

ATTORNEY-GENERAL'S DEPARTMENT
FINANCIAL STATEMENTS
for the year ended 30 June 1998

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Independent Audit Report 2 pages





ATTORNEY-GENERAL'S DEPARTMENT
STATEMENT BY CHIEF EXECUTIVE

Pursuant to sub-section 49(2) of the *Financial Management and Accountability Act 1997*, in my opinion, the accompanying financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under s63 of the *Financial Management and Accountability Act 1997*.



A S BLUNN
Chief Executive
16 October 1998

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

for the year ended 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
NET COST OF SERVICES			
Expenses	3		
Employees		25 730	27 378
Suppliers		18 400	16 923
Depreciation and amortisation		1 541	1 384
Net losses from sale of assets		131	66
Other costs of providing goods and services		39	552
Expenses of commercial fund operations		249 820	224 196
Total expenses		<u>295 661</u>	<u>270 499</u>
Revenues from independent sources	4		
Net gains from sale of assets		25	27
Revenues of commercial fund operations		141 425	160 326
Other revenues from independent sources		1 782	3 636
Total revenues from independent sources		<u>143 232</u>	<u>163 989</u>
Net cost of services	5	<u>(152 429)</u>	<u>(106 510)</u>
REVENUES FROM GOVERNMENT	4		
Appropriations used for			
Ordinary annual services (net appropriations)		127 908	115 898
Resources received free of charge		135	221
Total revenues from Government		<u>128 043</u>	<u>116 119</u>
Operating surplus(deficit) before extraordinary items		<u>(24 386)</u>	9 609
Extraordinary items	6	<u>(1 064)</u>	<u>(382)</u>
Operating surplus/(deficit)		<u>(25 450)</u>	<u>9 227</u>
Accumulated results at 1 July 1997		47 410	39 610
Dividend proposed or paid		(3 784)	(1 327)
Transfers to reserves	11	<u>(580)</u>	<u>(100)</u>
Accumulated results at 30 June 1998		<u>17 596</u>	<u>47 410</u>

ATTORNEY-GENERAL'S DEPARTMENT
ADMINISTERED REVENUES AND EXPENSES
for the year ended 30 June 1998

		1997-98	1996-97
	Note	\$'000	\$'000
REVENUES	26		
Interest and dividends		4 509	6 427
Other		<u>18 629</u>	<u>14 421</u>
Total revenues		<u>23 138</u>	<u>20 848</u>
EXPENSES	25		
Subsidies, benefits and grants		181 431	200 545
Other		<u>108 342</u>	<u>327 833</u>
Total expenses		<u>289 773</u>	<u>528 378</u>
Net contribution/(cost) to Government		<u><u>(266 635)</u></u>	<u><u>(507 530)</u></u>
TRANSFERS			
Cash from Commonwealth Public Account		287 106	523 981
Cash to Commonwealth Public Account		<u>(17 778)</u>	<u>(14 726)</u>
Net change in administered assets		<u>2 693</u>	<u>1 725</u>
Accumulated results at 1 July 1997		<u>38 881</u>	<u>37 156</u>
Accumulated results at 30 June 1998		<u><u>41 574</u></u>	<u><u>38 881</u></u>

ATTORNEY-GENERAL'S DEPARTMENT
DEPARTMENTAL ASSETS AND LIABILITIES
as at 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
DEBT	9		
Loans (from future running costs)		16 390	16 390
Leases		216	322
Other		4 092	965
Total debt		<u>20 698</u>	<u>17 677</u>
PROVISIONS AND PAYABLES	10		
Employees		49 168	51 500
Suppliers		3 176	3 509
Other		16 570	8 518
Total provisions and payables		<u>68 914</u>	<u>63 527</u>
EQUITY	11		
Capital of trust accounts		28 221	28 221
Accumulated results		17 596	47 410
Reserves		1 846	1 187
Total equity		<u>47 663</u>	<u>76 818</u>
Total liabilities and equity		<u>137 275</u>	<u>158 022</u>
FINANCIAL ASSETS			
Cash	12	2 630	55 723
Receivables	13	36 948	29 064
Investments	14	50 880	-
Total financial assets		<u>90 458</u>	<u>84 788</u>
NON-FINANCIAL ASSETS			
Land and buildings	15	1 286	1 653
Infrastructure, plant and equipment	15	30 765	56 202
Inventories	16	8 496	8 637
Intangibles	15, 18	1 437	1 919
Other	17	4 833	4 823
Total non-financial assets		<u>46 817</u>	<u>73 234</u>
Total assets		<u>137 275</u>	<u>158 022</u>
Current liabilities		57 571	32 420
Non-current liabilities		32 041	48 784
Current assets		103 787	98 248
Non-current assets		33 488	59 774

ATTORNEY-GENERAL'S DEPARTMENT
ADMINISTERED ASSETS AND LIABILITIES
as at 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
PROVISIONS AND PAYABLES	28		
Suppliers		176	2 633
Investments in associated entities		-	823
Other		1 008	1 485
Total provisions and payables		<u>1 184</u>	<u>4 941</u>
EQUITY	11		
Capital		28 213	28 213
Accumulated results		41 573	38 880
Administered investment reserve		137 094	137 094
Administered investment revaluation reserve		(3 519)	1 089
Other reserves		5	5
Total equity		<u>203 366</u>	<u>205 281</u>
Total liabilities and equity		<u>204 550</u>	<u>210 222</u>
FINANCIAL ASSETS	27		
Cash		1 896	1 497
Receivables		21 482	22 094
Investments		181 098	186 530
Total financial assets		<u>204 476</u>	<u>210 121</u>
NON-FINANCIAL ASSETS	27		
Infrastructure, plant and equipment		28	35
Other		46	66
Total non-financial assets		<u>74</u>	<u>101</u>
Total assets		<u>204 550</u>	<u>210 222</u>
Current liabilities		1 184	4 119
Non-current liabilities		-	823
Current assets		23 424	5 905
Non-current assets		181 126	204 317

**ATTORNEY-GENERALS DEPARTMENT
DEPARTMENTAL REVENUES AND EXPENSES BY PROGRAM**

for the year ended 30 June 1998

	Program 1 Legal Policy Services to the Commonwealth \$'000	1996-97 \$'000	Program 2 Legal Services to the Commonwealth \$'000	1996-97 \$'000	Program 3 Community Affairs \$'000	1996-97 \$'000	Program 4 Administration of Justice \$'000	1996-97 \$'000	Program 6 Maintenance of Law, Order and Security \$'000	1996-97 \$'000	Inter-Program Eliminations \$'000	1996-97 \$'000	Total \$'000
NET COST OF SERVICES													
Expenses													
Employees													
Suppliers													
Depreciation and amortisation													
Net losses from sale of assets													
Other costs of providing goods and services													
Expenses of commercial fund operations													
Total expenses	29 691	29 691	135 306	127 740	35 880	38 475	20 222	18 144	79 076	80 794	(550)	(134)	249 820
Revenues from independent sources													
Net gains from sale of assets													
Revenues of commercial fund operations	2 737	2 737	73 248	83 982	7	25	15 545	16 237	51 274	68 802	(1 379)	(8 695)	141 425
Other revenues from independent sources													
Total revenues from independent sources	2 737	2 737	73 250	83 984	1 338	2 474	15 545	16 237	51 734	69 964	(1 379)	(8 695)	143 232
Net cost of services	(26 953)	(26 953)	(62 826)	(44 292)	(34 535)	(35 976)	(4 677)	(1 907)	(27 342)	(24 335)	3 905	-	(152 429)
REVENUES FROM GOVERNMENT													
Appropriations used for													
Ordinary annual services (net appropriations)	27 869	27 869	19 421	55 594	33 832	37 025	6 137	2 382	44 533	20 917	(3 905)	-	127 908
Resources received free of charge			88	65	47	101				55			135
Total revenues from Government	27 869	27 869	19 510	55 660	33 879	37 126	6 137	2 382	44 533	20 972	(3 905)	-	128 043
Operating result before extraordinary items	915	915	(43 316)	11 368	(656)	1 150	1 460	455	17 211	(3 363)	-	-	(24 386)
Extraordinary items					174		(1 238)			(382)			9 609
Operating result	915	915	(43 316)	11 368	(482)	1 150	222	455	17 211	(3 745)	-	-	(25 450)
													9 227

**ATTORNEY-GENERAL'S DEPARTMENT
ADMINISTERED REVENUES AND EXPENSES BY PROGRAM**
for the year ended 30 June 1998

	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
	1997-98 \$ 000	1996-97 \$ 000	1997-98 \$ 000	1996-97 \$ 000	1997-98 \$ 000	1996-97 \$ 000	1997-98 \$ 000
REVENUES							
Interest and dividends	-	4 927	725	1 500	3 784	4 509	6 427
Other	-	1 366	16 558	12 576	45	18 629	14 421
Total revenues	-	1 366	17 283	14 076	3 829	-	23 138
EXPENSES							
Subsidies, benefits and grants	580	596	164 125	180 442	3 551	181 431	200 545
Other	1 448	3 951	1 648	2 363	94 516	108 342	327 833
Total expenses	2 028	3 951	165 773	182 805	98 067	289 773	528 378
Net contribution/(cost) to Government	(2 028)	(2 585)	(148 490)	(168 729)	(94 238)	-	(286 636)
TRANSFERS							
Cash from Commonwealth Public Account	2 046	3 414	166 438	183 211	94 669	287 106	523 981
Cash to Commonwealth Public Account	-	(1 714)	(17 778)	(13 012)	-	(17 778)	(14 726)
Net change in administered assets	18	895	170	1 470	431	2 693	1 725
Accumulated results at 1 July 1997	(26)	18 031	(121)	(1 591)	2 183	38 881	37 156
Accumulated results at 30 June 1998	(8)	18 162	49	(121)	2 614	41 574	38 881

ATTORNEY-GENERAL'S DEPARTMENT
DEPARTMENTAL CASH FLOWS
for the year ended 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		115 144	122 947
Sale of goods and services		136 972	151 364
Interest		2 705	3 987
Other		5 668	7 010
Total cash received		<u>260 489</u>	<u>285 309</u>
Cash used			
Employees		(176 582)	(179 029)
Suppliers		(74 142)	(84 642)
Interest		(1 344)	(1 481)
Extraordinary items		(4)	-
Other		(4 848)	-
Total cash used		<u>(256 920)</u>	<u>(265 152)</u>
Net cash from operating activities	19	<u>3 569</u>	<u>20 157</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		671	1 117
Other		-	9
Total cash received		<u>671</u>	<u>1 126</u>
Cash used			
Purchase of property, plant and equipment		(4 901)	(11 756)
Purchase of Treasury bills		(50 880)	-
Loans made		(120)	-
Total cash used		<u>(55 901)</u>	<u>(11 756)</u>
Net cash from investing activities		<u>(55 230)</u>	<u>(10 630)</u>
FINANCING ACTIVITIES			
Cash used			
Repayments of finance leases		(105)	(83)
Dividends paid		(1 327)	(1 886)
Total cash used		<u>(1 432)</u>	<u>(1 969)</u>
Net cash from financing activities		<u>(1 432)</u>	<u>(1 969)</u>
Net increase in cash held		(53 093)	7 558
add cash at 1 July 1997		55 723	48 166
Cash at 30 June 1998	12	2 630	55 723

ATTORNEY-GENERAL'S DEPARTMENT
ADMINISTERED CASH FLOWS
for the year ended 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
OPERATING ACTIVITIES			
Cash received			
Non-taxation			
Interest		725	1 500
Dividends		1 327	1 886
Cash from Commonwealth Public Account		287 106	523 981
Other non-taxation		18 704	18 991
Total cash received		307 862	546 358
Cash used			
Subsidies, benefits and grants		(181 432)	(529 935)
Cash to Commonwealth Public Account		(17 778)	(14 726)
Other		(108 252)	(815)
Total cash used		(307 463)	(545 476)
Net cash from operating activities	19	399	882
Net increase in cash held		399	882
add cash at 1 July 1997		1 497	615
Cash at 30 June 1998	12	1 896	1 497

ATTORNEY-GENERAL'S DEPARTMENT
SCHEDULE OF COMMITMENTS
as at 30 June 1998

	Departmental		Administered	
	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000
BY TYPE				
CAPITAL COMMITMENTS				
Land and buildings	-	-	163 699	163 498
Infrastructure, plant and equipment	150	-	-	-
Total capital commitments	150	-	163 699	163 498
OTHER COMMITMENTS				
Operating leases	123 473 ¹	139 632	-	-
Other commitments	6 571	4 777	-	-
Total other commitments	130 044	144 410	-	-
Less: Surplus leased space	(2 345)			
COMMITMENTS RECEIVABLE				
	-	-	-	-
Net commitments	127 849	144 410	163 699	163 498
BY MATURITY				
One year or less	22 438	22 382	699	498
From one to two years	20 820	21 298	16 300	16 300
From two to five years	61 603	58 337	48 900	48 900
Over five years	22 987	42 392	97 800	97 800
Net commitments	127 849	144 410	163 699	163 498

¹ Commitments for operating leases do not include a lease at Piccadilly Plaza, Sydney which the Department 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
SCHEDULE OF CONTINGENCIES**

as at 30 June 1998

	Departmental		Administered	
	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000
CONTINGENT LOSSES				
Claims for damages/costs	100	270	1 784	
Separation and redundancies	-	6 628		
Make good costs	1 203	1 584		
Rental commitment unrecoverable by sub-letting	-	408		
Other	-	80		-
Total contingent losses	1 303	8 970	1 784	-
CONTINGENT GAINS				
	-	-	10	-
Net contingencies	1 303	8 970	1 774	-

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 1998, the Department was not aware of any unquantifiable contingent losses or gains.

ATTORNEY-GENERAL'S DEPARTMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

<i>Note</i>	<i>Description</i>
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Note 1 Departmental Objectives**1.1 Portfolio Overview**

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

1.2 Programs of the Department

The identity and purpose of each major program undertaken by the Department during the year ended 30 June 1998 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.

Program 5 High Court of Australia

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

Program 6 Maintenance of Law, Order and Security

To contribute to the maintenance of law and order, to combat crime, 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.

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 the *Finance Minister's Orders* (FMOs).

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

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

2.2 Rounding

Except where otherwise indicated, amounts have been rounded to the nearest thousand dollars.

2.3 Comparative Figures

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

- 2.4 Taxation**
The Department is exempt from taxation under the Income Tax Assessment Act, except fringe benefits tax, tax on fuel purchases and sales tax on executive lease vehicles. From 1 July 1997 Commercial Activities Funds consolidated into the Department's financial statements are 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**
In accordance with Commonwealth Government policy, assets are not insured and losses are expensed as they are incurred.
- 2.7 Principles of Consolidation**
In the process of reporting the Department as a single unit, and in preparation of the program statements, all intra- and inter-program transactions and balances have been eliminated in full.
The financial statements of the Australian Protective Service Reserved Money Fund (APS), the Commonwealth Reporting Service Commercial Activities Fund (Auscript) and the Legal Practice Commercial Activities Funds (Legal Practice) 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.
- 2.8 Inventories**
Inventories not held for resale are valued at cost. Costs are assigned to individual items of stock on a first-in-first-out basis. No threshold for recognition has been applied.
Work-in-progress is valued at the lower of cost or net realisable value and applies to services performed but not billed at 30 June 1998.
- 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 Asset Capitalisation Threshold**
All depreciable non-current assets with a 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 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.
- 2.12 Software Capitalisation Policy**
Where costs can be reliably identified, internally-generated software is capitalised.

