGS library collection was valued by the Attorney-General's Department as at 30 June 1998 according to the deprival value methodology.

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

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

AGS has implemented its progressive revaluations to 1 July 1999 as follows:

- leasehold improvements have been revalued in full as at 30 June 1999;
- plant and equipment assets have been revalued as at 30 June 1999.

Assets in each class acquired after the commencement of the progressive revaluation cycle are reported at cost for the duration of the progressive revaluation then in progress.

All valuations are independent.

#### **1.12 Depreciation of Non-Current Assets**

All depreciable non-current assets are written off over their estimated useful lives using straight-line depreciation. Depreciation rates and useful lives are reviewed at each balance date. The straight-line depreciation method correctly reflects the pattern of usage and rate of loss of value of the AGS' depreciable assets. Depreciation and amortisation rates applying to each class of depreciable asset are as follows:

	<b>1998-99</b>
Buildings on freehold land	<b>50 years</b>
Other infrastructure, plant and equipment	
- Computer equipment	<b>4 years</b>
- Fitout	<b>8 years</b>
- Furniture and fittings	<b>8 years</b>
- Other plant and equipment	<b>10 years</b>
Intangible assets	<b>5 years</b>

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 13.

### **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.

When lease space under a non cancellable operating lease becomes surplus to requirements and provides no substantive future benefit from occupancy, a liability and an expense is recognised for the amount of the total expected outlay relating to the surplus space (net of any sub-lease), discounted using an interest rate implicit in the lease or an estimate thereof. In subsequent years rental payments for the space are accounted for as reductions in the liability first recognised.

### **1.14 Intangible Assets**

As at balance date AGS held internally-generated software as an intangible asset. Where recognised, intangible assets are reported at the lower of cost or recoverable amount by discounting the future cash flows to their present values. 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 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 1999 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 1999. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Provision is also made for performance pay in respect of 1998-99 and is disclosed in note 16.

### **1.16 Superannuation**

The superannuation expense for the year comprises actual contributions paid and payable to the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and the Australian Government Employee Superannuation Trust and to other superannuation schemes selected by employees.

### **1.17 Free Resources**

AGS received no resources free of charge in the period.

#### **1.18 Lease Incentives**

Lease incentives are recognised in accordance with UIG Abstract 3. 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.

#### **1.19 Cash**

Cash includes cash on hand and the Commercial Activities Fund balance held in the Commonwealth Public Account.

#### **1.20 Financial Instruments**

Accounting policies for financial instruments are stated at note 22.

#### **1.21 Revenue**

Revenue is recognised at the time AGS becomes entitled to receive the revenue.

Interest revenue is recognised on daily cash balances at a level determined by the application of the Authorised dealers' weighted average rate.

#### **Note 2 Structure of AGS and Background to the Financial Statements**

These financial statements cover the ten months after AGS became a prescribed agency on 1 September 1998.

#### **Note 3 Segment Reporting**

The principal activity of AGS is the provision of legal and related services to Government, Government departments and agencies. AGS operates in every capital city throughout Australia as well as in Townsville.

#### **Note 4 Economic Dependency**

The normal activities of AGS are dependent upon fees received from clients. AGS is not dependent on any one particular client.

	<b>Ten months ended 30 June 1999</b>
	<b>\$'000</b>
<b>Note 5 Items credited as revenue</b>	
Legal Fees	63 517
Interest on Deposits	1 435
Reimbursements and miscellaneous receipts	<u>687</u>
<b>Total revenues</b>	<b><u><u>65 639</u></u></b>
<b>Note 6 Items charged as expenses</b>	
Employee expenses	
Basic remuneration for services provided	<u>40 198</u>
<b>Total employee expenses</b>	<b><u><u>40 198</u></u></b>
Suppliers expenses	
Supply of goods and services	8 866
Operating lease rentals	<u>4 585</u>
<b>Total suppliers expenses</b>	<b><u><u>13 451</u></u></b>
Depreciation and amortisation	
Depreciation	1 973
Amortisation of leased assets	<u>48</u>
<b>Total depreciation and amortisation</b>	<b><u><u>2 021</u></u></b>
Interest	
Loans	723
Leases	<u>12</u>
<b>Total interest</b>	<b><u><u>735</u></u></b>
Other	
Audit fees (see note below)	156
Bad & doubtful debts expense	519
Competitive neutrality payments including insurances	<u>1 433</u>
<b>Total other</b>	<b><u><u>2 108</u></u></b>
Services provided by the Auditor General - the amount payable to the Consolidated Revenue Fund in recognition of the cost of the audit of the financial statements for the ten month period ended 30 June 1999 is \$156,000. No other services were provided by the Auditor General during this period.	
<b>Total expenses</b>	<b><u><u>58 513</u></u></b>
<b>Note 7 Extraordinary items</b>	
Extraordinary revenue	
Parliamentary appropriations received	<u>7 699</u>
<b>Total extraordinary revenue</b>	<b><u><u>7 699</u></u></b>

