

Part 6: Appendices



Appendix 1: Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Attorney-General

Opinion

In my opinion, the financial statements of the Federal Court of Australia (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Finance Officer of the Federal Court of Australia;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Title of the Accountable Authority is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Racheal Kris
Senior Director
Delegate of the Auditor-General

Canberra

5 September 2022

Federal Court of Australia (the Entity)

The Federal Court of Australia listed entity (the Entity) is a non-corporate Commonwealth listed entity for the purposes of the *Public Governance Performance and Accountability Act 2013 (PGPA Act)*. It is established under section 18ZB of the *Federal Court of Australia Act 1976* (Cth).


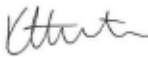
Appropriations made by the Federal Parliament for the purposes of the Federal Court of Australia, the Federal Circuit and Family Court of Australia (Division 1 and Division 2) (previously the Family Court of Australia and the Federal Circuit Court of Australia), as well as the National Native Title Tribunal, are made to the Entity, which is accountable for the financial management of those appropriations.

Federal Court of Australia (the Entity)

Statement by the Chief Executive Officer and Chief Finance Officer of the Federal Court of Australia

In our opinion, the attached financial statements for the period ended 30 June 2022 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Federal Court of Australia will be able to pay its debts as and when they fall due.

 Signed.....	 Signed
Ms Sia Lagos	Ms Kathryn Hunter
Chief Executive Officer/Principal Registrar	Chief Finance Officer
2 nd September 2022	2 nd September 2022

Statement of Comprehensive Income
for the period ended 30 June 2022

		2022	2021	Original
	Notes	\$'000	\$'000	Budget
				\$'000
NET COST OF SERVICES				
Expenses				
Judicial benefits	1.1A	109,460	105,751	116,470
Employee benefits	1.1A	138,928	123,972	133,690
Suppliers	1.1B	92,769	92,029	108,026
Depreciation and amortisation	3.2A	34,692	35,705	31,688
Finance costs	1.1C	1,030	1,528	3,216
Impairment gain/(loss) on financial instruments	1.1D	8	(22)	-
Write-Down and impairment of assets	1.1E	1,046	219	-
Total expenses		377,933	359,182	393,090
Own-Source income				
Own-source revenue				
Revenue from contracts with customers	1.2A	1,466	2,630	2,843
Resources received free of charge	1.2B	43,811	43,335	43,432
Other revenue	1.2B	615	1,579	-
Total own-source revenue		45,892	47,544	46,275
Other gains				
Liabilities assumed by other agencies		36,057	34,545	27,819
Other gains		7	344	-
Total gains	1.2C	36,064	34,889	27,819
Total own-source income		81,956	82,433	74,094
Net (cost of)/contribution by services		(295,977)	(276,749)	(318,996)
Revenue from Government	1.2D	298,390	275,748	302,486
Surplus/(Deficit) on continuing operations		2,413	(1,001)	(16,510)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		-	-	-
Total comprehensive income / (loss)		2,413	(1,001)	(16,510)

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

Statement of Comprehensive Income

for the period ended 30 June 2022

Budget Variances Commentary

Statement of Comprehensive Income

Judicial benefits

Judicial benefits are lower than budgeted due to significant judicial vacancies throughout 2021-22 and the effect of the movement of bond rates on leave provisions.

Suppliers

Supplier expenses are lower than budgeted due to savings made arising from judicial vacancies and reduced travel costs due to the COVID pandemic in 2021-22.

Finance costs

Finance costs are lower than budgeted due to the low government bond rates and a delay in entering into new leases.

Revenue from contracts with customers

The Entity received lower revenue than was anticipated in relation to its International Programs work. This work was curtailed following the COVID-19 outbreak.

Liabilities assumed by other agencies

The gain received in relation to notional judicial superannuation costs was higher than budgeted due to an increase in the actuarial assessment of the value of these benefits as per the Judges Pension Long Term Cost Report 2020 done by the Department of Finance.

Revenue from Government

This is lower than budgeted following a s51 reduction in the Entity's appropriation related to a measure which is yet to be legislated.

Statement of Financial Position
as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	1,607	1,234	1,239
Trade and other receivables	3.1B	146,179	134,173	103,706
Total financial assets		147,786	135,407	104,945
Non-financial assets¹				
Buildings	3.2A	154,363	164,301	187,021
Plant and equipment	3.2A	28,759	29,916	35,576
Computer software	3.2A	9,625	9,474	10,946
Inventories	3.2B	3	31	36
Prepayments		3,959	3,763	1,939
Total non-financial assets		196,709	207,485	235,518
Total assets		344,495	342,892	340,463
LIABILITIES				
Payables				
Suppliers	3.3A	7,145	9,075	5,055
Other payables	3.3B	5,390	4,100	3,665
Total payables		12,535	13,175	8,720
Interest bearing liabilities				
Leases	3.4A	130,127	141,720	153,062
Total interest bearing liabilities		130,127	141,720	153,062
Provisions				
Employee provisions	6.1A	60,603	67,388	67,069
Other provisions	3.5A	3,754	4,253	3,960
Total provisions		64,357	71,641	71,029
Total liabilities		207,019	226,536	232,811
Net assets		137,476	116,356	107,652
EQUITY				
Contributed equity		153,304	131,770	150,572
Reserves		12,844	12,844	12,844
Accumulated deficit		(28,672)	(28,258)	(55,764)
Total equity		137,476	116,356	107,652

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

1. Right-of-use assets are included in Buildings, Plant and Equipment.

Statement of Financial Position

as at 30 June 2022

Budget Variances Commentary

Statement of Financial Position

Trade and other receivables

Appropriation receivable is higher than budgeted. This reflects the surplus achieved in 2021-22 and the smaller than expected deficit in 2020-21. There was also an underspend of capital appropriation in 2021-22 due to delays in building and software development projects.