2.13 Valuation of Non-Current Assets

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

Assets acquired at no cost or for nominal consideration, unless acquired as a consequence of restructuring of administrative arrangements, are recognised at their fair value when the asset qualifies for recognition. Assets acquired as a consequence of a restructuring of administrative arrangements are initially recognised at the amounts at which they were recognised by the transferring department immediately prior to the restructuring.

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 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.

2.14 Depreciation and Amortisation of Non-Current Assets

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

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

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 applying to each class of depreciable assets are as follows:

	1997-98	1996-97
Buildings on freehold land	25-50 years	25-50 years
Infrastructure, plant and equipment	4-10 years	4-10 years
Intangible assets	5 years	5 years

2.15 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 AARE. 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.

2.16 Intangible Assets

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

2.17 Investments in Associated Companies

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

2.18 Provision for Employee Entitlements

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

The provision for annual leave reflects the value of total leave entitlements of all employees at 30 June 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 30 June 1998. In determining the present value of the liability, attrition rates and pay increases through promotion and scheduled increments have been taken into account. These calculations are in accordance with Australian Accounting Standard 30, Accounting for Employee Entitlements.

2.19 Superannuation

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

2.20 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.

2.21 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.

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

Non-Current Assets

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

Administered 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 Auscript, APS and the Legal Practice are recognised as an asset and are carried at cost.

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

2.22 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, each component are set out in Note 23. The Department performs only a custodial role in respect of non-CPA trust accounts set out in Note 24 and because these moneys cannot be used for achievement of the Department's objectives they are not brought to account in the financial report.

2.23 Court Buildings Under Construction

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

The various courts will be required to pay a capital usage charge to Domestic Property Group, Department of Finance and Administration from the date of occupation of each building.

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

2.24 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.

2.25 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.

The Department's records show that at the end of the financial period assets totalling \$14 907 630 were on hand. These comprised

- property to the value of \$11 491 882 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 \$2 068 771; and
- assets that had not yet been realised, totalling \$1 346 977.

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

2.26 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.

2.27 Allocation of Costs, Revenues, Assets and Liabilities to Departmental Programs

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

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

2.28 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.

The Department now recognises

- as revenue an amount equal to the base funding spent in the year;
- in 1997-98, as abnormal revenue, an amount equal to the amount of unspent appropriation carried over from the previous financial year (Notes 5 and 13); and
- appropriations for which expenditure was not incurred as appropriations received in advance (Note 10)

2.29 Asset Sales Program

During the year the Department sold Auscript (Commonwealth Reporting Service) through the Office of Asset Sales and Information Technology Outsourcing (refer Note 32). No costs relating to the sale incurred by the Office of Asset Sales and Information Technology Outsourcing have been included in the financial statements.

2.30 Guarantees and Undertakings

The Department has no guarantees and undertakings to report.

2.31 Financial Instruments

Accounting policies for financial instruments are stated in Note 34.

	1997-98 \$'000	1996-97 \$'000
Note 3 Expenses		
Goods and services expenses		
Employees		
Remuneration for services provided	25 475	27 151
Separation and redundancy payments	255	227
Suppliers		
Supply of goods and services	12 475	11 252
Operating lease rentals	5 925	5 671
Depreciation and amortisation	1 541	1 384
Net losses from sale of assets		
Non-financial assets		
Infrastructure, plant and equipment	131	66
Expenses of commercial fund operations		
Employees		
Remuneration for services provided	131 717	152 309
Separation and redundancy payments	17 558	2 945
Suppliers		
Supply of goods and services	48 721	41 245
Operating lease rentals	14 378	17 735
Depreciation and amortisation	4 770	3 832
Interest	1 284	1 481
Write down of assets	25 592	77
Net losses from sale of assets	835	433
Other	4 965	4 139
Other costs of providing goods and services	39	552
Total expenses	<u>295 661</u>	<u>270 499</u>

	1997-98 \$'000	1996-97 \$'000
Note 4 Revenues		
Non-taxation revenues		
Net gains from sale of assets		
Non-financial assets		
Infrastructure, plant and equipment	25	27
Revenues of commercial fund operations		
Sale of goods and services	135 270	153 495
Net gains from sale of assets	339	81
Interest	2 565	3 577
Other	3 251	3 173
Other revenue from independent sources	<u>1 782</u>	<u>3 636</u>
Total non-taxation revenues	<u>143 232</u>	<u>163 989</u>
Revenues from Government		
Appropriations used for		
Ordinary annual services (net appropriations)	127 908	115 898
Australian National Audit Office fees	104	112
Defence Signals Directorate/ASIO	-	44
Department of Administrative Services (Overseas Property Group services)	-	46
Australian Archives (storage of permanent records)	<u>31</u>	<u>19</u>
Total revenues from Government	<u>128 043</u>	<u>116 119</u>
Total revenues	<u><u>271 275</u></u>	<u><u>280 108</u></u>

Note 5 Abnormal Items

Included in the Net Cost of services are the following abnormal items:

Abnormal expense		
Writedown of library assets	25 300	-
Total abnormal expense	<u>25 300</u>	<u>-</u>
Net abnormal items	<u><u>(25 300)</u></u>	<u><u>-</u></u>

	1997-98 \$'000	1996-97 \$'000
Note 6 Extraordinary Items		
Extraordinary revenue		
Prior to 1 January 1998 the functions of the Office of Film and Literature Classification were conducted through the Department. On that date the Office commenced operations as a separate authority, and the following assets and liabilities of the Office were transferred from the Department to the new authority.		
Assets		
Cash	4	-
Receivables	32	-
Inventories	6	-
Other current assets	104	-
Infrastructure, plant and equipment	404	-
Total assets transferred	<u>550</u>	<u>-</u>
Liabilities		
Creditors	24	-
Provisions	700	-
Total liabilities transferred	<u>724</u>	<u>-</u>
Net liabilities transferred from Department	<u>(174)</u>	<u>-</u>
Total extraordinary revenue	<u>174</u>	<u>-</u>
Extraordinary expenses		
On 26 June 1998 the business of Auscript (Commonwealth Reporting Service) was sold. The sale was conducted by the Office of Asset Sales and Information Technology Outsourcing.		
The Department has not recorded any proceeds of sale (due to the Office of Asset Sales) and therefore recognises a loss on sale for the value of net assets transferred to the Purchaser (ref. Note 32).		
- Loss on sale of Auscript	<u>1 238</u>	<u>-</u>
In respect of sub-programs assumed in 1996-97, the following assets and liabilities were transferred.		
Assets		
Property, plant and equipment	-	255
Other	-	44
Total assets transferred	<u>-</u>	<u>299</u>
Liabilities		
Creditors	-	98
Provisions	-	583
Total liabilities transferred	<u>-</u>	<u>681</u>
Net liabilities transferred to Department	<u>-</u>	<u>(382)</u>
Total extraordinary expenses	<u>1 238</u>	<u>382</u>
Net extraordinary items	<u>(1 064)</u>	<u>(382)</u>

1997-98	1996-97
\$	\$

Note 7 Services Provided by the Auditor-General

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	40 000	55 000
Australian Protective Service Reserved Money Fund	45 000	78 000
Legal Practice Commercial Activities Fund	156 000	168 000
Department	<u>104 000</u>	<u>112 000</u>
	<u><u>345 000</u></u>	<u><u>413 000</u></u>

No other services were provided by the Auditor-General.

Note 8 Act of Grace Payments and Waivers

During the financial year one Act of Grace payment was made pursuant to s.33 of the FMA Act, amounting to:

300	-
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No waivers were made pursuant to s.34 of the FMA Act.

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	1997-98 \$'000	1996-97 \$'000
Note 9 Debt		
Loans		
Commonwealth loans	16 390	16 390
	<u>16 390</u>	<u>16 390</u>
Current	16 390	-
Non current	-	16 390
Total loans	<u>16 390</u>	<u>16 390</u>
Leases		
Current	79	129
Non-current		
Later than one year but not later than two	79	79
Later than two years but not later than five	78	157
Later than five years	-	-
Total lease commitments	<u>236</u>	<u>365</u>
Less future interest payments	<u>(20)</u>	<u>(43)</u>
Total lease commitments less future interest payments	<u>216</u>	<u>322</u>
Current lease liability	66	106
Non-current lease liability	<u>150</u>	<u>216</u>
Total leases	<u>216</u>	<u>322</u>
Other - Lease incentive		
Current	549	104
Non-current		
Later than one year but not later than two	665	176
Later than two years but not later than five	1 488	518
Later than five years	<u>1 390</u>	<u>167</u>
Total other	<u>4 092</u>	<u>965</u>
Total debt	<u>20 698</u>	<u>17 677</u>
Note 10 Provisions and Payables		
Employees		
Salaries and wages	2 952	3 780
Leave	40 363	47 081
Superannuation	271	229
Separations and redundancies	5 169	-
Other	<u>413</u>	<u>410</u>
Total employees	<u>49 168</u>	<u>51 500</u>
Suppliers		
Trade creditors	2 832	3 135
Operating lease rentals	<u>344</u>	<u>374</u>
Total suppliers	<u>3 176</u>	<u>3 509</u>
Other		
Interest payable	1 452	1 512
Appropriation received in advance	1 033	2 659
Prepayments received	2 757	2 308
Provision for lease breaks	7 000	-
Liability for surplus lease space	1 923	-
Dividend	2 320	1 327
Other	<u>85</u>	<u>712</u>
Total other	<u>16 570</u>	<u>8 518</u>
Total provisions and payables	<u>68 914</u>	<u>63 527</u>

Note 11 Equity

	Capital \$'000	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Total reserves \$'000	Total equity \$'000
Departmental Reconciliation						
As at 1 July 1997	28 221	47 410	935	252	1 187	76 818
Operating result		(25 450)			-	(25 450)
Dividends		(3 784)			-	(3 784)
Net revaluation increases			79		79	79
Transfers (to)/from reserves		(580)		580	580	-
Balance at 30 June 1998	28 221	17 596	1 014	832	1 846	47 663
Administered Reconciliation						
	Capital \$'000	Accumulated results \$'000	Administered investments reserve \$'000	Administered Asset revaluation reserve \$'000	Other administered reserves \$'000	Total equity \$'000
As at 1 July 1997	28 213	38 880	137 094	1 089	5	205 281
Net change in administered assets		2 693				2 693
Net revaluation increases				(4 608)		(4 608)
Transfers (to)/from reserves						-
Changes in accounting policies						-
Balance at 30 June 1998	28 213	41 573	137 094	(3 519)	5	203 366

	1997-98 \$'000	1996-97 \$'000
Note 12 Cash		
Cash on hand	2 612	3 477
Account balance held in Commonwealth Public Account	18	52 246
Total cash	<u>2 630</u>	<u>55 723</u>
Note 13 Receivables		
Loans		
Loans to Commonwealth Authorities		
— Office of Film and Literature Classification	120	-
Total loans	<u>120</u>	<u>-</u>
Appropriations carried over		
Running costs	17 964	6 828
Total appropriations carried over	<u>17 964</u>	<u>6 828</u>
Goods and services		
Trade debtors	16 930	16 890
Less provision for doubtful debts	(1 156)	(853)
Net trade debtors	15 774	16 037
Other debtors	874	2 379
Accrued interest receivable	2 216	3 820
Net goods and services receivables	<u>18 864</u>	<u>22 236</u>
Total receivables	<u>36 948</u>	<u>29 064</u>
Receivables include receivables overdue by:		
less than 30 days	2 927	4 079
30 to 60 days	1 040	1 363
greater than 60 days	3 765	2 211
Total overdue	<u>7 732</u>	<u>7 653</u>
Note 14 Investments		
Internal Treasury Bills, maturing within one year	50 880	-
Total investments	<u>50 880</u>	<u>-</u>

Note 15 Property, Plant and 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	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 1/7/97	688	1 130	1 818	34 651	47 288	81 939	2 525	86 282
Additions	-	-	-	-	8 582	8 582	-	8 582
Disposals	(221)	(302)	(523)	(25 374)	(10 338)	(10 338)	(10 861)	(10 861)
Other movements	32	(19)	13	(25 374)	(3 697)	(29 071)	(29 058)	(29 058)
Gross value at 30/6/98	499	809	1 308	9 277	41 835	51 112	2 525	54 945
Accumulated depreciation/amortisation at 1/7/97	-	(165)	(165)	-	(25 737)	(25 737)	(606)	(26 508)
Depreciation/amortisation charge for 1997-98	-	(36)	(36)	-	(5 793)	(5 793)	(481)	(6 310)
Adjustments for disposals	-	81	81	-	7 870	7 870	-	7 951
Adjustment for other movements	-	98	98	-	3 313	3 313	-	3 411
Accumulated depreciation/amortisation at 30/6/98	-	(22)	(22)	-	(20 347)	(20 347)	(1 088)	(21 457)
Net book value at 30/6/98	499	787	1 286	9 277	21 488	30 765	1 437	33 488
Net book value at 1/7/97	688	965	1 653	34 651	21 551	56 202	1 919	59 774
(b) Assets at independent valuation¹								
As at 30/6/98								
Gross value	499	809	1 308	333	17 451	17 785	183	19 275
Accumulated depreciation/amortisation	-	(22)	(22)	-	(13 660)	(13 660)	(76)	(13 758)
Net book value	499	787	1 286	333	3 791	4 124	107	5 517
As at 30/6/97								
Gross value	688	1 130	1 818	34 651	27 741	62 392	184	64 394
Accumulated depreciation/amortisation	-	(165)	(165)	-	(21 422)	(21 422)	(63)	(21 650)
Net book value	688	965	1 653	34 651	6 319	40 970	121	42 744
(c) Assets at Chief Executive's valuation²								
As at 30/6/98								
Gross value	-	-	-	8 944	-	8 944	-	8 944
Accumulated depreciation/amortisation	-	-	-	-	-	-	-	-
Net book value	-	-	-	8 944	-	8 944	-	8 944

Note 15 Property, Plant and Equipment, and Intangibles (cont.)

(d) Assets held under finance leases

	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
As at 30/6/98								
Gross value	-	-	-	-	335	335	-	335
Accumulated depreciation/amortisation	-	-	-	-	(159)	(159)	-	(159)
Net book value	-	-	-	-	176	176	-	176
As at 30/6/97								
Gross value	-	-	-	-	333	333	-	333
Accumulated depreciation/amortisation	-	-	-	-	(101)	(101)	-	(101)
Net book value	-	-	-	-	232	232	-	232
(e) Assets at cost								
As at 30/6/98								
Gross value	-	-	-	-	24 070	24 070	2 341	26 411
Accumulated depreciation/amortisation	-	-	-	-	(6 549)	(6 549)	(1 011)	(7 560)
Net book value	-	-	-	-	17 521	17 521	1 330	18 851
As at 30/6/97								
Gross value	-	-	-	-	19 235	19 235	2 341	21 576
Accumulated depreciation/amortisation	-	-	-	-	(4 235)	(4 235)	(543)	(4 778)
Net book value	-	-	-	-	15 000	15 000	1 798	16 798

1 All non-current assets, other receivables and investments, were valued by the Australian Valuation Office as at 30 June 1994.