	Ten months ended 30 June 1999 \$'000
Extraordinary expense	
Cost of lease breaks due to AGS restructure	699
<b>Total extraordinary expense</b>	<u>699</u>
<b>Total extraordinary items</b>	<u>( 7 000)</u>
<b>Note 8 Income tax expense</b>	
Provision is made under competitive neutrality principles for income tax at a rate of 36%	( 5 085)
<b>Note 9 Cash</b>	
On hand	20
Account balance in Commonwealth Public Account	<u>5 876</u>
<b>Total cash</b>	<u>5 896</u>
<b>Note 10 Receivables</b>	
Debtors and other receivables	
Goods and services	18 946
Other debtors	6 309
Interest	<u>3 879</u>
	29 134
Less provision for doubtful debts	( 1 508)
<b>Net debtors and other receivables</b>	<u>27 626</u>
Not overdue (less than 30 days)	22 132
Overdue by	
less than 30 days	2 354
30 to 60 days	686
greater than 60 days	<u>2 454</u>
<b>Total overdue</b>	<u>5 494</u>
<b>Note 11 Investments</b>	
Internal Treasury Bills maturing within one year	<u>40 000</u>
<b>Note 12 Other Current Assets</b>	
Prepayments paid	<u>1 788</u>
<b>Total other current assets</b>	<u>1 788</u>

Note 13 Property, Plant and Equipment, and Intangibles

(a) Total (This includes amounts detailed in parts b, c, d and e)

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Library \$'000	Other infrastructure, plant and equipment \$'000	Total infrastructure, plant and equipment \$'000	Intangibles \$'000	Total land, buildings, infrastructure, plant, equipment and intangibles \$'000
<b>AGS only</b>								
Gross value at 1/9/98	152	170	322	4 826	16 105	20 931		21 253
Additions			0		404	404		404
Disposals			0			0		0
Other movements			0			0		0
Gross value at 30/6/99	152	170	322	4 826	16 509	21 335	0	21 657
Accumulated depreciation/amortisation at 1/9/98		( 22)	( 22)	( 40)	( 7 286)	( 7 326)		( 7 348)
Depreciation/amortisation charge for period		( 2)	( 2)	( 201)	( 1 818)	( 2 019)		( 2 021)
Adjustment for disposal			0			0		0
Adjustment for other movements			0			0		0
Accumulated depreciation/amortisation at 30/6/99	0	( 24)	( 24)	( 241)	( 9 104)	( 9 345)	0	( 9 369)
Net book value at 30/6/99	152	146	298	4 585	7 405	11 990	0	12 288
Net book value at 1/9/98	152	148	300	4 786	8 819	13 605	0	13 301

(b) Assets at independent valuation <sup>1</sup>

<b>As at 30/6/99</b>								
Gross value	152	170	322					322
Accumulated depreciation/ amortisation	0	( 24)	( 24)					( 24)
Net book value	152	146	298					298
<b>As at 31/6/98</b>								
Gross value	152	170	322					322
Accumulated depreciation/ amortisation		( 22)	( 22)					( 22)
Net book value	152	148	300					300

(c) Assets at Chief Executive's valuation <sup>1</sup>

<b>As at 30/6/99</b>								
Gross value				4 826		4 826		4 826
Accumulated depreciation/ amortisation				( 241)		( 241)		( 241)
Net book value				4 585		4 585		4 585
<b>As at 31/6/98</b>								
Gross value				4 826		4 826		4 826
Accumulated depreciation/ amortisation				( 40)		( 40)		( 40)
Net book value				4 786		4 786		4 786

(d) Assets held under finance leases

<b>As at 30/6/99</b>								
Gross value					331	331		331
Accumulated depreciation/ amortisation					( 216)	( 216)		( 216)
Net book value					115	115		115
<b>As at 31/6/98</b>								
Gross value					331	331		331
Accumulated depreciation/ amortisation					( 168)	( 168)		( 168)
Net book value					163	163		163

(e) Assets at cost

<b>As at 30/6/99</b>								
Gross value					16 178	16 178		16 178
Accumulated depreciation/ amortisation					( 8 888)	( 8 888)		( 8 888)
Net book value					7 290	7 290	0	7 290
<b>As at 31/6/98</b>								
Gross value					15 774	15 774		15 774
Accumulated depreciation/ amortisation					( 7 118)	( 7 118)		( 7 118)
Net book value					8 656	8 656	0	8 656

<sup>1</sup> Land, buildings, library assets and plant and equipment at independent valuation were valued by the Australian Valuation Office as at 30 June 1994.