Non-Financial Assets

Non financial assets are lower than budgeted as a result of a delay in the completion of capital projects.

Payables

Payables are higher than budgeted due to a high amount of expenditure on equipment purchased at the end of the financial year that was not paid prior to 30 June 2022.

Employee Provisions

Provisions are lower than budgeted for due to a reduction in the discount rate caused by an increase in Government bond rates during 2022.

Leases

Lease liabilities are lower than budgeted due to a delay in entering into new leases that were budgeted for during 2021-22.

Statement of Changes in Equity
for the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		131,770	119,508	132,032
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		-	-	-
Transactions with owners				
Distributions to owners				
s51 funds for 2017-18 quarantined		-	(262)	-
s51 Withdrawal Criminal Jurisdiction 2019-20		-	(2,338)	-
Contributions by owners				
Equity injection - appropriation		7,525	2,717	4,531
Departmental capital budget		14,009	12,145	14,009
Total transactions with owners		21,534	12,262	18,540
Closing balance as at 30 June		153,304	131,770	150,572
RETAINED EARNINGS/(ACCUMULATED DEFICIT)				
Opening balance				
Balance carried forward from previous period		(28,258)	(26,796)	(39,254)
Comprehensive income				
Surplus/(Deficit) for the period		2,413	(1,001)	(16,510)
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		2,413	(1,001)	(16,510)
Transactions with owners				
Distributions to owners				
s51 Withdrawal Criminal Jurisdiction 2019-20		-	(461)	-
Expired appropriation 2018-19		(2,827)	-	-
Closing balance as at 30 June		(28,672)	(28,258)	(55,764)
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		12,844	12,844	12,844
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		-	-	-
Closing balance as at 30 June		12,844	12,844	12,844

Statement of Changes in Equity
for the period ended 30 June 2022

Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	116,356	105,556	105,622
Comprehensive income			
Surplus/(Deficit) for the period	2,413	(1,001)	(16,510)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	2,413	(1,001)	(16,510)
Transactions with owners			
Distributions to owners			
Quarantined funds	(2,827)	(3,061)	-
Contributions by owners			
Equity injection - appropriation	7,525	2,717	4,531
Departmental capital budget	14,009	12,145	14,009
Total transactions with owners	18,707	11,801	18,540
Closing balance as at 30 June	137,476	116,356	107,652

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

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Budget Variances Commentary

Statement of Changes in Equity

Accumulated deficit

The surplus achieved in 2021-22 has resulted in an improved equity position compared with the budgeted position.

Cash Flow Statement*for the period ended 30 June 2022*

	2022	2021	Original Budget
Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	290,611	260,471	307,037
Sales of goods and rendering of services	1,306	2,861	2,843
GST received	7,757	7,558	-
Other	674	1,580	-
Total cash received	300,348	272,470	309,880
Cash used			
Employees	217,595	193,472	221,674
Suppliers	59,661	52,761	65,261
Interest payments on lease liabilities	1,529	1,715	3,216
Section 74 receipts transferred to OPA	1,988	3,805	-
Total cash used	280,773	251,753	290,151
Net cash from/(used by) operating activities	19,575	20,717	19,729
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	7	4	-
Total cash received	7	4	-
Cash used			
Purchase of property, plant and equipment	13,389	13,843	22,099
Purchase of intangibles	2,684	893	-
Total cash used	16,073	14,736	22,099
Net cash from/(used by) investing activities	(16,066)	(14,732)	(22,099)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	16,788	13,034	18,540
Total cash received	16,788	13,034	18,540
Cash used			
Repayment of borrowings	715	807	992
Principal payments of lease liabilities	19,209	18,217	15,178
Total cash used	19,924	19,024	16,170
Net cash from/(used by) financing activities	(3,136)	(5,990)	2,370
Net increase / (decrease) in cash held	373	(5)	-
Cash and cash equivalents at the beginning of the reporting period	1,234	1,239	1,239
Cash and cash equivalents at the end of the reporting period	1,607	1,234	1,239

3.1A

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

Cash Flow Statement

for the period ended 30 June 2022

Budget Variances Commentary

Statement of Cash Flow Statement

Cash used for investing activities and Contributed equity

Asset purchases were lower than expected due to a delay in the completion of building and software development projects.

Principal payments of lease liabilities

Principal payments of lease liabilities are higher than budgeted due to the budget being insufficient for current property lease costs. The budget has been increased for future years.

Administered Schedule of Comprehensive Income
for the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Suppliers	2.1A	373	612	925
Impairment Loss on Financial Instruments	2.1B	1,532	3,437	3,550
Other Expenses - Refunds of Fees	2.1C	839	422	900
Total expenses		2,744	4,471	5,375
Income				
Revenue				
Non-taxation revenue				
Fees and Fines	2.2A	106,770	83,264	97,776
Total non-taxation revenue		106,770	83,264	97,776
Total revenue		106,770	83,264	97,776
Total income		106,770	83,264	97,776
Net contribution by services		104,026	78,793	92,401
Total comprehensive income		104,026	78,793	92,401

The above schedule should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Administered Schedule of Comprehensive Income

Fees and fines

Administered revenues relate to activities performed by the Entity on behalf of the Australian Government. The variance to budget is due to the uncertainty in estimating fee revenue and fines, with the Entity on occasion receipting fines on behalf of the Government. A single large fine of \$24 million was received in 2021-22 causing fine revenue to be higher.

Other expenses

Other expenses relates to the refund of fees. The variance to budget is due to the uncertainty in estimating the amount of fees that may require refund during the period.