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

	1997-98 \$'000	1996-97 \$'000
Note 16 Inventories		
Inventories held for sale		
Work-in-progress	8 095	8 583
Less provision for irrecoverable amounts	(395)	(791)
Total inventories held for sale	<u>7 700</u>	<u>7 792</u>
Inventories not held for sale		
Stores and stationery	894	937
Less provision for obsolete stock	(98)	(92)
Total inventories not held for sale	<u>796</u>	<u>845</u>
Total inventories	<u><u>8 496</u></u>	<u><u>8 637</u></u>
 Note 17 Other Non-Financial Assets		
Prepayments	4 830	4 823
Other	3	-
Total other non-financial assets	<u><u>4 833</u></u>	<u><u>4 823</u></u>
 Note 18 Intangible Assets		
Computer software		
Internally developed	2 525	2 525
Less accumulated amortisation	(1 088)	(606)
Total intangible assets	<u><u>1 437</u></u>	<u><u>1 919</u></u>

Note 19 Cash Flow Reconciliation

Departmental Reconciliation

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

	1997-98	1996-97
	\$'000	\$'000
Net cost of services — gain/(loss)	(152 429)	(106 510)
Revenue from Government	128 043	116 119
Extraordinary items — gain/(loss)	(1 064)	(382)
Abnormal item	-	2 541
Depreciation/amortisation	6 311	5 240
Loss on sale of non-current assets	966	392
Gain on sale of non-current assets	(364)	-
Interest offset against dividend	(1 464)	(1 327)
Lease incentives — reduction in rent expense	(173)	-
Writedown of fixed assets	25 434	-
Transfer of fixed assets on disposal — extraordinary items	1 536	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(7 016)	(2 035)
(Increase)/decrease in inventories	141	314
(Increase)/decrease in other current assets	(234)	(770)
Increase/(decrease) in creditors	(1 765)	(1 134)
Increase/(decrease) in provisions	(2 332)	7 021
Increase/(decrease) in other liabilities	7 979	688
Net cash provided by operating activities	<u>3 569</u>	<u>20 157</u>

Administered Reconciliation

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

Net contribution (cost) to government	(266 636)	(507 531)
Cash from Commonwealth Public Account for operations	287 106	523 981
Cash to Commonwealth Public Account from operations	(17 778)	(14 726)
(Increase)/decrease in non current assets	11	-
(Increase)/decrease in investments	5 429	-
(Increase)/decrease in receivables	610	(3 687)
(Increase)/decrease in other current assets	20	4 476
(Increase)/decrease in other investment reserves	(4 608)	1 089
Increase/(decrease) in creditors	(2 932)	3 848
Increase/(decrease) in grants	-	(1 134)
(Increase)/decrease in investments	(823)	(3 109)
Increase/(decrease) in other liabilities	-	(2 326)
Net cash provided by operating activities	<u>399</u>	<u>882</u>

Note 20 Officer Remuneration

Officer remuneration includes all officers concerned with or taking part in the management of the Department during 1997-98.

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

	1997-98	1996-97
\$100 000 to \$110 000	17	6
\$110 001 to \$120 000	72	87
\$120 001 to \$130 000	4	1
\$130 001 to \$140 000	24	21
\$140 001 to \$150 000	-	1
\$150 001 to \$160 000	-	4
\$160 001 to \$170 000	3	1
\$220 001 to \$230 000	2	1
The aggregate amount of remuneration of executive officers shown above	<u>\$14 830 367</u>	<u>\$14 360 840</u>
The aggregate amount of performance pay paid or payable during the year to executive officers shown above	<u>\$ 294 035</u>	<u>\$ 219 622</u>

	1997-98 Budget \$'000	1997-98 Actual \$'000	1996-97 Actual \$'000
Note 21 Consolidated Revenue Fund — Receipts			
Legal Practice Trust Account			
Dividend payments and loan repayments	1 474	1 327	1 886
Section 31 of the FMA Act	1 120	1 728	914
Miscellaneous	-	1 072	1 122
Insolvency and Trustee Service, Australia			
Bankruptcy fees	12 320	17 284	12 737
Proceeds of Crime	4	-	-
Departmental Receipts			
Section 31 of the FMA Act	750	1 411	530
Miscellaneous	5 545	5 211	9 207
Office of Film and Literature Classification			
Section 31 of the FMA Act	-	-	2 507
Miscellaneous	-	-	583
Australian Protective Service Trust Account			
Payment in lieu of taxation	1 120	-	-
Dividend payments	-	-	-
High Court of Australia Fees and Miscellaneous Auscript	2 816	551	620
Interest payments	77	-	-
Loan repayment	-	-	-
Total receipts	<u>25 226</u>	<u>28 584</u>	<u>30 107</u>

	1997-98 Budget \$'000	1997-98 Expenditure \$'000	1996-97 Expenditure \$'000	1998-99 Appropriation \$'000
Note 22 Consolidated Revenue Fund - Expenditure				
Special Appropriations				
<i>High Court of Australia Act 1979</i>				
— Justices of the High Court	1 850	2 358	1 678	1 887
<i>Judges Pensions Act 1968</i>	7 250	8 061	7 308	7 395
<i>Classification (Publications, Films and Computer Games) Act 1995</i>				
	-	-	551	-
<i>National Firearms Program Implementation Act 1996</i>	169 000	91 162	311 524	40 000
Total Expenditure Special Appropriations	<u>178 100</u>	<u>101 582</u>	<u>321 060</u>	<u>49 282</u>

	1997-98 Appropriation \$'000	1997-98 Expenditure \$'000	1996-97 Expenditure \$'000	1998-99 Appropriation \$'000
Annual Appropriations				
Ordinary Annual Services of Government				
Division 120 — Administrative				
1 Running costs	84 049	69 515	65 647	113 033
2 Other services				
1 Australian organisations — grants	1 295	1 267	1 370	222
2 International bodies — membership contributions	394	363	351	390
3 Financial assistance towards legal costs and related expenses	5 309	5 309	4 851	8 560
4 Compensation and legal expenses	4 975	4 974	3 439	4 172
5 Publication of Acts & Statutory Rules	1 415	984	1 252	1 443
6 Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence — Operating expenses	3 518	3 507	3 448	3 741
7 Law Courts Ltd — Contribution to operating expenses and costs of Law Library	2 266	2 265	2 203	2 277
8 Family Law Council	143	143	141	147
9 Grants to family relationship support organisations (including payments under the <i>Family Law Act 1975</i> and the <i>Marriage Act 1961</i>)	35 202	32 953	30 804	37 496
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	5 621	4 750	4 708	5 624
11 Constitutional Centenary Foundation Incorporated	273	273	270	278
12 Family Court of Western Australia — Operating expenses	8 300	6 160	7 766	8 389
13 Act of Grace Payment	-	-	-	-
14 Community legal services (formerly 806-3)	-	-	-	22 205
15 Business rationalisation and redundancy costs (for payment to the Australian Protective Service Reserve) (formerly 807-2)	-	-	-	6 101
Total Division 120	<u>152 760</u>	<u>132 465</u>	<u>126 248</u>	<u>214 078</u>

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	1997-98 Appropriation \$'000	1997-98 Expenditure \$'000	1996-97 Expenditure \$'000	1998-9 Appropriation \$'000
Division 121 — Legal Practice				
1 Running costs	39 135	35 330	35 422	-
Total Division 121	39 135	35 330	35 422	-
Division 123 — Australian Institute of Criminology				
1 For expenditure under the <i>Criminology Research Act 1971</i>				
Operating expenses	2 791	2 791	2 843	3 134
Total Division 123	2 791	2 791	2 843	3 134
Division 126 — Criminology Research Council				
1 Criminology Research (For payment to the Criminology Research Fund)	236	236	249	234
Total Division 126	236	236	249	234
Division 127 — High Court of Australia				
1 For expenditure under the <i>High Court of Australia Act 1979</i>				
Operating expenses	8 289	8 289	7 799	7 425
Total Division 127	8 289	8 289	7 799	7 425
Division 129 — Law Reform Commission				
1 For expenditure under the <i>Law Reform Commission Act 1973</i>				
Operating expenses	3 371	3 371	3 539	2 884
Total Division 129	3 371	3 371	3 539	2 884
Division 139 — Office of Film and Literature Classification				
1 Running Costs	-	-	4 936	-
Total Division 139	-	-	4 936	-
Total Appropriation Acts Nos 1 and 3	206 582	182 481	181 036	227 755
Represented by				
Annual Appropriation				
Act No 1	194 537	180 690	169 463	227 755
Act No 3	8 243	1 129	8 312	-
Section 31 of the FMA Act	3 138	-	3 262	-
Advance to the Minister for Finance	663	662	-	-
	206 582	182 481	181 036	227 755

	1997-98 Appropriation S'000	1997-98 Expenditure S'000	1996-97 Expenditure S'000	1998-99 Appropriation S'000
Other Annual Services of Government				
Division 805 — Capital Works and Services				
1	Acquisitions, Buildings, Works, Plant and Equipment			
1	885	99	1 237	561
2	2 500	524	1 656	3 433
3	Advances and Loans			
1	Business loan (for payment to the Australian Protective Service Reserve)			
	1 290	-	-	1 290
2	Working capital advance (for payment to the Australian Government Solicitor Commercial Activities Fund)			
	-	-	-	15 000
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	-	-	3 500
Total Division 805	8 175	623	2 893	23 784
Division 806 — Payments to or for the States, the Northern Territory and the Australian Capital Territory				
2	91 736	91 678	128 303	48 837
3	Legal Aid — Grants to supplement voluntary and community legal aid schemes			
	16 170	14 904	15 116	-
Total Division 806	107 906	106 582	143 420	48 837
Division 807 — Other Services				
1	Redundancy and lease termination costs (including for payment to the Auscript — Commonwealth Reporting Reserve)			
	4 681	4 681	-	-
2	Business rationalisation and redundancy costs (for payment to the Australian Protective Service Reserve)			
	11 215	7 504	-	-
3	Commonwealth legal aid program			
	52 819	18 000	-	54 001
	Legal costs incurred by, or on account of acting for, Dr Carmen Lawrence for or in relation to the Marks Royal Commission			
	-	-	50	-
	Ex gratia payment to the widow of Detective Sergeant Bowen			
	-	-	372	-
	Lease termination costs associated with rationalisation of the Australian Government Solicitor			
	-	-	-	8 500
Total Division 807	68 715	30 185	422	62 501
Total Appropriation Acts Nos 2 and 4	184 796	137 389	146 735	135 122
Represented by				
Annual Appropriation				
Act No 2	140 055	98 530	146 286	135 122
Act No 4	40 616	34 792	449	-
Advance to the Minister for Finance	4 125	4 067	-	-
	184 796	137 389	146 735	135 122

	1997-98 Budget \$'000	1997-98 Actual \$'000	1996-97 Actual \$'000
Note 23 Components of the Reserved Money Fund and Corporate Activities Fund			
Reserved Money Fund			
Attorney-General's Department —			
Services for other Governments and non-departmental bodies			
• 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			
Balance as at beginning of the financial year	500	500	803
Add: Receipts			
– Advances for the payment of salaries and allowances on behalf of portfolio statutory authorities		3 047	9 280
– Transfer from services for other Governments and non-departmental bodies other than the Australian Securities Commission			–
	<u>611</u>	<u>3 047</u>	<u>9 280</u>
Less: Expenditure			
– Salaries and allowances paid on behalf of portfolio statutory authorities		165	7 657
– Miscellaneous		2 404	1 927
	<u>611</u>	<u>2 569</u>	<u>9 584</u>
Balance as at the end of the financial year	<u><u>500</u></u>	<u><u>978</u></u>	<u><u>500</u></u>
Common Investment Fund Equalization Account			
• Legal Authority - Section 20G, <i>Bankruptcy Act 1966</i>			
• Purpose - For the purpose of Section 20H, <i>Bankruptcy Act 1966</i>			
Balance as at beginning of the financial year	1	1	197
Add: Receipts			
– Interest from Term Deposits		723	1 292
– Interest from Money Market Call Account		13	14
	<u>1 000</u>	<u>736</u>	<u>1 306</u>
Less: Expenditure			
– Payments made under Section 20J, <i>Bankruptcy Act 1966</i>		2	2
– Transfers to the Consolidated Revenue Fund under Section 20H(4), <i>Bankruptcy Act 1966</i>		725	1 500
	<u>1 000</u>	<u>727</u>	<u>1 502</u>
Balance as at the end of the financial year	<u><u>1</u></u>	<u><u>10</u></u>	<u><u>1</u></u>

	1997-98 Budget \$'000	1997-98 Actual \$'000	1996-97 Actual \$'000
Other Trust Moneys (Attorney-General's)			
• Legal Authority — Section 20, FMA Act			
• Purpose — Receipt of moneys temporarily held in trust for other persons			
Balance as at beginning of the financial year	109	109	61
Add: Receipts		28	61
	<u>166</u>	<u>28</u>	<u>61</u>
Less: Expenditure		30	13
	<u>166</u>	<u>30</u>	<u>13</u>
Balance as at the end of the financial year	<u>109</u>	<u>107</u>	<u>109</u>
Australian Protective Services Trust Account			
• 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			
Balance as at beginning of the financial year	5 173	5 173	3 915
Add: Receipts			
– Receipts from operations		62 269	78 901
– Appropriation from CRF		7 504	–
	<u>43 180</u>	<u>74 773</u>	<u>78 901</u>
Less: Expenditure			
– Salaries		56 374	60 830
– Operational expenditure		14 759	16 813
	<u>43 407</u>	<u>71 133</u>	<u>77 643</u>
Balance as at the end of the financial year	<u>4 946</u>	<u>8 813</u>	<u>5 173</u>
Confiscated Assets Trust Account			
• Legal Authority — Part 11A, <i>Proceeds of Crime Legislation Amendment Act 1991</i> , Regulation 34A(1)			
• Purpose — The Trust Fund will turn the assets confiscated from major crime, particularly drug trafficking, back against the illicit drug trade and other major crimes			
Balance as at beginning of the financial year	1 540	1 540	7 205
Add: Receipts			
– Crimes Act			25
– Customs Act		175	93
– Proceeds of Crime Act		4 335	3 399
– Other			11
	<u>4 000</u>	<u>4 510</u>	<u>3 527</u>
Less: Expenditure			
– Equitable sharing			
– Other		4 818	9 193
	<u>4 168</u>	<u>4 818</u>	<u>9 193</u>
Balance as at the end of the financial year	<u>1 372</u>	<u>1 233</u>	<u>1 540</u>
Attorney-General's Department (ONCB) Law Enforcement Projects Trust Account			
• Legal Authority — Section 20, FMA Act			
• Purpose — For expenditure of moneys on law enforcement projects for the purposes of section 34D, <i>Proceeds of Crime Act 1987</i>			
Balance as at beginning of the financial year	318	318	209
Add: Receipts		–	298
	<u>–</u>	<u>–</u>	<u>298</u>
Less: Expenditure		80	189
	<u>–</u>	<u>80</u>	<u>189</u>
Balance as at the end of the financial year	<u>318</u>	<u>238</u>	<u>318</u>

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	1997-98 Budget S'000	1997-98 Actual S'000	1996-97 Actual S'000
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			
Balance as at beginning of the financial year	1 261	1 261	392
Add: Receipts			
– Receipts from operations		15 602	15 902
– Appropriation from Consolidated Revenue Fund		4 681	–
	<u>15 000</u>	<u>20 283</u>	<u>15 902</u>
Less: Expenditure			
– Salaries		10 024	10 280
– Operating expenses		6 721	4 753
	<u>15 148</u>	<u>16 745</u>	<u>15 032</u>
Balance as at the end of the financial year	<u>1 113</u>	<u>4 799</u>	<u>1 261</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			
Balance as at beginning of the financial year	45 812	45 812	42 370
Add: Receipts			
– Professional fees		73 208	82 751
– Budget-funded legal & support services		22 538	30 896
Receipts from Appropriations			–
Sale of assets		424	29
Other		4 210	5 754
	<u>114 507</u>	<u>100 381</u>	<u>119 429</u>
Less: Expenditure			
– Capital expenditure		3 762	8 257
– Salaries		67 118	66 357
– Operating expenses		33 911	35 942
– Repayment of Appropriation to CRF		–	1 886
– Refunds of receipts		4 114	3 545
	<u>129 670</u>	<u>108 906</u>	<u>115 987</u>
Balance as at the end of the financial year	<u>30 649</u>	<u>37 287</u>	<u>45 812</u>