<sup>2</sup> The Lionel Murphy Library and Australian Government Solicitor's Libraries were valued by the Department under the supervision of the Australian Valuation Office as at 30 June 1998.

**Ten months ended 30  
June 1999**  
\$'000

**Note 14 Debt**

Loans

**Commonwealth loan** 15 097

The loan at the reporting date is payable as follows

within one year 15 097

within one to two years 15 097

Finance lease liabilities

Lease liabilities recognised in the Statement of Financial Position

Current 72

Non current 78

**150**

Finance lease liabilities at the reporting date and related  
finance charges are payable as follows:

within one year 79

within one to two years 79

within two to five years 7

Minimum lease payments 165

Less future finance charges ( 15)

**Total lease liabilities** 150

Lease incentive liabilities

Lease incentive liabilities recognised in the Statement of  
Financial Position:

Current 528

Non current 2 852

**Total lease incentive liabilities** 3 380

The lease incentive liability is repayable as follows

within one year 831

within one to two years 831

within two to five years 1 718

more than five years 3 380

**Total current debt** 15 697

**Total non-current debt** 2 930

**Note 15 Provisions and Payables**

Employee entitlements

Current

Salaries and wages 746

Recreation leave 2 291

Long service leave 384

	<b>Ten months ended 30 June 1999</b>
	<b>\$'000</b>
Separations and redundancies	20
Performance pay due	2 907
<b>Total current employee entitlements</b>	<b>6 348</b>
<b>Non-current</b>	
Recreation leave	2 201
Long service leave	7 147
<b>Total non-current employee entitlements</b>	<b>9 348</b>
<b>Total employee entitlements</b>	<b>15 696</b>
<b>Suppliers</b>	
<b>Current</b>	
Trade creditors	11 888
<b>Total suppliers</b>	<b>11 888</b>
<b>Surplus Lease Space</b>	
<b>Current</b>	
Current	133
<b>Non-current</b>	<b>1 042</b>
<b>Total surplus lease space</b>	<b>1 175</b>
<b>Other</b>	
<b>Current</b>	
Interest payable	2 076
Due to Consolidated Revenue Fund	2 660
<b>Total other</b>	<b>4 736</b>
<b>Total current provisions and payables</b>	<b>23 105</b>
<b>Total non-current provisions and payables</b>	<b>10 390</b>

**Note 16 Equity**

Item	Capital \$'000	Accumulated results \$'000	Asset revaluation reserve \$'000	Total reserves \$'000	Total equity \$'000
As at 1 September 1999	27 185			0	27 185
Accumulated profits at end of the period		9 041		0	9 041
Dividends		( 750)		0	( 750)
As at 30 June 1999	<u>27 185</u>	<u>8 291</u>	<u>0</u>	<u>0</u>	<u>35 476</u>

**Note 17 Employee Superannuation**

The staff contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Australian Government Employee Superannuation Trust (AGEST). The Practice is required to meet the employee share of the costs of benefits payable to staff. In 1997-98 these were: 21.9% of salary under the CSS and 13.1% of salary under the PSS (inclusive of productivity benefits). For casual staff not in the CSS or PSS, the Practice contributes 9% (inclusive of productivity benefits) to AGEST.

The Legal Practice's contributions to the above funds were \$4 157 000 in the ten month period to 30 June 1999.

**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.

**Ten months  
ended 30 June  
1999  
\$'000**

**Note 18 Trust Money**

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

**Australian Government Solicitor Entities Trust Account**

Balance at beginning of the period	1 692
Add receipts	<u>61 398</u>
	63 090
Less expenditure	<u>62 788</u>
Balance at end of the period	<u>302</u>

**Australian Government Solicitor Agencies Trust Account**

Balance at beginning of the period	21 724
Add receipts	<u>129 864</u>
	151 588
Less expenditure	<u>140 656</u>
Balance at end of the period	<u>10 932</u>

**Australian Government Solicitor Other Trust Accounts**

Balance at beginning of the period	8 319
Add receipts	<u>1 180</u>
	9 499
Less expenditure	<u>1 501</u>
Balance at end of the period	<u>7 998</u>

**Ten months  
ended 30 June  
1999**

**Note 19 Officer Remuneration**

Officer remuneration includes all officers concerned with or taking part in the management of the Legal Practice the ten month period ended 30 June 1999.

The number of executive officers who received, or were due to receive total remuneration of \$100,000 or more:

	<b>Number</b>
\$100 000 to \$110 000	40
\$110 001 to \$120 000	6
\$120 001 to \$130 000	8
\$130 001 to \$140 000	8
\$140 001 to \$150 000	1
\$150 001 to \$160 000	1
	64

The aggregate amount of total remuneration of executive officers for the ten month period ended 30 June 1999 shown above.