Administered Schedule of Assets and Liabilities*as at 30 June 2022*

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
ASSETS				
Financial Assets				
Cash and Cash Equivalents	4.1A	136	106	103
Trade and Other Receivables	4.1B	870	1,102	1,039
Total assets administered on behalf of Government		1,006	1,208	1,142
LIABILITIES				
Payables				
Suppliers	4.2A	15	58	32
Other Payables	4.2B	454	417	542
Total liabilities administered on behalf of Government		469	475	574
Net assets/(liabilities)		537	733	568

The above schedule should be read in conjunction with the accompanying notes.

Budget Variances Commentary**Administered Schedule of Assets and Liabilities**

There is inherent uncertainty in estimating the cash balance and the balance of receivables, payables and suppliers on any particular day.

Administered Reconciliation Schedule
for the period ended 30 June 2022

	2022	2021
	\$'000	\$'000
Opening assets less liabilities as at 1 July	733	568
Net contribution by services		
Income	106,770	83,264
Expenses		
Payments to entities other than corporate Commonwealth entities	(2,744)	(4,471)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	416	585
Special appropriations (unlimited) s77 PGPA Act repayments		
Payments to entities other than corporate Commonwealth entities	839	424
GST increase to appropriations s74 PGPA Act		
Payments to entities other than corporate Commonwealth entities	42	59
Appropriation transfers to OPA		
Transfers to OPA	(105,519)	(79,696)
Closing assets less liabilities as at 30 June	<u>537</u>	<u>733</u>

The above schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by the Entity for use by the Government rather than the Entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Entity on behalf of the Government and reported as such in the schedule of administered cashflows and in the administered reconciliation schedule.

Administered Cash Flow Statement
for the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees		79,791	79,395
Fines		25,712	242
GST received		46	62
Total cash received		105,549	79,699
Cash used			
Suppliers		458	644
Refunds of fees		839	422
Other		-	2
Total cash used		1,297	1,068
Net cash from operating activities		104,252	78,631
Net increase in cash held		104,252	78,631
Cash from Official Public Account for:			
Appropriations		1,297	1,068
Total cash from official public account		1,297	1,068
Cash to Official Public Account for:			
Transfer to OPA		(105,519)	(79,696)
Total cash to official public account		(105,519)	(79,696)
Cash and cash equivalents at the beginning of the reporting period		106	103
Cash and cash equivalents at the end of the reporting period	4.1A	136	106
The above statement should be read in conjunction with the accompanying notes.			

Overview

The Federal Court of Australia listed entity (the Entity) is a non-corporate Commonwealth listed entity for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It is established under section 18ZB of the *Federal Court of Australia Act 1976* (Cth).

Appropriations made by the Federal Parliament for the purposes of the Federal Court of Australia, the Federal Circuit and Family Court of Australia (Division 1) (previously the Family Court of Australia) and the Federal Circuit and Family Court of Australia (Division 2) (previously the Federal Circuit Court of Australia) (all of which are courts established pursuant to Chapter III of the Commonwealth Constitution), as well as the National Native Title Tribunal, are made to the Entity, which is accountable for the financial management of those appropriations.

The objectives of the Entity include the provision of corporate services in support of the operations of the Federal Court of Australia, Federal Circuit and Family Court of Australia (Division 1), the Federal Circuit and Family Court of Australia (Division 2) and the National Native Title Tribunal.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The Financial Statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

All new/revised/amending accounting standards and or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Entity's financial statements.

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the Entity.

Taxation

The Entity is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events after the Reporting Period

Departmental

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Entity.

Administered

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Entity.

1. Financial Performance

This section analyses the financial performance of the Federal Court of Australia (the Entity) for the year ended 30 June 2022.

1.1 Expenses

	2022	2021
	\$'000	\$'000
Note 1.1A: Judicial and Employee Benefits		
Judges remuneration	69,095	67,291
Judicial superannuation defined contribution	4,308	3,916
Judges notional superannuation	36,057	34,544
Total judge benefits	109,460	105,751
Wages and salaries	104,125	93,384
Superannuation		
Defined contribution plans	13,540	11,222
Defined benefit plans	4,914	4,869
Leave and other entitlements	13,772	13,366
Separation and redundancies	2,577	1,131
Total employee benefits	138,928	123,972
Total judge and employee benefits	248,388	229,723

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

	2022	2021
	\$'000	\$'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
IT services	6,969	10,012
Consultants	1,092	540
Contractors	1,716	1,131
Property operating costs	10,801	10,844
Courts operation and administration	11,998	11,257
Travel	3,522	2,684
Library purchases	4,740	4,414
Other	6,412	7,432
Total goods and services supplied or rendered	47,250	48,314
Goods supplied	4,830	7,326
Services rendered	42,420	40,988
Total goods and services supplied or rendered	47,250	48,314
Other suppliers		
Short-term leases	265	(786)
Property resources received free of charge	43,686	43,210
Workers compensation expenses	1,568	1,291
Total other suppliers	45,519	43,715
Total suppliers	92,769	92,029

The Entity has short-term lease commitments of \$27,391 as at 30 June 2022.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 3.2A and 3.4A.

Accounting Policy**Short-term leases and leases of low-value assets**

The Entity has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000).