Note 24 Trust Accounts — Non-Commonwealth Public Account

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

Common Investment Fund Account

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

	1997-98	1996-97
	\$'000	\$'000
Balance as at beginning of the financial year	16 060	16 168
Add: Receipts	25 753	28 803
Less: Expenditure	29 605	28 911
Balance as at the end of the financial year	<u>12 208</u>	<u>16 060</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	35	106
Add: Receipts	714	1 238
Less: Expenditure	734	1 309
Balance as at the end of the financial year	<u>14</u>	<u>35</u>

Australian Government Solicitor Trust Accounts

- Legal Authority — The Agencies and Entities Trust Accounts were established under authority in 1993-94
- Purpose — Equivalent to the Trust Account maintained by Solicitors in private practice for holding client funds

Australian Government Solicitor Entities Trust Account

Balances as at beginning of reporting period	776	1 247
Add: Receipts	46 465	21 287
Less: Expenditure	43 393	21 757
Balance as at the end of reporting period	<u>3 849</u>	<u>776</u>

Australian Government Solicitor Agencies Trust Account

Balances as at beginning of reporting period	18 469	17 841
Add: Receipts	156 019	139 486
Less: Expenditure	147 326	138 858
Balance as at end of reporting period	<u>27 162</u>	<u>18 469</u>

Investment Accounts

Balances as at beginning of reporting period	1 399	-
Additional funds held at 30 June 1997	128	
Add: Receipts	10 852	2 048
Less: Expenditure	4 075	648
Balance as at end of reporting period	<u>8 304</u>	<u>1 399</u>

Note 25 Administered Expenses

	1997-98	1996-97
	\$'000	\$'000
Subsidies, benefits and grants		
Grants and subsidies to non-profit institutions	46 283	42 266
Grants to other sectors (Commonwealth entities)	5 817	10 152
Grants to state and territory governments	<u>129 332</u>	<u>148 127</u>
Total subsidies, benefits and grants	181 432	200 545
Other		
Act of grace payments		50
Compensation and legal expenses	5 006	3 458
Other	11 771	12 806
Guns Buy-Back Scheme	<u>91 566</u>	<u>311 519</u>
Total other	<u>108 342</u>	<u>327 833</u>
Total administered expenses	<u>289 773</u>	<u>528 378</u>

Note 26 Administered Revenues

Non-taxation revenues		
Interest and dividends		
Interest from other sources		
Deposits	725	1 500
Dividends		
From commercial funds	<u>3 784</u>	<u>4 927</u>
Total interest and dividends	4 509	6 427
Other revenues		
Sale of goods and services	9 067	8 791
Fees	<u>9 562</u>	<u>5 630</u>
Total other revenues	<u>18 629</u>	<u>14 421</u>
Total administered revenues	<u>23 138</u>	<u>20 848</u>

	1997-98 \$'000	1996-97 \$'000
Note 27 Administered Assets		
Financial assets		
Receivables		
Other taxes, fees and fines	5 092	6 247
Other loans	16 390	15 847
Total receivables	<u>21 482</u>	<u>22 094</u>
Cash	1 896	1 497
Investments		
Associated entities		
Law Courts Ltd *	19 303	19 303
Australian Institute of Criminology **	417	422
Australian Law Reform Commission	380	-
Criminology Research Council **	327	311
High Court of Australia **	132 450	138 273
Commercial trust accounts		
Australian Protective Service Reserved Money Fund	3 872	3 872
Legal Practice Commercial Activities Fund	24 349	24 349
Total investments	<u>181 098</u>	<u>186 530</u>
Total financial assets	<u>204 476</u>	<u>210 121</u>
Non financial assets		
Infrastructure, plant and equipment	28	35
Other	46	66
Total non financial assets	<u>74</u>	<u>101</u>
Total administered assets	<u><u>204 550</u></u>	<u><u>210 222</u></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 \$79 722 000 as calculated below, based on latest available accounts.

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

	Law Courts Limited 1998 \$'000	Attorney-General's Interest (47.5%) 1998 \$'000	1997 \$'000
Opening Shareholders' Equity	167 021	79 335	80 799
Profit (Loss)	814	387	(1 464)
Changes to reserves	-	-	-
Closing Shareholders' Equity	<u>167 835</u>	<u>79 722</u>	<u>79 335</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.

	1997-98	1996-97
	\$'000	\$'000
Note 28 Administered Liabilities		
Provisions and payables		
Liabilities to suppliers		
Trade creditors	176	2 633
Operating lease rentals		-
Total liabilities to suppliers	<u>176</u>	<u>2 633</u>
Investments in associated entities		
Australian Law Reform Commission		823
Total investments in associated entities	<u>-</u>	<u>823</u>
Other		
Interest payable	<u>1 008</u>	<u>1 485</u>
Total other	<u>1 008</u>	<u>1 485</u>
Total provisions and payables	<u>1 184</u>	<u>4 941</u>
Total administered liabilities	<u><u>1 184</u></u>	<u><u>4 941</u></u>

Note 29 Employee Superannuation

Employees of the Department 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 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 commercial funds staff not in the CSS or the PSS, the Department contributes 9% (1996-97 6%) of salary (inclusive of productivity benefits) to the Australian Government Employee Superannuation Trust (AGEST).

The Department's contributions to the above funds were \$19 282 261 in 1997-98 and \$23 517 424 in 1996-97.

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 AGESE

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

Note 30 Average Staffing Level

Average staffing levels by Program and in total were as follows

	1997-98	1996-97
	Number	Number
Program 1 — Legal Policy Services to the Commonwealth	402	- ¹
Program 2 — Legal Services to the Commonwealth	652	1 269
Program 3 — Community Affairs	345	363
Program 4 — Administration of Justice	85	239
Program 6 — Maintenance of Law, Order and Security	827	1 085
Total	<u>2 311</u>	<u>2 956</u>

¹ In 1996-97 Program 1 and Program 2 were combined and reported under Legal Services to the Commonwealth.

Note 31 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 32 Sale of Auscript (Commowalth Reporting Service)

As a result of a review the Auscript Commercial Activities Fund, a commercial court reporting service, has been sold. Auscript ceased to be a Commonwealth entity after 26 June 1998. The Sale Agreement sets out the specific assets and liabilities of Auscript which were to be transferred to the purchaser and which assets and liabilities remain with the Department.

On the date of the sale (26 June 1998) the following assets and liabilities were transferred to the purchaser:

	\$'000
Assets	
Cash	83
Inventories	118
Plant and equipment	1 132
Other current assets	150
	<u>1 483</u>
Liabilities	
Payables	(245)
	<u>(245)</u>
Net assets sold	<u>\$ 1 238</u>

The Office of Asset Sales and Information Technology Outsourcing, which conducted the sale, is to recognise the proceeds received from the Purchaser. Therefore the Department has reported the transfer of the net assets as a loss on sale of the business (ref. Note 6).

Note 33 Events Occurring after Balance Date

Except as indicated in Note 31 regarding the restructure of the AGS there are no significant events occurring after balance date which warrant disclosure, or have to be brought to account in the financial statements.

Note 34 Financial Instruments

(a) Terms, conditions and accounting policies

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)
Financial Assets		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	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 (1996-97: 6%).
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 (1996/97: 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 1998 have a maturity date of 30 June 1999. The interest rate earned on the bills is 1%.
Financial Liabilities		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	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% (1996-97: 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 and Auscript commercial businesses carry loans 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 8%). The loans are unsecured.

Note 34 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	<p>The lease incentive is recognised as a liability on receipt of the incentive.</p> <p>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.</p>	<p>The Department has received fitout incentives on entering property operating leases in January 1993 and January 1995. Lease payments are made monthly.</p>
Trade creditors	10	<p>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).</p>	<p>Settlement is usually made net 30 days.</p>

Note 34 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	
		1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1997-98 %
DEPARTMENTAL											
Financial Assets											
Cash on Hand or at Bank	12					2 612	3 477	2 612	3 477	n/a	n/a
Account Balances held in the Commonwealth		18	52 246					18	52 246		6.0%
Public Account						18 864	22 236	18 864	22 236	n/a	n/a
Receivables — goods and services											
Loan to Commonwealth Authority				50 880		120		120		n/a	n/a
Internal Treasury Bills								50 880		1.0%	1.0%
Total financial assets		18	52 246	50 880		21 596	21 713	72 494	77 959		
Total assets								137 273	158 022		
Financial Liabilities											
Finance Leases				216	322			216	322	9.4%	9.4%
Loans			16 390	16 390				16 390	16 390	8.0%	8.0%
Lease Incentives						4 092	965	4 092	965	n/a	n/a
Trade creditors						2 832	3 135	2 832	3 135	n/a	n/a
Total Financial Liabilities				16 606	16 712	6 924	4 100	23 530	21 812		
Total Liabilities								89 612	81 204		

Note 34 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	
	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1996-97 \$'000	1997-98 \$'000	1997-98 \$'000
ADMINISTERED										
Financial Assets										
Cash 27					1 896	1 497	1 896	1 497	n/a	n/a
Receivables — taxes, fees and fines 27					5 092	6 247	5 092	6 247	n/a	n/a
Receivables — loans 27			16 390	15 847			16 390	15 847	8.0	8.0
Investments 27					181 099	186 529	181 099	186 529	n/a	n/a
Total financial assets	-	-	16 390	15 847	188 087	194 273	204 477	210 120		
Total assets							<u>204 550</u>	<u>210 222</u>		
Financial Liabilities										
Investment — Australian Law Reform Commission 28					-	823	-	823	n/a	n/a
Trade creditors 28					176	2 634	176	2 634	n/a	n/a
Total Financial Liabilities	-	-	-	-	176	3 457	176	3 457		
Total Liabilities							<u>1 185</u>	<u>3 457</u>		

There is no interest rate risk exposure to the Department.

Note 34 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
		1997-98	1997-98	1996-97	1996-97
		\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL	Note				
Financial Assets					
Cash on Hand or at Bank	12	2 612	2 612	3 477	3 477
Account Balances held in the Commonwealth					
Public Account	12	18	18	52 246	52 246
Receivables — goods and services	13	18 864	18 864	22 236	22 236
Loan to Commonwealth Authority					
	13	120	120	-	-
Internal Treasury Bills	14	50 880	50 880	-	-
Total financial assets		<u>72 494</u>	<u>72 494</u>	<u>77 959</u>	<u>77 959</u>
Total assets			<u>137 273</u>		<u>158 022</u>
Financial Liabilities					
Finance Leases	9	216	216	322	322
Loans	9	16 390	16 390	16 390	16 390
Lease Incentives	9	4 092	4 092	965	965
Trade creditors	10	2 832	2 832	3 404	3 404
Total Financial Liabilities		<u>23 530</u>	<u>23 530</u>	<u>21 081</u>	<u>21 081</u>
Total Liabilities			<u>89 612</u>		<u>81 204</u>
<hr/>					
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		1997-98	1997-98	1996-97	1996-97
		\$'000	\$'000	\$'000	\$'000
ADMINISTERED	Note				
Financial Assets					
Cash	27	1 896	1 896	1 497	1 497
Receivables — taxes, fees and fines					
	27	5 092	5 092	6 247	6 247
Receivables — loans	27	16 390	16 390	15 847	15 847
Investments	27	181 099	181 099	186 529	186 529
Total financial assets		<u>204 477</u>	<u>204 477</u>	<u>210 120</u>	<u>210 120</u>
Total assets			<u>204 550</u>		<u>210 222</u>
Financial Liabilities					
Investment — Australian Law Reform Commission					
	28	-	-	823	823
Trade creditors	28	176	176	2 634	2 634
Total Financial Liabilities		<u>176</u>	<u>176</u>	<u>3 457</u>	<u>3 457</u>
Total Liabilities			<u>1 185</u>		<u>3 457</u>

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

Note 34 Financial Instruments (continued)

(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.



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Independent Audit Report



ATTORNEY-GENERAL'S DEPARTMENT
AUSCRIPT - COMMONWEALTH REPORTING SERVICE
COMMERCIAL ACTIVITIES FUND
STATEMENT BY DEPARTMENTAL CHIEF EXECUTIVE

Pursuant to sub-section 49(2) of the *Financial Management and Accountability Act 1997*, in my opinion the accompanying financial statements give a true and fair view of the matters required by the *Minister for Finance and Administration's Guidelines for Financial Statements of Commonwealth Authorities*.



A S Blunn

Chief Executive

16 October 1998

AUSCRIPT — COMMONWEALTH REPORTING SERVICE
COMMERCIAL ACTIVITIES FUND
PROFIT AND LOSS STATEMENT
for the year ended 30 June 1998

	Note	1998 \$	1997 \$
OPERATING REVENUES			
Sales of Goods and Services	2	15 539 499	16 209 867
Resources received free of charge	20	-	-
Supplementation Received from Government	21	4 681 000	-
Other income		5 577	27 078
Total operating revenues		<u>20 226 076</u>	<u>16 236 945</u>
OPERATING EXPENSES			
Production expenses	3	10 554 968	10 626 509
Administration expenses	4	8 189 912	5 150 200
Total Operating Expenses	5a	<u>18 744 880</u>	<u>15 776 709</u>
Operating profit / (loss)		<u>1 481 196</u>	<u>460 236</u>
EXTRAORDINARY ITEM			
Loss on sale of assets	5b	<u>1 238 458</u>	-
Surplus for the Year		<u>242 738</u>	<u>460 236</u>
EQUITY INTERESTS			
Accumulated profit at beginning of reporting period		<u>1 395 857</u>	<u>935 621</u>
Accumulated profit at end of reporting period		<u><u>1 638 595</u></u>	<u><u>1 395 857</u></u>

AUSCRIPT — COMMONWEALTH REPORTING SERVICE
COMMERCIAL ACTIVITIES FUND
BALANCE SHEET
as at 30 June 1998

	Note	1998 \$	1997 \$
CURRENT ASSETS			
Cash	6	842 608	2 281 041
Receivables	7	1 955 683	1 800 122
Inventories	8	-	123 084
Other	9	2 902	291 123
Investment	10	4 790 000	-
Total current assets		<u>7 507 978</u>	<u>4 495 370</u>
NON-CURRENT ASSETS			
Plant and equipment	11	-	1 137 891
Total non-current assets		<u>-</u>	<u>1 137 891</u>
TOTAL ASSETS		7 507 978	5 633 261
CURRENT LIABILITIES			
Payables	14	1 063 379	1 487 713
Borrowings	13	1 293 000	1 293 000
Provisions	12	3 596 221	457 389
Total current liabilities		<u>5 869 383</u>	<u>3 238 102</u>
NON-CURRENT LIABILITIES			
Provisions	12	-	999 302
Total non-current liabilities		<u>-</u>	<u>999 302</u>
TOTAL LIABILITIES		5 869 383	4 237 404
NET ASSETS		1 638 595	1 395 857
EQUITY			
Accumulated Profit		<u>1 638 595</u>	<u>1 395 857</u>
		<u>1 638 595</u>	<u>1 395 857</u>

AUSCRIPT — COMMONWEALTH REPORTING SERVICE
COMMERCIAL ACTIVITIES FUND
STATEMENT OF CASH FLOWS
for the year ended 30 June 1998

	Note	1998 \$	1997 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows:			
Sales of Goods and Services		15 406 282	16568 899
Commonwealth Supplementation		4 681 000	-
Outflows:			
Payments to employees		(11 230 700)	(10 279 626)
Payments to suppliers		(5 137 282)	(4 911 044)
Net cash provided or (used) by operating activities		<u>3 719 300</u>	<u>1 378 229</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Proceeds from disposal of property, plant and equipment		-	19 600
Outflows:			
Payment for acquisition of property, plant and equipment		(367 733)	(191 888)
Investment of DOFA funds		(4 790 000)	-
Net cash flow (used) by investing activities		<u>(5 157 733)</u>	<u>(172 288)</u>
Net Increase/(decrease) in cash held		(1 438 433)	1 205 941
Cash at the beginning of the reporting period		<u>2 281 041</u>	<u>1 075 100</u>
Cash at the end of the reporting period		<u><u>842 608</u></u>	<u><u>2 281 041</u></u>

AUSCRIPT — COMMONWEALTH REPORTING SERVICE
COMMERCIAL ACTIVITIES FUND
SCHEDULE OF COMMITMENTS
as at 30 June 1998

	Note	1998 \$	1997 \$
BY TYPE			
CAPITAL COMMITMENTS		-	-
OTHER COMMITMENTS			
Operating Leases		<u>1 316 343</u>	<u>1 736 030</u>
Total Commitments Payable		<u>1 316 343</u>	<u>1 736 030</u>
Commitments Receivable		<u>(116 283)</u>	<u>(198 506)</u>
Net Commitments		<u><u>1 200 060</u></u>	<u><u>1 537 524</u></u>
BY MATURITY			
One Year or less		642 093	598 537
From one to two years		519 337	572 694
From two to five years		<u>38 630</u>	<u>366 293</u>
Net Commitments		<u><u>1 200 060</u></u>	<u><u>1 537 524</u></u>

NOTE: The above leases will be transferred to Auscript Pty Ltd subsequent to the period end as a condition of sale of the business.