\$  
7,232,902

The aggregate amount of performance pay paid or payable during the period to executive officers shown above.

540,173

**Ten months  
ended 30 June  
1999  
\$'000**

**Note 20 Cash Flow Reconciliation**

Reconciliation of net cash provided by operating activities to operating result

Operating result before extraordinary items	7 126
Depreciation/amortisation	2 021
Extraordinary item	7 000
Taxation	(5,085)
Gain on sale of non-current assets	
Loss on sale of non-current assets	
Lease incentive reduction in rent paid	
Changes in assets and liabilities	
Decrease(increase) in receivables	6 699
(Increase)decrease in inventories	0
Increase in prepayments	1 473
(Decrease)increase in trade creditors	(1 843)
Increase in employee provisions	1 837
Increase(decrease) in other liabilities	
<b>Net cash provided by operating activities</b>	<b>19 228</b>

**Note 21 Events Occurring After Balance Date**

AGS was established as a government business enterprise under the Commonwealth Authorities and Companies Act 1997 on 1 September 1999

**Note 22 Financial Instruments**

*(a) Terms, conditions and accounting policies*

<b>Financial Instrument</b>	<b>Notes</b>	<b>Accounting Policies and Methods (including recognition criteria and measurement basis)</b>	<b>Nature of underlying instrument (including significant terms &amp; conditions affecting the amount, timing and certainty of cash flows)</b>
<b>Financial Assets</b>			
		<b>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</b>	
Cash - deposits at call	9	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The Legal Practice Commercial Activities Fund invests surplus funds with the Department of Finance and Administration. Interest is earned on the daily balance at rates based on money market call rates. Rates have averaged 5% for the period.
Receivables for goods & services	10	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days.
<b>Financial Liabilities</b>			
		<b>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of liabilities can be reliably measured.</b>	
Finance Leases	14	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the AGS had finance leases with terms of 5 years. The interest rate implicit in the leases averaged 9.9%. The lease liabilities are secured by the lease assets.
Lease incentives	14	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of liability.	The AGS has received fitout incentives on entering property operating leases in January 1993 and January 1995 and also received a rent free period on a lease entered into in April 1998. Lease payments are made monthly.
Trade creditors	15	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

**Note 22 Financial Instruments (continued)**

*(b) Interest Rate Risk*

	Note	Floating Interest Rate	Fixed Interest Rate 1 year or less	Non Interest Bearing	Total	Weighted Average Effective Interest Rate
		30 June 1999 \$'000	30 June 1999 \$'000	30 June 1999 \$'000	30 June 1999 \$'000	30 June 1999 \$'000
<b>Financial Assets</b>						
Cash on Hand	9			20	20	n/a
Account Balances held in the Commonwealth Public Account	9		45 876		45 876	5.0%
Receivables – goods and services	10			18 946	18 946	n/a
<b>Total financial assets</b>		<u>-</u>	<u>45 876</u>	<u>18 966</u>	<u>64 842</u>	
<b>Total assets</b>					<u>87 598</u>	
<b>Financial Liabilities</b>						
Finance Leases	14		150		150	9.9%
Lease Incentives	14			3 380	3 380	n/a
Trade creditors	15			11 888	11 888	n/a
<b>Total Financial Liabilities</b>		<u>-</u>	<u>150</u>	<u>15 268</u>	<u>15 418</u>	
<b>Total Liabilities</b>					<u>52 122</u>	

*(c) Net Fair Values of Financial Assets and Liabilities*

	Note	Total carrying amount 30 June 1999 \$'000	Aggregate net fair value 30 June 1999 \$'000
<b>Financial Assets</b>			
Cash on Hand	9	20	20
Account Balances held in the Commonwealth Public Account	9	45 876	45 876
Receivables – goods and services	10	18 946	18 946
<b>Total financial assets</b>		<u>64 842</u>	<u>64 842</u>
<b>Total assets</b>			<u>87 598</u>
<b>Financial Liabilities</b>			
Finance Leases	14	150	150
Lease Incentives	14	3 380	3 380
Trade creditors	15	11 888	11 888
<b>Total Financial Liabilities</b>		<u>15 418</u>	<u>15 418</u>
<b>Total Liabilities</b>			<u>52 122</u>

The net fair values of the above financial assets and liabilities are approximated by their carrying amounts.

**Note 22      Financial Instruments (continued)**

*(d) Credit Risk Exposures*

The Agency's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Assets and Liabilities.

The Agency has no significant exposures to credit risk.