	2022	2021
	\$'000	\$'000
Note 1.1C: Finance Costs		
Interest on lease liabilities - buildings	1,512	1,686
Interest on lease liabilities - plant and equipment	17	29
Unwinding of discount - make good	(499)	(187)
Total finance costs	<u>1,030</u>	<u>1,528</u>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 3.2A and 3.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

	2022	2021
	\$'000	\$'000
Note 1.1D: Impairment Loss on Financial Instruments		
Impairment on financial instruments	<u>8</u>	<u>(22)</u>
Total impairment loss on financial instruments	<u>8</u>	<u>(22)</u>
	2022	2021
	\$'000	\$'000
Note 1.1E: Write-Down and Impairment of Other Assets		
Impairment of inventories	25	23
Impairment of plant and equipment	162	4
Impairment on buildings	<u>859</u>	<u>192</u>
Total write-down and impairment of other assets	<u>1,046</u>	<u>219</u>

1.2 Own-Source Revenue and Gains

	2022	2021
	\$'000	\$'000
Own-Source Revenue		
Note 1.2A: Revenue from contracts with customers		
Sale of goods	-	1
Rendering of services	<u>1,466</u>	<u>2,629</u>
Total revenue from contracts with customers	<u>1,466</u>	<u>2,630</u>
Disaggregation of revenue from contracts with customers		
Court administration services	364	466
NZ Aid funded program revenue	573	1,373
Government related services	529	790
Others	<u>-</u>	<u>1</u>
Total	<u>1,466</u>	<u>2,630</u>

	2022	2021
	\$'000	\$'000
Note 1.2B: Other Revenue		
Resources received free of charge		
Rent in Commonwealth Law Courts buildings	43,686	43,210
Remuneration of auditors	125	125
Other	615	1,579
Total other revenue	44,426	44,914

Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer. Revenue is recognised by the Entity under *AASB 15* when the following occurs:

- a contract is identified and each party is committed to perform its obligations;
- the rights and payment terms can be identified; and
- it is probable that the Entity will collect the consideration under the contract when goods or services have been provided.

The Entity identifies its performance obligations in each contract and determines when they have been satisfied. Revenue is recognised at the time performance obligations have been met.

The following is a description of the principal activities from which the Entity generates its revenue:

Court administration services. Revenue is recognised when the goods or services are provided to the customer.

Government related services. Revenue is recognised at the time the service is provided.

Services provided to the New Zealand Government. The Entity has defined performance obligations under the contract with New Zealand, with clearly identified milestones identified in the contract. Revenue is recognised when those performance obligations have been reached.

The transaction price is the total amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. The Entity has not been required to apply the practical expedient on AASB 15.121. There is no consideration from contracts with customers that is not included in the transaction price.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when the collection of the debt is no longer probable.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

	2022	2021
	\$'000	\$'000
Note 1.2C: Other Gains		
Liabilities assumed by other agencies	36,057	34,545
Other	7	344
Total other gains	36,064	34,889

Accounting Policy*Liabilities assumed by other agencies*

Liabilities assumed by other agencies refers to the notional cost of judicial pensions as calculated by actuaries on behalf of the Department of Finance.

	2022	2021
	\$'000	\$'000
Note 1.2D: Revenue from Government		
Appropriations		
Departmental appropriation	<u>298,390</u>	<u>275,748</u>
Total revenue from Government	<u>298,390</u>	<u>275,748</u>

Accounting Policy*Revenue from Government*

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Entity gains control of the appropriation except for certain amounts that related to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the Federal Court of Australia (the Entity) does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered – Expenses

	2022	2021
	\$'000	\$'000
Note 2.1A: Suppliers		
Services rendered		
Supply of primary dispute resolution services	373	612
Total suppliers	373	612
Note 2.1B: Impairment Loss on Financial Instruments		
Impairment of trade and other receivables	1,532	3,437
Total impairment loss on financial instruments	1,532	3,437
Note 2.1C: Other Expenses		
Refunds of fees	839	422
Total other expenses	839	422

2.2 Administered – Income

	2022	2021
	\$'000	\$'000
Note 2.2A: Fees and Fines		
Revenue		
Non-Taxation Revenue		
Hearing Fees	6,766	7,681
Filing and Setting Down Fees	74,292	75,341
Fines	25,712	242
Total fees and fines	106,770	83,264

Accounting Policy

All administered revenues are revenues relating to the course of ordinary activities performed by the Federal Court of Australia, the Federal Circuit and Family Court of Australia (Division 1) and the Federal Circuit and Family Court of Australia (Division 2) on behalf of the Australian Government. As such administered revenues are not revenues of the Entity. Fees are charged for access to the Entity's services. Administered fee revenue is recognised when the service occurs.

Revenue from fines is recognised when a fine is paid to the Entity on behalf of the Government. Fees and Fines are recognised at their nominal amount due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Impairment allowances are made based on historical rates of default.

3. Financial Position

This section analyses the Federal Court of Australia (the Entity) assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2022	2021
	\$'000	\$'000
Note 3.1A: Cash and Cash Equivalents		
Cash at bank	1,591	1,219
Cash on hand	16	15
Total cash and cash equivalents	1,607	1,234
	2022	2021
	\$'000	\$'000
Note 3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	259	182
Total goods and services receivables	259	182
Appropriation receivables		
Appropriation receivables - operating	118,152	111,212
Appropriation receivables - departmental capital budget	26,726	21,980
Total appropriation receivables	144,878	133,192
Other receivables		
Statutory receivables (GST)	1,043	800
Total other receivables	1,043	800
Total trade and other receivables (gross)	146,180	134,174
Less impairment loss allowance	(1)	(1)
Total trade and other receivables (net)	146,179	134,173

Credit terms for goods and services were within 30 days (2021: 30 days)

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2022			
	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
As at 1 July 2021	1	-	1
Amounts written off	-	-	-
Amounts recovered and reversed	-	-	-
Total as at 30 June 2022	1	-	1
Movements in relation to 2021			
	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
As at 1 July 2020	22	-	22
Amounts written off	-	-	-
Increase/decrease recognised in net surplus	(21)	-	(21)
Total as at 30 June 2021	1	-	1

Accounting PolicyFinancial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Impairment loss allowance

Financial assets are assessed for impairment at the end of each reporting period.