SCHEDULE OF CONTINGENT LIABILITIES

as at 30 June 1998

CONTINGENT LOSSES	-	-
CONTINGENT GAINS	-	-

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

Nil.

AUSCRIPT — COMMONWEALTH REPORTING SERVICE
COMMERCIAL ACTIVITIES FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Note	Description
1	Summary of Significant Accounting Policies
2	Sales of Goods and Services
3	Production Expenses
4	Administration Expenses
5a	Operating Expenses
5b	Extraordinary Item
6	Cash
7	Receivables
8	Inventories
9	Current Assets - Other
10	Investments
11	Plant and Equipment
12	Provisions
13	Borrowings
14	Payables
15	Remuneration of Auditors
16	Employee Superannuation
17	Cash Flow Reconciliation
18	Sale of the Business of Auscript
19	Executive Remuneration
20	Resources Received and Provided Free of Charge
21	Economic Dependency
22	Segment Reporting
23	Credit Facilities
24	Financial Instruments

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***(A) Bases of accounting***

The financial statements are a general purpose financial report.

They have been prepared in accordance with

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

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

All figures are denoted in Australian Dollars unless otherwise stated.

(B) Capitalisation of Assets***Property, Plant and Equipment***

Asset purchases, including computer software, in excess of \$2000 are capitalised in the year of acquisition.

Depreciation and Amortisation

Property, plant and equipment are depreciated over their estimated useful lives of five years using the straight line method.

Leasehold improvements are capitalised and amortised over the expected occupancy period of five years.

(C) Inventories

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

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

(D) Employee entitlements

The provision for employee entitlements encompasses annual leave, long service leave and redundancy pay. No provision has been made for sick leave as all sick leave is non-vesting and all employees have left Auscript as at 26th June 1998.

The provision for annual leave reflects the value of the total leave entitlements of all employees at 30 June 1998 and is measured by the amounts actually paid out to ex-employees after termination of employment on 26th June 1998, in accordance with the award, but not paid as at that date.

The liability for long service leave is recognised and measured by the amounts actually paid out to ex-employees, after termination, in accordance with the award, on the 26th June 1998 but not paid at that date.

(E) Superannuation

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

(F) Taxation

Auscript is exempt from income tax but is required to pay fringe benefits tax.

(G) Insurance

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

(H) Bad Debts

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

(I) Cash flows

For the purpose of the statement of cash flows, cash includes cash on hand, cash at bank and trust fund accounts with the Department of Finance.

(J) Comparative figures

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

	Note	1998 \$	1997 \$
NOTE 2. SALES OF GOODS AND SERVICES			
Transcription		8 684 122	9 026 305
Monitoring		3 289 736	3 630 393
Technical projects, voice recognition systems and other		3 565 641	3 553 169
		<u>15 539 499</u>	<u>16 209 867</u>
NOTE 3. PRODUCTION EXPENSES			
Employee related expenses		6 339 950	6 411 146
Employee entitlement provisions		640 764	40 304
Superannuation contribution		623 644	784 252
Rental and outgoings		503 970	518 086
Cost of technical equipment sold		1 858 065	1 982 774
Depreciation		124 922	137 101
Other		463 653	752 846
		<u>10 554 968</u>	<u>10 626 509</u>
NOTE 4. ADMINISTRATION EXPENSES			
Employee related expenses		5 303 362	2 377 847
Employee entitlement provisions		175 877	89 293
Superannuation contribution		286 633	390 430
Rental and outgoings		466 374	457 345
Depreciation		197 583	257 269
Provision for doubtful debts		(2 524)	31 110
Bad debts		16 016	64 200
Audit/Legal fees	15	69 636	100 472
Loss on disposal of fixed assets		50 859	35 790
Interest expense		76 786	113 684
Other		1 549 310	1 232 760
		<u>8 189 912</u>	<u>5 150 200</u>

	Note	1998 \$	1997 \$
NOTE 5a. OPERATING EXPENSES			
Included in Production and Administration Expenses above are the following amounts:			
GOODS AND SERVICES EXPENSES			
Employees Remuneration		10 460 219	10 059 500
Separation and Redundancy		2 910 011	33 772
Total Employee Expenses		<u>13 370 230</u>	<u>10 093 272</u>
Supply of Goods and Services		4 021 171	4 302 824
Operating Lease Rentals		903 329	836 769
Total Supplier Expenses		<u>4 924 500</u>	<u>5 139 593</u>
Depreciation and Amortisation		<u>322 505</u>	<u>394 370</u>
Net Loss on disposal of assets		<u>50 859</u>	<u>35 790</u>
Total Goods and Services Expense		<u>18 668 094</u>	<u>15 663 025</u>
INTEREST			
Interest on Commonwealth Loan		76 786	113 684
Total Operating Expense		<u>18 744 880</u>	<u>15 776 709</u>

NOTE 5b. EXTRAORDINARY LOSS ON SALE OF BUSINESS

On the 26th June 1998 the business of Auscript was sold. This included certain assets and liabilities as shown in Note 18. Proceeds of the disposal including a deposit of \$1.1m are to be paid to the Office of Asset Sales and Information Technology Outsourcing. As a result Auscript shows a loss on sale of \$1 238 458.

	Note	1998 \$	1997 \$
NOTE 6 CASH			
Cash on hand		-	11 745
Collector's receipts		731 628	928 269
Advance account		102 306	80 097
Trust fund accounts with the Department of Finance & Administration		8 674	1 260 930
		<u>842 608</u>	<u>2 281 041</u>

NOTE 7. RECEIVABLES

Trade Debtors:			
Government Departments		1 317 343	896 334
Other		726 080	1 024 311
Total Trade Debtors*		<u>2 043 423</u>	<u>1 920 645</u>
Less provision for doubtful debts		<u>(87 740)</u>	<u>(120 523)</u>
Net Receivables		<u>1 955 683</u>	<u>1 800 122</u>

* Includes trade debtors overdue for payment as follows

Less than 30 days		373 279	475 423
30 to 60 days		259 922	92 554
Over 60 days		705 837	227 920

Attorney-General's Department

	1998	1997
Note	\$	\$
NOTE 8. INVENTORIES		
Materials and stores held for resale	-	113 484
Work-in-progress held for resale	-	150 517
Total Inventories	<u>-</u>	<u>264 001</u>
Less Provision for Stock & WIP Write Down and Warranty	-	(140 917)
Net Inventories	<u>-</u>	<u>123 084</u>
NOTE 9. CURRENT ASSETS - OTHER		
Prepayments	-	196 790
Other	<u>2 902</u>	<u>94 333</u>
	<u>2 902</u>	<u>291 123</u>
NOTE 10. CURRENT ASSETS - INVESTMENT		
Funds at DOFA invested	<u>4 790 000</u>	-
	<u>4 790 000</u>	<u>-</u>

	Note	1998 \$	1997 \$
NOTE 11. PLANT AND EQUIPMENT			
Leasehold Improvements- at valuation*		-	225 429
Less Accumulated Depreciation		-	(214 352)
		-	11 077
Office Machinery & Equipment- at cost		-	269 211
Less Accumulated Depreciation		-	(218 486)
		-	50 725
Furniture & fittings- at cost		-	764 615
Less Accumulated Depreciation		-	(192 557)
		-	572 058
Computer Equipment at cost**		-	1 527 480
Less Accumulated Depreciation		-	(1 256 112)
		-	271 368
Audio Equipment-at cost		-	435 138
Less Accumulated Depreciation		-	(285 593)
		-	149 545
Technical Equipment-at cost		-	149 375
Less Accumulated Depreciation		-	(66 257)
		-	83 118
Total Plant and Equipment		-	1 137 891

* Based on valuation by Australian Valuation Office in June 1994

**Computer equipment includes software.

Movement Summary 1997-98 for all assets irrespective of valuation basis

	Plant and Equipment \$	Plant and Equipment \$
Gross Value at 1 July 1997	3 371 248	3 351 004
Additions	367 733	191 889
Disposals	(3 738 981)	(171 645)
Gross Value at 30 June 1998	-	3 371 248
Accumulated Depreciation as at 1 July 1997	2 233 357	1 963 994
Depreciation charge for assets held 1 July 1997	305 978	371 035
Depreciation charge for additions	16 527	23 335
Adjustment for disposals	(2 555 862)	(125 007)
Accumulated Depreciation as at 30 June 1998	-	2 233 357
Net book value as at 30 June 1998	-	1 137 891
Net book value as at 1 July 1997	1 137 891	1 387 010

	1998	1997
Note	\$	\$
NOTE 12. PROVISIONS		
Provisions for Employee Entitlements		
Current:		
Annual leave	331 293	220 356
Long service leave	926 681	237 033
Redundancy	<u>2 338 247</u>	-
Total Current Provisions	<u><u>3 596 221</u></u>	<u><u>457 389</u></u>
Non-current:		
Annual leave	-	173 574
Long service leave	-	825 728
Total Non-current provisions	<u>-</u>	<u><u>999 302</u></u>
Accrued Salaries	<u>211 762</u>	<u>268 516</u>
Aggregate Employee Entitlement Liabilities including accrued salaries	<u><u>3 807 983</u></u>	<u><u>1 725 207</u></u>
NOTE 13. BORROWINGS		
Loan from the Commonwealth		
Current	<u>1 293 000</u>	<u>1 293 000</u>
Total Borrowings	<u><u>1 293 000</u></u>	<u><u>1 293 000</u></u>
NOTE 14. PAYABLES		
Suppliers		
Trade Creditors	519 741	887 639
Other		
Prepayments Received	3 094	164 633
Interest Payable	243 711	166 925
Other	<u>296 831</u>	<u>268 516</u>
Total Payables	<u><u>1 063 377</u></u>	<u><u>1,487 713</u></u>
NOTE 15. AUDITORS' REMUNERATION		
Auditing financial statements for the year ended 30 June 1998		
	40 000	55 000
	<u>40 000</u>	<u>55 000</u>
NOTE 16. EMPLOYEE SUPERANNUATION		
Auscript's contributions to superannuation funds were as follows:		
CSS & AGEST	910 277	1 174 682
	<u>910 277</u>	<u>1 174 682</u>

Note	1998 \$	1997 \$
NOTE 17. CASH RECONCILIATION (CASH FLOW STATEMENT)		
Reconciliation of net cash provided or (used) by operating activities to operating result		
Net cash from/(used by) operating activities	3 719 300	1 378 229
Depreciation	(322 505)	(394 370)
Profit/(Loss) on disposal of fixed assets	(50 859)	(35 790)
Increase/(Decrease) in trade debts and net receivables	31 347	(350 704)
Increase/(Decrease) in prepayments	(46 944)	(14 363)
Increase/(Decrease) in stock and work-in-progress	(62 682)	(4 227)
(Increase)/Decrease in payables	262 415	(298 660)
(Increase)/Decrease in employee related provisions	(2 139 530)	201 308
(Increase)/Decrease in doubtful debt provisions	32 783	(24 492)
(Increase)/Decrease in provision for redundant stock & WIP	57 871	3 305
Operating Profit/(loss)	<u>1 481 196</u>	<u>460 236</u>

NOTE 18. SALE OF THE BUSINESS OF AUSCRIPT

On the 26th June 1998 the business of Auscript was sold and a deposit of \$1.1m paid to the Office of Asset Sales and Information Technology Outsourcing.

The balance sheet of Auscript at 26th June 1998, immediately prior to the sale, was as follows with details of the disposition shown accordingly.

Asset/Liability category	Values at 26/6/98	C'wealth	Disposition*
	\$	\$	\$
CURRENT ASSETS			
Cash	6 452 742	6 369 527	83 215
Receivables	1 971 175	1 971 175	-
Inventories	118 273	-	118 273
Other	152 747	2 902	149 845
Total current assets	<u>8 694 937</u>	<u>8 343 604</u>	<u>351 333</u>
NON-CURRENT ASSETS			
Plant and equipment	1 132 260	-	1 132 260
Total non-current assets	<u>1 132 260</u>	<u>-</u>	<u>1 132 260</u>
TOTAL ASSETS	<u>9 827 197</u>	<u>8 343 604</u>	<u>1 483 593</u>
CURRENT LIABILITIES			
Payables	1 225 298	980 162	245 136
Borrowings	1 293 000	1 293 000	-
Provisions	4 431 846	4 431 846	-
Total current liabilities	<u>6 950 144</u>	<u>6 705 008</u>	<u>245 136</u>
TOTAL LIABILITIES	<u>6 950 144</u>	<u>6 705 008</u>	<u>245 136</u>
NET ASSETS	<u>2 877 053</u>	<u>1 638 596</u>	<u>1 238 457</u>
EQUITY			
Accumulated Profit	<u>2 877 053</u>	<u>1 638 596</u>	<u>1 238 457</u>
TOTAL EQUITY	<u>2 877 053</u>	<u>1 638 596</u>	<u>1 238 457</u>

*The disposition of the assets and liabilities shows whether they were taken over by the buyer or retained by the Commonwealth.

Note	1998 \$	1997 \$
NOTE 19. EXECUTIVE REMUNERATION		
Income received or due and receivable by executives is shown below in the relevant income bands.		
\$100 000 to \$110 000	-	1
\$110 001 to \$120 000	1	-

NOTE 20. RESOURCES RECEIVED AND PROVIDED FREE OF CHARGE

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

Services received free of charge:

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

The following resources were provided free of charge:

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

NOTE 21. ECONOMIC DEPENDENCY

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

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

Auscript has received Parliamentary Appropriations of \$4.681m during 1997-98 to fund redundancies and lease pay-outs resulting from the sale. Refer Appropriation Act No 2 of 1997-98 subdivision 807.01.