3.2 Non-Financial Assets**Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles**

	Buildings - Leasehold Improvements	Plant and equipment	Computer software ¹	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2021				
Gross book value	210,863	37,251	34,922	283,036
Accumulated depreciation, amortisation and impairment	(46,562)	(7,335)	(25,448)	(79,345)
Total as at 1 July 2021	164,301	29,916	9,474	203,691
Additions				
Purchase or internally developed	9,511	3,878	2,684	16,073
Right-of-use assets	6,407	2,381	-	8,788
Depreciation and amortisation	(6,826)	(5,221)	(2,533)	(14,580)
Depreciation on right-of-use assets	(18,171)	(1,941)	-	(20,112)
Disposals on right-of-use assets	-	(92)	-	(92)
Disposals and impairment - other	(859)	(162)	-	(1,021)
Right-of-use asset reclassification	-	-	-	-
Total as at 30 June 2022	154,363	28,759	9,625	192,747
Total as at 30 June 2022 represented by				
Gross book value	225,181	40,914	33,939	300,034
Accumulated depreciation and impairment	(70,818)	(12,155)	(24,314)	(107,287)
Total as at 30 June 2022	154,363	28,759	9,625	192,747
Carrying amount of right-of-use assets	121,797	3,226	-	125,023

1. No property, plant and equipment and intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy. On 30 June 2020, an independent valuer conducted the revaluations and management conducted a review of the underlying drivers of the independent valuation. A desktop assurance review was undertaken during June 2022 by an external provider to provide assurance on the appropriateness of current non-financial asset carrying amounts.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Capital commitments for property, plant and equipment are \$4.047 million (2021: \$0.236 million). Plant and equipment commitments were primarily contracts for purchases of furniture and IT equipment.

Accounting Policy*Property, plant and equipment*

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases of assets costing less than \$2,000, which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Entity where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Entity's leasehold improvements with a corresponding provision for the 'make good' recognised.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the Entity has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Services and Whole of Government financial statements.

Revaluations

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

The Entity's assets were independently valued during 2019-20. The valuer has stated in their report that the impact of COVID-19 has introduced significant valuation uncertainty due to rapidly changing economic conditions and a noted reduction in transactional evidence on which to base valuation advice. A materiality review of the carrying value of the Entity's assets was performed in 2021-22 by an external valuer. No change to the carrying value was made after the receipt of this review.

Accounting Policy (continued)Depreciation

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

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation and amortisation rates for each class of depreciable asset are based on the following useful lives:

2022	2021		
Leasehold improvements	10 to 20 years or lease term	10 to 20 years or lease term	
Plant and equipment – excluding library materials	3 to 100 years	3 to 100 years	
Plant and equipment – library materials	5 to 10 years	5 to 10 years	

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2022. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Entity's intangibles comprise externally and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life of 5 years (2021: 5 years).

	2022	2021
	\$'000	\$'000
Note 3.2B: Inventories		
Inventories held for distribution	<u>3</u>	<u>31</u>
Total inventories	<u>3</u>	<u>31</u>

During 2021-22, \$25,184 of inventory was recognised as an expense (2021: \$22,700).

Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores - purchase cost on a first-in-first-out basis; and
- b) finished goods and work in progress - cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

3.3 Payables

	2022	2021
	\$'000	\$'000

Note 3.3A: Suppliers

Trade creditors and accruals	7,145	9,075
Total suppliers	7,145	9,075

Settlement was usually made within 30 days.

Note 3.3B: Other Payables

Salaries and wages	2,502	1,925
Superannuation	425	320
Separations and redundancies	1,513	764
Unearned income	83	217
Other	867	874
Total other payables	5,390	4,100

3.4 Interest Bearing Liabilities

	2022	2021
	\$'000	\$'000

Note 3.4A: Leases

Lease Liabilities		
Buildings	126,898	138,842
Plant and equipment	3,229	2,878
Total leases	130,127	141,720

Maturity analysis - contractual undiscounted cash flows

Within 1 year	441	1,093
Between 1 to 5 years	37,878	39,049
More than 5 years	91,808	101,578
Total leases	130,127	141,720

Total cash outflow for leases for the year ended 30 June 2022 was \$19.209m. (2021: \$18.217m)

The Entity in its capacity as lessee has leases in the nature of office buildings and motor vehicles leases. All buildings, for both commercial and special purpose Court building leases, include annual fixed rent increases and CPI rent increases where applicable. 8 of those leases have an option to renew at the end of the lease period. Motor vehicle leases relates to the provision of motor vehicles to Judges and Senior Executive Officers. There are no renewal options available to the Entity.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D and 3.2A.

Accounting Policy

For all new contracts entered into, the Entity considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

3.5 Other Provisions		
	2022	2021
	\$'000	\$'000
Note 3.5A: Other Provisions		
Provision for restoration obligations	3,754	4,253
Total other provisions	3,754	4,253
	Provision for restoration	Total
	\$'000	\$'000
As at 1 July 2021	4,253	4,253
Additional provisions made	-	-
Unwindings of discount or change in discount rate	(499)	(499)
Total as at 30 June 2022	3,754	3,754

4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to generate financial performance and the operating liabilities incurred as a result. The Federal Court of Australia (the Entity) does not control but administers these assets on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered – Financial Assets

	2022	2021
	\$'000	\$'000

Note 4.1A: Cash and Cash Equivalents

Cash on hand or on deposit	136	106
Total cash and cash equivalents	136	106

Credit terms for goods and services receivable were in accordance with the Federal Courts Legislation Amendment (Fees) Regulation 2015 and the Family Law (Fees) Regulation 2012.

Note 4.1B: Trade and Other Receivables

Goods and services receivables	5,463	6,884
Total goods and services receivables	5,463	6,884

Other receivables

Statutory receivable (GST)	2	6
Total other receivables	2	6
Total trade and other receivables (gross)	5,465	6,890

Less impairment loss allowance account:

Goods and services	(4,595)	(5,788)
Total impairment loss allowance	(4,595)	(5,788)
Total trade and other receivables (net)	870	1,102

Accounting Policy

Trade and other receivables

Collectability of debts is reviewed on an ongoing basis and at the end of the reporting period. The Entity use its best endeavours to ensure Court Fees are paid in a timely manner. However, due to the nature of the fees some debts are inherently difficult to collect and result in an impairment loss allowance. The impairment loss allowance is calculated based on the Entity's historical rate of debt collection. Credit terms for services were within 30 days (2021: 30 days).

4.2 Administered – Payables

	2022	2021
	\$'000	\$'000

Note 4.2A: Suppliers

Trade creditors and accruals	15	58
Total supplier payables	15	58

The contract liabilities are associated with family dispute resolution services.

Note 4.2B: Other Payables

Unearned income	454	417
Total other payables	454	417

5. Funding

This section identifies the Federal Court of Australia's (the Entity) funding structure.

5.1 Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2022

	Annual Appropriation ¹ \$'000	Adjustments to Appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2022 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	303,722	1,988	305,710	292,821	12,889
Capital Budget	14,009	-	14,009	14,236	(227)
Other services					
Equity Injections	7,525	-	7,525	2,552	4,973
Total departmental	325,256	1,988	327,244	309,609	17,635
Administered					
Ordinary annual services	925	-	925	416	509
Administered items					
Total administered	925	-	925	416	509

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Section 51 of the *PGPA Act* quarantined funds of \$1,102k for withdrawn criminal jurisdiction 2021-22 and \$4,230k for appropriations that were reappropriated between Entity outcomes during 2021-22.

2. Adjustments to appropriation have included receipts collected under Section 74 of the *PGPA Act*.

3. The variance in the expenditure for ordinary annual services is due to timing differences of payments.

Annual Appropriations for 2021

	Annual Appropriation ¹ \$'000	Adjustments to Appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	277,784	3,805	281,589	262,968	18,621
Capital Budget	12,145	-	12,145	15,543	(3,398)
Other services					
Equity Injections	2,717	-	2,717	-	2,717
Total departmental	292,646	3,805	296,451	278,511	17,940
Administered					
Ordinary annual services	885	-	885	586	299
Administered items	885	-	885	586	299
Total administered					

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Section 51 of the *PGPA Act* quarantined funds of \$2,338k for withdrawn criminal jurisdiction 2019-20 and \$723k of expired appropriation from the 2017-18 year.
2. Adjustments to appropriation have included receipts collected under Section 74 of the *PGPA Act* and Section 51 quarantined funds.
3. The variance in the expenditure for ordinary annual services is due to timing differences of payments.

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2022	2021
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2018-19	-	2,827
Appropriation Act (No. 1) 2019-20 - Departmental Capital Budget (DCB)	-	11,555
Supply Act (No. 1) 2019-20 - Departmental Capital Budget (DCB)	-	1,136
Appropriation Act (No. 1) 2020-21 - Operating	-	81,116
Appropriation Act (No. 1) 2020-21 - Departmental Capital Budget (DCB)	5,027	5,060
Supply Act (No. 1) 2020-21 - Operating	-	29,305
Supply Act (No. 1) 2020-21 - Departmental Capital Budget (DCB)	-	1,512
Appropriation Act (No. 2) 2020-21 - Equity Injections	165	2,717
Appropriation Act (No. 1) 2021-22 – Operating ¹	122,247	-
Appropriation Act (No. 1) 2021-22 - Departmental Capital Budget (DCB)	14,009	-
Appropriation Act (No. 3) 2021-22 - Operating	1,236	-
Appropriation Act (No. 2) 2021-22 - Equity Injections	4,531	-
Appropriation Act (No. 4) 2021-22 - Equity Injections	2,994	-
Cash at bank	1,607	1,234
Total departmental	151,817	136,462
Administered		
Appropriation Act (No 1) 2020-21	-	299
Appropriation Act (No 2) 2021-22	509	-
Total administered	509	299

1. Section 51 of the *PGPA Act* quarantined funds of \$1,102k for withdrawn criminal jurisdiction 2021-22 and \$4,230k for appropriations that were reappropriated between Court outcomes during 2021-22.

Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

	Appropriation applied	
	2022	2021
	\$'000	\$'000
Authority		
Public Governance, Performance and Accountability Act 2013, Section 77, Administered	839	424
Total special appropriations applied	839	424

5.2 Special Accounts

Note 5.2A: Special Accounts ('Recoverable GST exclusive')

	Departmental		Administered			
	Services for other entities and Trust Moneys Special Account ¹		Federal Court Of Australia Litigants Fund Special Account ²		Family Court and Federal Circuit Court Litigants Fund Special Account ³	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	10	8	44,980	32,415	5,349	2,946
Increases	86	292	37,313	49,079	2,452	3,131
Total increases	86	292	37,313	49,079	2,452	3,131
Available for payments	96	300	82,293	81,494	7,801	6,077
Decreases						
Departmental	76	290	-	-	-	-
Administered	-	-	36,104	36,514	5,429	728
Total decreases	76	290	36,104	36,514	5,429	728
Total balance carried to the next period	20	10	46,189	44,980	2,372	5,349
Balance represented by:						
Cash held in Entity bank accounts	20	10	46,189	44,980	2,372	5,349
Cash held in the Official Public Account	-	-	-	-	-	-
Total balance carried to the next period	20	10	46,189	44,980	2,372	5,349

1. Appropriation: *Public Governance Performance and Accountability Act* section 78. Establishing Instrument: *FMA Determination 2012/11*. Purpose: To disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth.