NOTE 22. SEGMENT REPORTING

The activities of Auscript were based on providing a transcription and monitoring service to courts and tribunals within Australia. Additional activities were conducted in voice recognition and the developing and installation of digital court recording systems. All operations were conducted within Australia so no segment reporting is considered necessary.

NOTE 23. CREDIT FACILITIES

Loans totalling \$1,293,000 were appropriated by the Commonwealth in earlier years and have not been repaid.

Note 24 Financial Instruments

(a) Terms, conditions and accounting policies

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)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Investment	10	The investment in Internal Treasury Bills is recognised at its nominal amount. Interest is credited to revenue as it accrues.	The Department of Finance and Administration invested in Internal Treasury Bills \$4.79m of the Trust Funds balances held by DOFA. The investment took place on 30th June 1998. Interest is earned at 1% pa and the maturity date is 30th June 1999.
Receivables	7	Receivables are recognised at nominal amounts due less any provision for bad and doubtful debts. Collectability of debts was reviewed in June 1998 and provision was made for specific debts considered doubtful and a general provision was also made.	Receivables are due from Commonwealth and State Government entities and private firms and individuals. Credit terms vary but do not exceed 30 days. In some cases discounts are given for prompt payment.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Payables	14	Trade creditors and other payables 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, irrespective of having been invoiced.	Settlement is usually made within 30 days unless shorter credit terms apply. The interest payable is due to DOFA and none has been paid.
Borrowings	13	Borrowings are recognised at their nominal amount. Both loans are from DOFA. Interest accrued on the loans is shown as a payable not as a borrowing.	Repayment of parts of the loan principal were due at the 30th June in each of the years 1995 to 1998 but no amounts have been repaid. On the restructuring loan a flat interest rate of 3.7% is payable and on the second loan is based on the 10 year bond rate plus 1%.

Note 24b Financial Instruments (continued)

(b) Interest Rate Risk

Note	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weighted Average Effective Interest Rate	
	97-98 \$'000	96-97 \$'000	1 year or less 97-98 \$'000	1 to 2 years 97-98 \$'000	2 to 5 years 97-98 \$'000	> 5 years 97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000
Financial Assets												
Investment	-	-	4 790	-	-	-	-	-	-	4 790	-	1.0%
Receivables	-	-	-	-	-	-	-	1 956	1 800	1 956	1 800	n/a
Total Financial Assets (Recognised)	-	-	4 790	-	-	-	-	1 956	1 800	6 746	1 800	
Total Assets										7 591	5 633	
Financial Liabilities												
Payables	-	-	-	-	-	-	-	1 063	1 488	1 063	1 488	n/a
Borrowings												
Restructuring Loan	-	-	-	181	362	-	362	-	-	543	543	3.7%
Second Loan	-	-	-	250	500	-	500	-	-	750	750	7.5%
Total Financial Liabilities (Recognised)	-	-	-	431	862	-	862	1 063	1 488	2 356	2 781	
Total Liabilities										5 953	4 237	

c Net Fair Value of Financial Assets and Liabilities

		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	Note	1997-98	1997-98	1996-97	1996-97
Financial Assets (Recognised)					
Investment	10	4,790	4 790	-	-
Receivables	7	1 956	1 956	1 800	1 800
Total Financial Assets (Recognised)		<u>6 746</u>	<u>6 746</u>	<u>1 800</u>	<u>1 800</u>
Financial Liabilities (Recognised)					
Payables	14	1 063	1 063	1 488	1 488
Borrowings	13	1 293	1 293	1 293	1 293
Total Financial Liabilities (Recognised)		<u>2 356</u>	<u>2 356</u>	<u>2 781</u>	<u>2 781</u>



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Independent Audit Report



ATTORNEY-GENERAL'S DEPARTMENT
AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND

STATEMENT BY DEPARTMENTAL CHIEF EXECUTIVE

Pursuant to sub-section 49(2) of the *Financial Management and Accountability Act 1997*, in my opinion the accompanying financial statements give a true and fair view of the matters required by the *Minister for Finance and Administration's Guidelines for Financial Statements of Commonwealth Authorities*.



A S Blunn
Chief Executive
16 October 1998

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND
 PROFIT AND LOSS STATEMENT
 for the year ended 30 June 1998

	Note	1997/98 \$	1996/97 \$
OPERATING REVENUES (Before Abnormal Items)			
Sales	2A	66 078 558	76 328 218
Interest	2B	473 824	746 481
Other	2C	153 822	107 774
Total operating revenues (before abnormal items)		66 706 204	77 182 473
OPERATING EXPENSES (Before Abnormal Items)			
Employees	3A	48 110 765	61 533 240
Suppliers	3B	11 098 347	16 193 968
Depreciation and amortisation	3C	518 025	602 987
Write-down of assets	3D	291 796	12 341
Net losses from sales of assets	3E	1 333	44 142
Total operating expenses (before abnormal items)		60 020 266	78 386 678
Operating profit or (loss)		6 685 938	(1 204 205)
Abnormal Items	4	881 605	(2 305 924)
Operating profit/ (loss) after abnormal items		7 567 543	(3 510 129)
Accumulated losses at beginning of reporting period	11	(5 656 029)	(2 045 904)
Total available for Appropriation		1 911 514	(5 556 033)
Dividend provided for or paid		(3 783 772)	-
Aggregate of amounts transferred (to)/ from reserves	11	(579 993)	(99 996)
Accumulated losses at end of reporting period	11	(2 452 251)	(5 656 029)

The accompanying notes form an integral part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND
 BALANCE SHEET
as at 30 June 1998

	Note	1997/98 \$	1996/97 \$
CURRENT ASSETS			
Cash	5	1 588 704	6 823 372
Receivables	6	6 349 546	7 516 796
Investments	7	8 810 000	-
Inventories	8	696 700	694 309
Other	9	572 236	177 829
Total current assets		18 017 186	15 212 306
NON-CURRENT ASSETS			
Land and buildings	10	986 000	1 049 836
Infrastructure, plant and equipment	10	1 213 334	1 555 229
Intangibles	10	107 334	120 405
Total non-current assets		2 306 668	2 725 470
Total assets		20 323 854	17 937 776
CURRENT LIABILITIES			
Provisions and payables	11	13 214 137	13 184 374
Total current liabilities		13 214 137	13 184 374
NON CURRENT LIABILITIES			
Provisions and payables	11	4 683 981	6 190 704
Total non-current liabilities		4 683 981	6 190 704
Total liabilities		17 898 118	19 375 078
Net assets/(liabilities)		2 425 736	(1 437 302)
EQUITY			
Capital	12	3 872 055	3 872 055
Reserves	12	1 005 932	346 672
Accumulated losses	12	(2 452 251)	(5 656 029)
Total equity		2 425 736	(1 437 302)

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

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND
 STATEMENT OF CASH FLOWS
 for the year ended 30 June 1998

	Note	1997/98 \$	1996/97 \$
OPERATING ACTIVITIES			
Cash received			
Sales of goods and services		67 229 666	80 058 473
Appropriations		7 503 981	-
Total cash received		74 733 647	80 058 473
Cash used			
Suppliers		14 033 242	15 929 404
Employees		56 997 141	61 629 876
Total cash used		71 030 383	77 559 280
Net Cash from operating activities	13	3 703 264	2 499 193
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		183 239	459 974
Total cash received		183 239	459 974
Cash used			
Purchase of property, plant and equipment		(311 171)	(133 388)
Total cash used		(311 171)	(133 388)
Net Cash from investing activities		(127 932)	326 586
Net Cash from financing activities		-	-
Net increase in cash held		3 575 332	2 825 779
add cash at 1 July		6 823 372	3 997 593
Cash at 30 June¹	5,7	10 398 704	6 823 372

¹ Cash includes cash on hand and at bank, cash in transit and the reserve moneys fund account and investments.

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

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND
 SCHEDULE OF COMMITMENTS
as at 30 June 1998

	Note	1997/98 \$	1996/97 \$
BY TYPE			
CAPITAL COMMITMENTS			
Plant and equipment		149 729	-
Total capital commitments		149 729	-
OTHER COMMITMENTS			
Operating leases ¹		2 429 513	2 712 563
Total other commitments		2 429 513	2 712 563
Total commitments payable		2 579 242	2 712 563
BY MATURITY			
All net commitments			
One year or less		432 779	283 050
From one to two years		283 050	283 050
From two to five years		849 150	849 150
Over five years		1 014 263	1 297 313
Net commitments		2 579 242	2 712 563
Operating lease commitments			
One year or less		283 050	283 050
From one to two years		283 050	283 050
From two to five years		849 150	849 150
Over five years		1 014 263	1 297 313
Operating lease commitments		2 429 513	2 712 563

¹ Operating leases are exclusively in relation to office accommodation.

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

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND
 SCHEDULE OF CONTINGENCIES
as at 30 June 1998

	1997/98	1996/97
Note	\$	\$
CONTINGENT LOSSES		
Separation and redundancy ¹	-	2 355 000
Claims for damages/costs ²	100 000	269 530
Other	-	80 000
Total contingent losses	<u>100 000</u>	<u>2 704 530</u>

1 The figure reflected in 1996/97 was related to the foreseen closure of operations at the Immigration Detention Centres.

2 The amount represents an estimate of the Australian Protective Service's liability based on precedent cases. The Australian Protective Service is defending the claims.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

The Australian Protective Service is still in the progress of rationalisation. The Australian Protective Service is expecting closure of operations at the Airports of Alice Springs, Townsville and Hobart in 1998/99. The related relocation cost and redundancy payments cannot be reliably measured at this stage.

At 30 June 1998, apart from the above, 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 RESERVED MONEY FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

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

ATTORNEY-GENERAL'S DEPARTMENT
AUSTRALIAN PROTECTIVE SERVICE RESERVED MONEY FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

(1) **Summary of Significant Accounting Policies**

a. Basis of Accounting

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

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

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

b. Property, Plant and Equipment

Capitalisation Policy

On 1 July 1991 an accounting policy was adopted whereby the threshold for the capitalisation of non-current assets was set at \$2 000. The \$2 000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised.

Revaluation

Property, plant and equipment are revalued by the Australian Valuation Office.

The Guidelines require that property plant and equipment be progressively revalued in accordance with the 'deprival' method of valuation (as set out in the *Guidelines on Accounting Policy for Valuation of Assets of Government Trading Enterprises*) by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

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

- all freehold land and buildings were revalued in the 1997/98 financial year.
- other infrastructure, plant & equipment will be initially revalued over the financial years 1997/98 and 1998/99, and thereafter over successive three-year periods.

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 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.

The application of the deprival method values land and buildings 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 1998, there were no assets in this situation.

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.

b. Property, Plant and Equipment (cont.)

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

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

c. Depreciation and amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Australian Protective Service 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 /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:

	1997/98	1996/97
Buildings on freehold land	25 years	25 years
Plant and equipment	4-8 years	4-8 years

d. Receivables

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

e. Inventories

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

f. Employee Entitlements

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

Long Service Leave

In accordance with the applicable accounting standard (AAS 30: Accounting for Employee Entitlements), the Australian Protective Service has calculated the long service leave entitlements on a present value basis of employees as at 30 June 1998. The Australian Protective Service has adopted the calculation in accordance with the Guidance Release for Departmental Financial Statements — Employee Entitlements issued by the Department of Finance and Administration.

Recreational Leave

Recreation leave is provided for those employees who have an entitlement at balance date and is recognised at its nominal value.

Redundancy

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

g. Intangible Assets

Intangible assets include purchased software licences and the carrying amounts of these assets are based on a June 1995 valuation. They are amortised on a straight line basis over their anticipated useful lives of 5 years.

h. Taxation

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

i. Dividends

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

j. Insurance

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

k. Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank, cash in transit and the trust fund account (which includes Internal Treasury Bills) with the Department of Finance and Administration.

l. Investments

According to the instruction of the Department of Finance and Administration, the Australian Protective Service Reserve Money Fund surplus balance in multiples of \$10 000 will be reclassified as Internal Treasury Bills.

m. Bad and doubtful debts

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

n. Comparative Figures

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

o. Rounding

Amounts are rounded to the nearest dollar.

	1997/98	1996/97
	\$	\$
(2) Operating Revenues		
2A. Sales		
Sales of services	66 078 558	76 328 218
2B. Interest		
Reserve Moneys Fund with Department of Finance and Administration	473 824	746 481
2C. Other		
Gains from sale of land and buildings	1 134	48 185
Gains from sale of infrastructure, plant and equipment	34 311	69
Miscellaneous	118 377	59 520
	<u>153 822</u>	<u>107 774</u>
Total operating revenue (before abnormal items)	<u>66 706 204</u>	<u>77 182 473</u>
(3) Operating Expenses		
3A. Employee expenses		
Remuneration	48 110 765	61 533 240
Separation and redundancy — abnormal expense	5 488 613	930 275
Total employee expenses	<u>53 599 378</u>	<u>62 463 515</u>
3B. Suppliers expenses		
Supply of goods and services	10 827 371	15 138 460
Operating lease rentals	270 976	1 055 508
Total suppliers expenses	<u>11 098 347</u>	<u>16 193 968</u>
3C. Depreciation and amortisation		
Buildings	32 756	49 735
Plant and equipment	472 198	540 044
Intangibles	13 071	13 208
Total depreciation and amortisation	<u>518 025</u>	<u>602 987</u>
3D. Write down of assets		
Receivables for goods and services	158 211	12 341
Infrastructure, plant and equipment — write-off	133 585	-
	<u>291 796</u>	<u>12 341</u>
3E. Net losses from sales of assets	1 333	44 142
Total operating expenses (before abnormal items)	<u>60 020 266</u>	<u>78 386 678</u>
(4) Abnormal Items		
Included in the operating profit are the following abnormal items		
Items credited		
Parliamentary appropriation received	7 503 981	-
Effect on Reassessment of Asset useful life	-	93 213
	<u>7 503 981</u>	<u>93 213</u>
Items charged		
Rationalisation/implementation expenses	1 133 763	-
Redundancy payments	5 488 613	930 274
Comcare premium	-	355 222
Employee entitlements	-	151 384
Adjustment to 1995/96 sales	-	65 379
Effect on accounting for surplus leased space	-	896 878
	<u>6 622 376</u>	<u>2 399 137</u>
Net abnormal items	<u>881 605</u>	<u>(2 305 924)</u>

	1997/98	1996/97
	\$	\$
(5) Cash		
Reserve Moneys Fund with the Department of Finance and Administration	2 212	5 172 674
Cash in transit	1 276 665	1 610 812
Cash at bank and on hand	309 827	39 886
Total cash	<u>1 588 704</u>	<u>6 823 372</u>
(6) Receivables		
Goods & Services	6 507 757	6 538 944
Less: Provision for doubtful debts	<u>(158 211)</u>	<u>(12 341)</u>
	6 349 546	6 526 603
Interest	-	990 193
Net receivables	<u>6 349 546</u>	<u>7 516 796</u>
Receivables includes receivables overdue by		
Less than 30 days	457 495	1 232 976
30 to 60 days	17 053	697 147
More than 60 days	583 441	52 277
Total overdue	<u>1 057 989</u>	<u>1 982 400</u>
(7) Investments		
Internal Treasury Bills	<u>8 810 000</u>	<u>-</u>
(8) Inventories		
Inventories not held for sale	795 130	785 879
Less: Provision for obsolete stock	<u>(98 430)</u>	<u>(91 570)</u>
Total inventories	<u>696 700</u>	<u>694 309</u>
(9) Other Current Assets		
Prepayments paid	<u>572 236</u>	<u>177 829</u>

(10) Analysis of Property, Plant, Equipment and Intangibles

(a) Movement summary 1997/98 for all assets irrespective of valuation basis

Item	Land \$	Buildings \$	Total land and buildings \$	Other		Total \$
				infrastructure, plant & equipment \$	Intangibles (Software) \$	
Gross value						
As at 30 June 1997	361 000	765 000	1 126 000	4 976 174	183 816	6 285 990
Additions	-	-	-	321 596	-	321 596
Revaluations	32 000	(19 000)	13 000	(2 677 582)	-	(2 664 582)
Disposals	(46 000)	(107 000)	(153 000)	(1 392 185)	-	(1 545 185)
As at 30 June 1998	347 000	639 000	986 000	1 228 003	183 816	2 397 819
Accumulated Depreciation and amortisation						
As at 30 June 1997	-	76 164	76 164	3 420 945	63 411	3 560 520
Depreciation and amortisation for assets held 1 July 1997	-	32 756	32 756	451 712	13 071	497 539
Adjustment for Disposals	-	(10 653)	(10 653)	(1 246 310)	-	(1 256 963)
Depreciation and amortisation charge for additions	-	-	-	20 486	-	20 486
Revaluations	-	(98 267)	(98 267)	(2 637 079)	-	(2 735 346)
Adjustment for other movement	-	-	-	4 915	-	4 915
As at 30 June 1998	-	-	-	14 669	76 482	91 151
Net book value as at 30 June 1998	347 000	639 000	986 000	1 213 334	107 334	2 306 668
Net book value as at 1 July 1997	361 000	688 836	1 049 836	1 555 229	120 405	2 725 470

The revaluation of property, plant and equipment as at 30 June 1998 in accordance with the progressive revaluation policy stated in Note 1(b) was completed by an independent valuer, Australian Valuation Office (AVO). A revaluation increment of \$79 267 was transferred to the asset revaluation reserve. The intangible assets were revalued by AVO at 30 June 1995.

(10) Analysis of Property, Plant, Equipment and Intangibles (cont.)

(b) Summary of balances of assets at valuation as at 30 June 1998

Item	Land \$	Buildings \$	Total land and buildings \$	Other infrastructure, plant & equipment \$	Intangibles (Software) \$	Total \$
As at 30 June 1998						
Gross value	347 000	639 000	986 000	1 057 000	183 816	2 226 816
Accumulated Depreciation and amortisation	-	-	-	-	76 482	76 482
Net book value	347 000	639 000	986 000	1 057 000	107 334	2 150 334
As at 30 June 1997						
Gross value	361 000	765 000	1 126 000	3 045 384	183 816	4 355 200
Accumulated Depreciation and amortisation	-	76 164	76 164	2 481 033	63 411	2 620 608
Net book value	361 000	688 836	1 049 836	564 351	120 405	1 734 592

	1997/98	1996/97
	\$	\$
(11) Provisions and payables		
11A. Suppliers		
Trade creditors	1 065 952	1 762 085
Operating lease rentals	<u>296 712</u>	<u>374 326</u>
	1 362 664	2 136 411
11B. Other		
Prepayment received	2 954 163	2 098 490
Dividend payable	<u>2 319 756</u>	<u>-</u>
	5 273 919	2 098 490
11C. Employees — Current		
Salary & wages	1 289 116	1 897 955
Leave	4 961 077	6 384 192
Superannuation	72 035	70 654
Separation and redundancy	<u>255 326</u>	<u>596 672</u>
	6 577 554	8 949 473
Total provisions and payables — current	<u>13 214 137</u>	<u>13 184 374</u>
11D. Employees — Non-current		
Leave	4 637 099	5 662 905
11E. Suppliers — Non-current		
Operating lease rentals	<u>46 882</u>	<u>527 799</u>
Total provisions and payables — non-current	<u>4 683 981</u>	<u>6 190 704</u>

(12) Equity

Item	Capital \$	Accumulated Results \$	Asset revaluation Reserve \$	Profit Reserve \$	Capital Reserve \$	Other Reserve (General Reserve) \$	Total Reserves \$	Total Equity \$
Balance 1 July 1997	3 872 055	(5 656 029)	95 633	109 375	141 664		346 672	(1 437 302)
Profit or (Loss)	-	7 567 543	-	-	-	-	-	7 567 543
Dividend provided for or paid	-	(3 783 772)	-	-	-	-	-	(3 783 772)
Net revaluation increase/(Decreases)	-	-	79 267	-	-	-	79 267	79 267
Transfer (to)/from reserves	-	(579 993)	(1 134)	1 134	579 993	-	579 993	-
Balance 30 June 1998	3 872 055	(2 452 251)	173 766	110 509	721 657		1 005 932	2 425 736

The net revaluation increase in the asset revaluation reserve represented revaluation increment of buildings of \$79 267.
 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 includes \$100 000 for the Year 2000 compliance project and \$380 000 for training. The remaining balance represents insurance reserve.

	1997/98	1996/97
	\$	\$
(13) Reconciliation of Cash flow		
Operating profit/ (loss) after abnormal items	7 567 543	(3 510 129)
Net gain on sale of non current assets	(34 112)	(4 112)
Depreciation and amortisation	518 025	602 987
Dividend	(3 783 772)	-
Assets write off	133 585	-
Adjustment on Revaluation	8 503	-
Decrease/(increase) in receivable	1 167 250	1 777 824
Decrease/(increase) in inventory	(2 391)	115 444
Decrease/(increase) in prepayments	(394 407)	(47 311)
(Decrease)/increase in provisions and payables	<u>(1 476 960)</u>	<u>3 564 490</u>
Net Cash provided by operating activities	<u>3 703 264</u>	<u>2 499 193</u>

(14) Remuneration of Auditors

Amounts payable to the Consolidated Revenue Fund in recognition of the cost of auditing the financial statements for the year ended 30 June 1998 was \$45 000 (1996/97: \$78 000). No other services were provided by the Australian National Audit Office during the reporting period.

(15) Superannuation

During 1997/98 employees of the Australian Protective Service contributed to the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). An employer superannuation contribution is paid to COMSUPER to meet the assessed employer costs under the respective Schemes. They are 23% under the CSS and 15.4% under the PSS (inclusive of productivity benefits).

The amount of employer contribution paid and payable and expensed in the Profit and Loss in respect of the year ended 30 June 1998 was \$5 439 343 (1996/97: \$7 231 251).

(16) Executive Officers' Remuneration

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

	1997/98	1996/97
	\$	\$
Income received or due and receivable by officers:	215 972	337 906
The number of officers included in these figures are shown below in the relevant income bands	Number	Number
\$100 001 to \$110 000	1	1
\$110 001 to \$120 000	1	1
\$120 001 to \$130 000	-	1
	<u>2</u>	<u>3</u>

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

(17) Related Party Transactions

There are no related party transactions during the year.

(18) Resources Received Free of Charge

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

(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 dependent upon business with Commonwealth Government Agencies.

c. Economic Dependency and Restructure

A special appropriation of \$11 215 000 had been granted by the Parliament in 1997/98 for the purpose of Rationalisation/Implementation and Redundancy. During 1997/98, the total actual appropriation of \$7 503 981 was received. The balance of \$3 711 019 will be carried forward to 1998/99.

(20) Financial Instruments

(a) Terms, conditions and accounting policies

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)
Financial Assets		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	6	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 (1996/97: 30 days).
Investments	7	Internal Treasury Bills are recognised at cost. Interest is credited to revenue as it accrues.	They mature on 30 June 1999. The effective interest rate is 1%.
Financial Liabilities		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	11	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.)*(c) Net Fair Values of Financial Assets and Liabilities*

		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	Note	1997-98	1997-98	1996-97	1996-97
Financial Assets					
Reserve Moneys Fund with DoFA	5	2 212	2 212	5 172 674	5 172 674
Cash in transit	5	1 276 665	1 276 665	1 610 812	1 610 812
Cash at bank	5	300 880	300 880	31 057	31 057
Cash on hand	5	8 947	8 947	8 829	8 829
Receivable for goods and services	6	6 349 546	6 349 546	6 526 603	6 526 603
Investments	7	8 810 000	8 810 000	-	-
Total financial assets		16 748 250	16 748 250	13 349 975	13 349 975
Financial Liabilities (Recognised)					
Trade creditors	11	1 065 952	1 065 952	1 762 085	1 762 085
Total Financial Liabilities (Recognised)		1 065 952	1 065 952	1 762 085	1 762 085

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.



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Independent Audit Report



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

Pursuant to sub-section 49(2) of the *Financial Management and Accountability Act 1997*, in my opinion, the attached financial statements give a true and fair view of the matters required by the *Minister for Finance and Administration's Guidelines for Financial Statements of Commonwealth Authorities*.



A S Blunn
Chief Executive
16 October 1998

**ATTORNEY-GENERAL'S DEPARTMENT
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND
PROFIT AND LOSS STATEMENT**
for the year ended 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
OPERATING REVENUES			
Legal fees		70 463	80 590
Interest		2 091	2 830
Net gains from sale of assets		303	32
Revenues from government		46 537	55 083
Other		3 127	3 687
Total operating revenues	5	<u>122 522</u>	<u>142 223</u>
OPERATING EXPENSES			
Employees		73 146	80 210
Suppliers		37 891	39 803
Depreciation and amortisation		3 929	2 840
Net losses from sale of assets		783	353
Interest		1 207	1 367
Other		4 965	4 236
Total operating expenses	6	<u>121 921</u>	<u>128 810</u>
Operating profit(loss) before abnormal items		601	13 413
Abnormal items	7	<u>(43 107)</u>	<u>(1 981)</u>
Operating profit(loss) before extraordinary items		<u>(42 506)</u>	<u>11 432</u>
Extraordinary item	8	<u>-</u>	<u>702</u>
Operating profit(loss) and extraordinary items		<u>(42 506)</u>	<u>12 134</u>
Accumulated profits at beginning of the financial year		52 992	42 186
Total available for appropriation		<u>10 486</u>	<u>54 319</u>
Dividends provided for and dividends paid		-	1 327
Accumulated profits at end of the financial year		<u><u>10 486</u></u>	<u><u>52 992</u></u>

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT
 LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND
 BALANCE SHEET
as at 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
CURRENT ASSETS			
Cash	10	157	46 567
Receivables	11	17 997	20 357
Investments	12	37 280	-
Inventories	13	7 779	7 775
Other	15	3 516	3 038
Total current assets		66 729	77 736
NON-CURRENT ASSETS			
Land and buildings	16	301	603
Infrastructure, plant and equipment	16	25 045	47 758
Intangibles	14	213	299
Total non-current assets		25 559	48 660
Total assets		92 288	126 396
CURRENT LIABILITIES			
Debt	17	15 663	187
Provisions and payables	18	20 309	14 030
Total current liabilities		35 972	14 217
NON-CURRENT LIABILITIES			
Debt	17	3 561	16 009
Provisions and payables	18	17 291	18 200
Total non-current liabilities		20 852	34 210
Total liabilities		56 825	48 427
Net assets		35 464	77 970
EQUITY			
Capital		24 349	24 349
Asset revaluation reserve		629	629
Accumulated profits		10 486	52 992
Total equity	19	35 464	77 970

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT
 LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND
 STATEMENT OF CASH FLOWS
 for the year ended 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		45 001	48 255
Legal fees		72 117	81 162
Interest received		2 705	-
Other		3 127	6 089
Total cash received		122 950	135 505
Cash used			
Employees		(82 225)	(81 972)
Suppliers		(38 842)	(38 796)
Interest and other financing costs		(1 344)	(1 367)
Other		(4 809)	-
Total cash used		(127 220)	(122 135)
Net cash from operating activities	23	(4 270)	13 370
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		448	458
Total cash received		448	458
Cash used			
Purchase of property, plant and equipment		(3 756)	(8 246)
Purchase of internal Treasury bills		(37 280)	-
Loans made		(120)	-
Total cash used		(41 156)	(8 246)
Net cash from investing activities		(40 708)	(7 788)
FINANCING ACTIVITIES			
Cash used			
Repayments of debt		(106)	(83)
Dividends paid		(1 327)	(1 886)
Total cash used		(1 433)	(1 969)
Net cash from financing activities		(1 433)	(1 969)
Net (decrease)increase in cash held		(46 410)	3 614
add cash at 1 July 1997		46 567	42 953
Cash at 30 June 1998	10	157	46 567

The accompanying notes form part of these financial statements

ATTORNEY-GENERAL'S DEPARTMENT
 LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND
 SCHEDULE OF COMMITMENTS
as at 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
BY TYPE			
OTHER COMMITMENTS			
Operating leases		81 311 ¹	98 334
Other commitments		6 571	4 510
Total other commitments		87 882	102 844
Less: Surplus leased space		(2,057)	-
Total commitments payable		85 825	102 844
COMMITMENTS RECEIVABLE			
Net commitments		85 825	102 844
BY MATURITY			
One year or less		15, 662	15 171
From one to two years		14 259	14 519
From two to five years		40 906	42 368
Over five years		14 997	30 786
Net commitments		85 825	102 844

¹ 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.

The accompanying notes form part of these financial statements

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

as at 30 June 1998

	Note	1997-98 \$'000	1996-97 \$'000
CONTINGENT LOSSES			
Make good costs		<u>833</u>	<u>1 257</u>
Total contingent losses		833	1 257
CONTINGENT GAINS		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Net contingencies		833	1 257

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 1998, the Legal Practice was not aware of any unquantifiable contingent losses or gains.

Remote contingencies are disclosed in Note 24.

The accompanying notes form part of these financial statements

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ATTORNEY-GENERAL'S DEPARTMENT
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

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

ATTORNEY-GENERAL'S DEPARTMENT
LEGAL PRACTICE COMMERCIAL ACTIVITIES FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

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 year ending 30 June 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.

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 from 1 July 1997 are required to pay tax equivalents. As the Legal Practice incurred an operating loss for the 1997-98 financial year, no tax equivalents were brought to account.

1.5 Foreign Currency Transactions

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

1.6 Insurance

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

1.7 Inventories

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

Work-in-progress is valued at the lower of cost or net realisable value and applies to services performed but not billed at 30 June 1998.

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 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 *Minister for Finance and Administration'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.

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:

	1997-98	1996-97
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

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. 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 30 June 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 30 June 1998. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. These calculations are in accordance with Australian Accounting Standard 30, Accounting for Employee Entitlements.

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

1.21 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 26.

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.

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.