2. Appropriation: *Public Governance Performance and Accountability Act* section 78. Establishing Instrument: *PGPA Act Determination (Establishment of FCA Litigants' Fund Special Account 2017)*. Purpose: The purpose of the Federal Court of Australia Litigants' Fund Special Account in relation to which amounts may be debited from the Special Account are:

a) In accordance with:

- (i) An order of the Federal Court of Australia or a Judge of that Court under Rule 2.43 of the Federal Court Rules; or
- (ii) A direction of a Registrar under that Order; and
- b) In any other case in accordance with the order of the Federal Court of Australia or a Judge of that Court.

3. Appropriation: *Public Governance Performance and Accountability Act* section 78. Establishing Instrument: *Determination 2013/06*.

The Finance Minister has issued a determination under Subsection 20(1) of the FMA ACT 1997 (repealed) establishing the Federal Court of Australia Litigants' Fund Special Account when the Federal Circuit Court of Australia and Family Court of Australia merged on 1 July 2014.

Purpose: Litigants Fund Special Account

- (a) for amounts received in respect of proceedings of the Federal Circuit and Family Court of Australia (Division 1) or the Federal Circuit and Family Court of Australia (Division 2);
- (b) for amounts received in respect of proceedings that have been transferred from another court to Federal Circuit and Family Court of Australia (Division 1) or the Federal Circuit and Family Court of Australia (Division 2);
- (c) for amounts received from the Family Court of Australia Litigants' Fund Special Account or the Federal Magistrates Court Litigants' Fund Special Account;
- (d) to make payments in accordance with an order (however described) made by a court under the Family Law Act 1975, the Federal Circuit and Family Court of Australia (Division 1), or a Judge of that Court;
- (e) to make payments in accordance with an order (however described) made by a court under the Federal Circuit Court of Australia Act 1999 (formerly the Federal Magistrates Act 1999), the Federal Circuit and Family Court of Australia (Division 2), or a Judge of that Court;
- (f) to repay amounts received by the Commonwealth and credited to this Special Account where an Act of Parliament or other law requires or permits the amount to be repaid; and
- g) to reduce the balance of this Special Account without making a real or notional payment.

4. The closing balance of the Services for Other Entities and Trust Moneys Special Account includes amounts held in trust of \$20,000 in 2022 and \$10,000 in 2021. The closing balance of the Federal Court Of Australia Litigants Fund Special Account² includes amounts held in trust of \$46.189m in 2022 and \$44.980m in 2021. The closing balance of the Family Court and Federal Circuit Court Litigants Fund Special Account³ includes amounts held in trust of \$2.372m in 2022 and \$5.349m in 2021.

Note 5.2B: Trust Money Special Accounts

The Entity holds funds in bank accounts on behalf of parties to Court matters. These amounts are held for the benefit of litigants and are only payable by order of the Court.

	2022	2021
	\$'000	\$'000
Litigants Fund Accounts		
As at 1 July	50,338	35,369
Receipts	39,851	52,501
Payments	<u>(41,609)</u>	<u>(37,532)</u>
Total as at 30 June	<u>48,580</u>	<u>50,338</u>
Total monetary assets held in trust	<u>48,580</u>	<u>50,338</u>

5.3 Net Cash Appropriation Arrangements

	2022	2021
	\$'000	\$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	2,413	(1,001)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)	14,580	15,167
Plus: depreciation of right-of-use assets	20,112	20,538
Less: lease principal repayments	<u>(19,209)</u>	<u>(18,217)</u>
Net Cash Operating Surplus/ (Deficit)	<u>17,896</u>	<u>16,487</u>

6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions

	2022	2021
	\$'000	\$'000
Note 6.1A: Employee Provisions		
Leave	31,793	32,471
Judges leave	<u>28,810</u>	<u>34,917</u>
Total employee provisions	<u>60,603</u>	<u>67,388</u>

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term judge and employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for annual leave and long service leave has been determined by reference to the work of an actuary as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The Entity's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Entity makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

Judges' pension

Under the *Judges' Pension Act 1968*, Federal Court and Federal Circuit and Family Court of Australia (Division 1) Judges are entitled to a non-contributory pension upon retirement after at least 10 years service. As the liability for these pension payments is assumed by the Australian Government, the Entity has not recognised a liability for unfunded superannuation liability. The Entity does, however, recognise a revenue and corresponding expense item, "Liabilities assumed by other agencies", in respect of the notional amount of the employer contributions to Judges' pensions for the reporting period amounting to \$36.06 million (2021: \$34.54 million). The contribution rate has been provided by the Department of Finance following an actuarial review.

6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including any director (whether executive or otherwise) of that Entity. The Entity has determined the key management personnel to be the Chief Justices and the Chief Executive Officers of the Federal Court of Australia, Federal Circuit and Family Court of Australia (Division 1), the Federal Circuit and Family Court of Australia (Division 2), the President and Registrar of the National Native Title Tribunal and the Executive Director of Corporate Services.