	1997-98 \$'000	1996-97 \$'000
Note 5 Items Credited as Revenue		
Legal Fees	<u>70 463</u>	<u>80 590</u>
Interest		
Deposits	<u>2 091</u>	<u>2 830</u>
Total interest	<u>2 091</u>	<u>2 830</u>
Net gains from sale of assets		
Land and buildings	275	-
Infrastructure, plant and equipment	<u>28</u>	<u>32</u>
Total net gains from sale of assets	<u>303</u>	<u>32</u>
Revenues from Government		
Parliamentary appropriations received	<u>46 450</u>	<u>55 019</u>
Resources received free of charge which have been recognised in the Profit and Loss Statement are:		
— Department of Administrative Services		
Provision of services at overseas posts	-	46
— Australian Archives		
Storage of permanent records	<u>87</u>	<u>19</u>
Total resources received free of charge	<u>87</u>	<u>65</u>
Total revenues from Government	<u>46 537</u>	<u>55 083</u>
Other revenues		
Support Group services	666	2 372
Reimbursements/miscellaneous receipts	<u>2 461</u>	<u>1 315</u>
Total other revenues	<u>3 127</u>	<u>3 687</u>
Total revenues	<u>122 522</u>	<u>142 223</u>

	1997-98 \$'000	1996-97 \$'000
Note 6 Items Charged as Expenses		
Employee expenses		
Basic remuneration for services provided	73 146	80 210
Total employee expenses	<u>73 146</u>	<u>80 210</u>
Suppliers expenses		
Supply of goods and services	24 687	23 961
Operating lease rentals	13 203	15 842
Total suppliers expenses	<u>37 891</u>	<u>39 803</u>
Depreciation and amortisation		
Depreciation	3 786	2 709
Amortisation of leased assets	58	46
Amortisation of intangible assets	85	85
Total depreciation and amortisation	<u>3 929</u>	<u>2 840</u>
Net losses from sale of assets		
Infrastructure, plant and equipment	783	353
Total net losses from sale of assets	<u>783</u>	<u>353</u>
Interest		
Loans	1 197	1 077
Leases	10	290
Total interest	<u>1 207</u>	<u>1 367</u>
Other		
Audit fees	156	168
Refund of professional fees/disbursements	4 809	4 068
Total other	<u>4 965</u>	<u>4 236</u>
Total expenses	<u>121 921</u>	<u>128 810</u>

Note 7 Abnormal Items

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	1 981
Total abnormal expense	<u>43 107</u>	<u>1 981</u>
Total abnormal items	<u>43 107</u>	<u>1 981</u>

Note 8 Extraordinary Items

Total extraordinary items	<u>-</u>	<u>702</u>
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In 1996-97 the Legal Practice relinquished its responsibility for the Protective Security Coordination Centre (PSCC). This resulted in net liabilities of \$701 803 being transferred from the Legal Practice to the PSCC.

	1997-98	1996-97
	\$'000	\$'000

Note 9 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 year ended 30 June 1998 is \$156 000 and for 1996-97 was \$168 000.

No other services were provided by the Auditor-General during the financial year.

Note 10 Cash

On hand	149	755
Account balance in Commonwealth Public Account	8	45 812
Total cash	<u>157</u>	<u>46 567</u>

Note 11 Receivables

Loans		
Loan to Commonwealth Authority	120	-
Total loans	<u>120</u>	<u>-</u>
Debtors and other receivables		
Goods and services	9 066	10 891
Other debtors	853	527
Running costs appropriation carryover	6 652	6 828
Interest	2 216	2 830
	<u>18 787</u>	<u>21 077</u>
Less provision for doubtful debts	(910)	(720)
Net debtors and other receivables	<u>17 877</u>	<u>20 357</u>
Net receivables	<u>17 997</u>	<u>20 357</u>
Not overdue (less than 30 days)	13 102	16 202
Overdue by		
less than 30 days	2 392	2 370
30 to 60 days	792	574
greater than 60 days	2 621	1 931
Total overdue	<u>5 805</u>	<u>4 875</u>

Note 12 Investments

Internal Treasury Bills, maturing within one year	37 280	-
	<u>37 280</u>	<u>-</u>

Note 13 Inventories

Work-in-progress	8 095	8 315
Less provision for irrecoverable amounts	(395)	(650)
	<u>7 701</u>	<u>7 665</u>
Inventories not held for sale	79	110
Total inventories	<u>7 779</u>	<u>7 775</u>

	1997-98 \$'000	1996-97 \$'000
Note 14 Intangible Assets		
Computer software		
Internally developed	427	427
Less accumulated amortisation	<u>(213)</u>	<u>(128)</u>
Total intangible assets	<u>213</u>	<u>299</u>
Note 15 Other Current Assets		
Prepayments paid	<u>3 516</u>	<u>3 038</u>
Total other current assets	<u>3 516</u>	<u>3 038</u>

Note 16 Property, Plant and 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	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 1/7/97	327	365	692	34 244	30 210	64 454	427	65 573
Additions	-	-	-	-	7 155	7 155	-	7 155
Disposals	(175)	(195)	(370)	-	(4 361)	(4 361)	-	(4 731)
Other movements	-	-	-	(25 300)	(174)	(25 474)	-	(25 474)
Gross value at 30/6/98	152	170	322	8 944	32 829	41 773	427	42 522
Accumulated depreciation/amortisation at 1/7/97	-	(89)	(89)	-	(16 696)	(16 696)	(128)	(16 912)
Depreciation/amortisation charges for 1997/98	-	(3)	(3)	-	(3 841)	(3 841)	(85)	(3 929)
Adjustment for disposals	-	70	70	-	3 676	3 676	-	3 747
Adjustment for other movements	-	-	-	-	132	132	-	132
Accumulated depreciation/amortisation at 30/6/98	-	(21)	(21)	-	(16 728)	(16 728)	(213)	(16 963)
Net book value at 30 June 1998	152	149	301	8 944	16 101	25 045	213	25 559
Net book value at 1 July 1997	327	276	603	34 244	13 514	47 758	299	48 660

(b) Assets at independent valuation ¹

	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
As at 30/6/98	152	170	322	8 944	13 566	13 566	-	13 888
Gross value	-	(21)	(21)	-	(11 555)	(11 555)	-	(11 576)
Accumulated depreciation/ amortisation	152	149	301	8 944	13 566	25 045	-	25 559
Net book value	-	-	-	-	-	-	-	-
As at 30/6/97	327	365	692	34 244	17 698	51 942	-	52 634
Gross value	-	(89)	(89)	-	(14 350)	(14 350)	-	(14 439)
Accumulated depreciation/ amortisation	327	276	603	34 244	3 347	37 591	-	38 195
Net book value	-	-	-	-	-	-	-	-

(c) Assets at Chief Executives valuation ²

	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
As at 30/6/98	152	149	301	8 944	16 101	25 045	213	25 559
Gross value	-	-	-	-	-	-	-	-
Accumulated depreciation/ amortisation	152	149	301	8 944	16 101	25 045	213	25 559
Net book value	-	-	-	-	-	-	-	-

Note 16 Property, Plant and Equipment, and Intangibles (cont.)

	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
(d) Assets held under finance leases								
As at 30/6/98								
Gross value	-	-	-	-	335	335	-	335
Accumulated depreciation/amortisation	-	-	-	-	(159)	(159)	-	(159)
Net book value	-	-	-	-	176	176	-	176
As at 30/6/97								
Gross value	-	-	-	-	333	333	-	333
Accumulated depreciation/amortisation	-	-	-	-	(101)	(101)	-	(101)
Net book value	-	-	-	-	232	232	-	232
(e) Assets at cost								
As at 30/6/98								
Gross value	-	-	-	-	18 928	18 928	427	19 355
Accumulated depreciation/amortisation	-	-	-	-	(5 014)	(5 014)	(213)	(5 228)
Net book value	-	-	-	-	13 914	13 914	213	14 127
As at 30/6/97								
Gross value	-	-	-	-	12 179	12 179	427	12 606
Accumulated depreciation/amortisation	-	-	-	-	(2 244)	(2 244)	(128)	(2 372)
Net book value	-	-	-	-	9 934	9 934	299	10 233

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.

	1997-98 \$'000	1996-97 \$'000
Note 17 Debt		
Loans		
Commonwealth loan	<u>15 097</u>	<u>15 097</u>
The loan at the reporting date is payable as follows		
within one year	15 097	-
within one to two years	-	15 097
	<u>15 097</u>	<u>15 097</u>
Finance lease liabilities		
Lease liabilities recognised in the Statement of Financial Position		
Current	66	106
Non current	151	216
	<u>216</u>	<u>322</u>
Finance lease liabilities at the reporting date and related finance charges are payable as follows:		
within one year	79	129
within one to two years	79	79
within two to five years	79	158
Minimum lease payments	236	365
Less future finance charges	(20)	(43)
Total lease liabilities	<u>216</u>	<u>322</u>
Lease incentive liabilities		
Lease incentive liabilities recognised in the Statement of Financial Position:		
Current	501	82
Non current	3 410	696
Total lease incentive liabilities	<u>3 911</u>	<u>778</u>
The lease incentive liability is repayable as follows		
within one year	501	82
within one to two years	532	154
within two to five years	1 488	453
more than five years	1 390	89
	<u>3 911</u>	<u>778</u>
Total current debt	<u>15 663</u>	<u>187</u>
Total non-current debt	<u>3 561</u>	<u>16 009</u>

	1997-98 \$'000	1996-97 \$'000
Note 18 Provisions and Payables		
Employee entitlements		
Current		
Salaries and wages	1 117	773
Recreation leave	5 003	5 585
Long service leave	477	546
Superannuation	148	119
Separations and redundancies	2 575	-
Other	381	368
Total current employee entitlements	<u>9 701</u>	<u>7 391</u>
Non-current		
Recreation leave	2 814	3 141
Long service leave	13 156	15 059
Total non-current employee entitlements	<u>15 970</u>	<u>18 200</u>
Total employee entitlements	<u>25 671</u>	<u>25 591</u>
Suppliers		
Current		
Trade creditors	1 034	1 295
Total suppliers	<u>1 034</u>	<u>1 295</u>
Surplus Lease Space		
Current		
	327	-
Non-current		
	1 321	-
Total surplus lease space	<u>1 648</u>	<u>-</u>
Other		
Current		
Interest payable	1 208	1 345
Revenue in advance	6	14
Appropriation received in advance	1 033	2 658
Provision for cost of lease breaks	7 000	-
Total other	<u>9 247</u>	<u>4 018</u>
Dividend payable	-	1 327
Total current provisions and payables	<u>20 309</u>	<u>14 030</u>
Total non-current provisions and payables	<u>17 291</u>	<u>18 200</u>

Note 19 Equity

Item	Capital \$'000	Accumulated results \$'000	Asset revaluation reserve \$'000	Total reserves \$'000	Total equity \$'000
As at 1 July 1997	24 349	52 992	629	629	77 970
Loss for 1998		(42 506)		-	(42 506)
Dividends		-		-	-
As at 30 June 1998	<u>24 349</u>	<u>10 486</u>	<u>629</u>	<u>629</u>	<u>35 464</u>

Note 20 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 \$9 632 623 in 1997-98 and \$11 457 844 in 1996-97.

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.

	1997-98	1996-97
	\$'000	\$'000

Note 21 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 year	776	1 247
Add receipts	<u>46 465</u>	<u>21 287</u>
	47 242	22 534
Less expenditure	<u>43 393</u>	<u>21 757</u>
Balance at end of the financial year	<u>3 849</u>	<u>776</u>

Australian Government Solicitor Agencies Trust Account

Balance at beginning of the financial year	18 469	17 841
Add receipts	<u>156 019</u>	<u>139 486</u>
	174 488	157 327
Less expenditure	<u>147 326</u>	<u>138 858</u>
Balance at end of the financial year	<u>27 162</u>	<u>18 469</u>

Australian Government Solicitor Other Trust Accounts

Balance at beginning of the financial year	1 399	-
Add funds held at 30 June 1997 not previously reported	128	
Add receipts	<u>10 852</u>	<u>2 048</u>
	12 379	2 048
Less expenditure	<u>4 075</u>	<u>648</u>
Balance at end of the financial year	<u>8 304</u>	<u>1 399</u>

1997-98 1996-97

Note 22 Officer Remuneration

Officer remuneration includes all officers concerned with or taking part in the management of the Legal Practice during 1997-98.

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	2
\$110 001 to \$120 000	56	77
\$120 001 to \$130 000	5	1
\$130 001 to \$140 000	20	18
\$140 001 to \$150 000	1	1
\$150 001 to \$160 000	-	4
\$160 001 to \$170 000	3	-
\$200 001 to \$210 000	1	-
\$220 001 to \$230 000	2	1
The aggregate amount of total remuneration of executive officers shown above.	<u>\$12 378 489</u>	<u>\$12 275 962</u>
The aggregate amount of performance pay paid or payable during the year to executive officers shown above.	<u>\$207 933</u>	<u>\$219 622</u>

1997-98 1996-97
\$'000 \$'000**Note 23 Cash Flow Reconciliation**

Reconciliation of net cash provided by operating activities to operating result

Operating result before extraordinary items	(42 506)	11 432
Depreciation/amortisation	3 929	2 840
Revaluation loss	25 300	-
Extraordinary items	-	702
Gain on sale of non-current assets	(303)	-
Loss on sale of non-current assets	783	325
Lease incentive reduction in rent paid	(167)	-
Changes in assets and liabilities		
Decrease(increase) in receivables	2 480	(3 885)
(Increase)decrease in inventories	(5)	193
Increase in prepayments	(478)	(233)
(Decrease)increase in trade creditors	(261)	2 816
Increase in employee provisions	80	219
Increase(decrease) in other liabilities	6 878	(1 108)
Net cash provided by operating activities	<u>(4 270)</u>	<u>13 299</u>

Note 24 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 25 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.

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Note 26 Financial Instruments

(a) Terms, conditions and accounting policies

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)
Financial Assets		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	10	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 year (1996–97: 6%).
Receivables for goods & services	11	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 (1996/97: 30 days).
Loans	11	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	12	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 30 June 1999. The interest rate earned on the Bills is 1%.
Financial Liabilities		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	17	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% (1996–97: 9.9%). The lease liabilities are secured by the lease assets.
Lease incentives	17	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	18	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 26 Financial Instruments (continued)

(b) Interest Rate Risk

	Note	Floating Interest Rate 1997/98 \$'000	Fixed Interest Rate 1 year or less 1997/98 \$'000	Non Interest Bearing 1997/98 \$'000	Total 1997/98 \$'000	Weighted Average Effective Interest Rate 1997/98 \$'000
Financial Assets						
Cash on Hand	10			149	149	n/a
Account Balances held in the Commonwealth Public Account	10	8			8	5.0%
Receivables — goods and services	11			8,156	8,156	n/a
Loan to Commonwealth Authority	11			120	120	n/a
Internal Treasury Bills	12		37,280		37,280	1.0%
Total financial assets		8	37,280	8,425	45,713	
Total assets					92,288	
Financial Liabilities						
Finance Leases	17		216		216	9.4%
Lease Incentives	17			3,911	3,911	n/a
Trade creditors	18			1,034	1,034	n/a
Total Financial Liabilities		-	216	4,945	5,161	
Total Liabilities					56,825	

(c) Net Fair Values of Financial Assets and Liabilities

		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	Note	1997-98 \$'000	1997-98 \$'000	1996-97 \$'000	1996-97 \$'000
Financial Assets					
Cash on Hand	10	149	149	755	755
Account Balances held in the Commonwealth Public Account	10	8	8	45 812	45 812
Receivables - goods and services	11	8 156	8 156	10 171	10 171
Loan to Commonwealth Authority	11	120	120	-	-
Internal Treasury Bills	12	37 280	37 280	-	-
Total financial assets		<u>45 713</u>	<u>45 713</u>	<u>56 738</u>	<u>56 738</u>
Total assets			<u><u>92 288</u></u>		<u><u>126 396</u></u>
Financial Liabilities					
Finance Leases	17	216	216	322	322
Lease Incentives	17	3 911	3 911	778	778
Trade creditors	18	1 034	1 034	1 295	1 295
Total Financial Liabilities		<u>5 161</u>	<u>5 161</u>	<u>2 395</u>	<u>2 395</u>
Total Liabilities			<u><u>56 825</u></u>		<u><u>48 427</u></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 Statement of Assets and Liabilities.

The Department has no significant exposures to credit risk.