Note 6.2A: Key Management Personnel Remuneration

	2022	2021
	\$'000	\$'000
Short-term employee benefits	3,079	3,123
Post-employment benefits	1,084	1,083
Other long-term employee benefits	150	150
Total key management personnel remuneration expenses	4,313	4,356

The total number of key management personnel that are included in the above table is 8 (2021: 8).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Entity.
2. The above key management personnel remuneration includes remuneration for the Chief Justice of the Federal Court of Australia and the Chief Justice of the Federal Circuit and Family Court of Australia, totalling \$2.124m. The Chief Justices are not officials of the Entity but are responsible for managing the administrative affairs of the Courts under the *Federal Court of Australia Act 1976* and the *Federal Circuit and Family Court of Australia Act 2021*.

6.3 Related Party Disclosures

Related party relationships:

The Entity is an Australian Government controlled entity within the Attorney-General's portfolio. Related parties to the Entity are Key Management Personnel including the Portfolio Minister and Executive and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher educational loans. These transactions have not been separately disclosed in this note. Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the Entity, it has been determined that there are no related party transactions to be separately disclosed.

The Entity has no transactions with related parties to disclose as at 30 June 2022 (2021: none).

7. Managing Uncertainties

This section analyses how the Federal Court of Australia (the Entity) manages financial risks within its operating environment.

7.1 Contingent Liabilities and Assets

Note 7.1A: Contingent Liabilities and Assets

Quantifiable Contingencies

The Federal Court of Australia (the Entity) has nil quantifiable contingent assets or liabilities as at 30 June 2022 (2021: none).

Unquantifiable Contingencies

The Federal Court of Australia (the Entity) has nil unquantifiable contingent assets or liabilities as at 30 June 2022 (2021: none).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Note 7.1B: Administered Contingent Assets and Liabilities

The Entity has nil quantifiable or unquantifiable administered contingent liabilities or assets as at 30 June 2022 (2021: none).

7.2 Financial Instruments

	2022	2021
	\$'000	\$'000
Note 7.2A: Categories of Financial Instruments		
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	1,607	1,234
Trade and other receivables	258	181
Total financial assets at amortised cost	1,865	1,415
Total financial assets	1,865	1,415
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	7,145	9,075
Total financial liabilities	7,145	9,075

Accounting Policy

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the Entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the Entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition.

Financial assets are recognised when the Entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Accounting Policy (continued)**Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

7.3 Administered – Financial Instruments

	2022	2021
	\$'000	\$'000

Note 7.3A: Categories of Financial Instruments

Financial assets at amortised cost		
Cash and cash equivalents	136	106
Other receivables	870	1,102
Total financial assets at amortised cost	1,006	1,208
Total financial assets	1,006	1,208

	2022	2021
	\$'000	\$'000

Note 7.3B: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost		
Interest expense	1,529	1,715
Net gains/(losses) on financial liabilities measured at amortised cost	1,529	1,715

7.4 Fair Value Measurement

Accounting Policy

AASB 2015-7 provides relief for not-for-profit public sector entities from making certain specified disclosures about the fair value measurement of assets measured at fair value and categorised within Level 3 of the fair value hierarchy.

Valuations are performed regularly so as to ensure that the carrying amount does not materially differ from fair value at the reporting date. A valuation was made by an external valuer in 2020. The Entity reviews the method used by the valuer annually.

Note 7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2022	2021
	\$'000	\$'000
Non-financial assets		
Leasehold improvements	32,566	30,741
Plant and equipment	25,533	27,070

The Entity's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of these assets is considered to be the highest and best use.

There have been no transfers between the levels of the hierarchy during the year. The Entity deems transfers between levels of the fair value hierarchy to have occurred when advised by an independent valuer or a change in the market for particular items.

8. Other Information

This section provides other disclosures relevant to the Federal Court of Australia (the Entity) financial information environment for the year.

8.1 Current/ non-current distinction for assets and liabilities

	2022	2021
	\$'000	\$'000
Note 8.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	1,607	1,234
Trade and other receivables	146,178	134,131
Prepayments	3,950	3,763
Inventories	3	-
Total no more than 12 months	151,738	139,128
More than 12 months		
Trade and other receivables	1	42
Buildings	154,363	164,301
Plant and equipment	28,759	29,916
Computer software	9,625	9,474
Inventories	-	31
Prepayments	9	-
Total more than 12 months	192,757	203,764
Total assets	344,495	342,892
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	7,145	9,075
Other payables	5,306	3,980
Leases	440	1,092
Employee provisions	16,142	16,831
Other provisions	1,128	917
Total no more than 12 months	30,161	31,895
More than 12 months		
Other payables	84	120
Leases	129,687	140,628
Employee provisions	44,461	50,557
Other provisions	2,626	3,336
Total more than 12 months	176,858	194,641
Total liabilities	207,019	226,536

	2022	2021
	\$'000	\$'000
<u>Note 8.1B: Administered - Current/non-current distinction for assets and liabilities</u>		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	136	106
Taxation receivables		
Trade and other receivables	870	1,102
Asset held for sale	-	-
[Disclose by asset disclosure]	-	-
Total no more than 12 months	1,006	1,208
More than 12 months		
Trade and other receivables	-	-
Land and buildings	-	-
Heritage and cultural	-	-
Plant and equipment	-	-
Computer software	-	-
Other intangibles	-	-
[Disclose by asset disclosure]	-	-
Total more than 12 months	-	-
Total assets	1,006	1,208
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	15	58
Subsidies	-	-
Grants	-	-
Personal benefits	-	-
Other payables	454	417
Loans	-	-
Leases	-	-
Employee provisions	-	-
Other provisions	-	-
[Disclose by liability disclosure]	-	-
Total no more than 12 months	469	475
More than 12 months		
Suppliers	-	-
Loans	-	-
Leases	-	-
Employee provisions	-	-
Other provisions	-	-
[Disclose by liability disclosure]	-	-
Total more than 12 months	-	-
Total liabilities	469	475