



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 2023:

- (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 2023 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 2023 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Financial 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 Chief Executive Officer 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

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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
12 September 2023

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 Financial Officer of the Federal Court of Australia

In our opinion, the attached financial statements for the period ended 30 June 2023 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.....

Alison Legge

Acting Chief Executive Officer and Principal Registrar

7th September 2023

Signed

Attilio Martiniello

Chief Financial Officer

7th September 2023

Statement of Comprehensive Income
for the period ended 30 June 2023

		2023	2022	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Judicial benefits	1.1A	117,415	109,460	118,957
Employee benefits	1.1A	155,082	138,928	154,343
Suppliers	1.1B	99,621	92,769	94,312
Depreciation and amortisation	3.2A	37,067	34,692	36,980
Finance costs	1.1C	2,139	1,030	1,452
Impairment loss on financial instruments	1.1D	2	8	-
Write-down and impairment of assets	1.1E	-	1,046	-
Total expenses		411,326	377,933	406,044
Own-source income				
Own-source revenue				
Revenue from contracts with customers	1.2A	1,555	1,466	1,781
Resources received free of charge	1.2B	43,811	43,811	42,765
Other revenue	1.2B	436	615	-
Total own-source revenue		45,802	45,892	44,546
Other gains				
Liabilities assumed by other agencies		37,786	36,057	29,529
Other gains		16	7	-
Total gains	1.2C	37,802	36,064	29,529
Total own-source income		83,604	81,956	74,075
Net (cost of)/contribution by services		(327,722)	(295,977)	(331,969)
Revenue from Government	1.2D	315,438	298,390	315,438
Surplus/(Deficit) on continuing operations		(12,284)	2,413	(16,531)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		4,570	-	-
Total comprehensive income / (loss)		(7,714)	2,413	(16,531)

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

Statement of Comprehensive Income
for the period ended 30 June 2023

Budget Variances Commentary

Statement of Comprehensive Income

Judicial benefits

Judicial benefits are lower than budgeted due to judicial vacancies throughout 2022-2023.

Suppliers

Supplier expenses are greater than budget due to inflationary pressures increasing information technology and airfare costs.

Revenue from contracts with customers

The Entity received lower revenue than was anticipated in relation to its International Programs work. Reimbursements from the Administrative Appeals Tribunal were also lower than budgeted.

Liabilities assumed by other agencies

The gain received in relation to notional judicial superannuation costs was higher than budget 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.

Statement of Financial Position
as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	1,191	1,607	2,127
Trade and other receivables	3.1B	138,328	146,179	146,093
Total financial assets		139,519	147,786	148,220
Non-financial assets¹				
Buildings	3.2A	169,537	154,363	147,910
Plant and equipment	3.2A	36,235	28,759	29,276
Computer software	3.2A	10,860	9,625	8,860
Inventories	3.2B	-	3	3
Prepayments		5,534	3,959	3,959
Total non-financial assets		222,166	196,709	190,008
Total assets		361,685	344,495	338,228
LIABILITIES				
Payables				
Suppliers	3.3A	5,941	7,145	6,546
Other payables	3.3B	4,488	5,390	3,748
Total payables		10,429	12,535	10,294
Interest bearing liabilities				
Leases	3.4A	138,554	130,127	126,212
Total interest bearing liabilities		138,554	130,127	126,212
Provisions				
Employee provisions	6.1A	63,002	60,603	62,372
Other provisions	3.5A	5,287	3,754	3,754
Total provisions		68,289	64,357	66,126
Total liabilities		217,272	207,019	202,632
Net assets		144,413	137,476	135,596
EQUITY				
Contributed equity		167,955	153,304	167,955
Reserves		17,414	12,844	12,844
Accumulated deficit		(40,956)	(28,672)	(45,203)
Total equity		144,413	137,476	135,596

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 2023

Budget Variances Commentary

Statement of Financial Position

Trade and other receivables

Appropriation receivable is lower than budgeted due primarily to capital spending on projects which were delayed in 2021-2022.

Non-Financial Assets

Non financial assets are higher than budgeted as a result of new lease agreements that were entered into, and the impact of the asset revaluation undertaken in 2022-2023.

Leases

Lease liabilities are higher than budgeted due to the signing of new lease agreements.

Statement of Changes in Equity
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		153,304	131,770	153,304
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		-	-	-
Transactions with owners				
Distributions to owners				
Contributions by owners				
Equity injection - appropriation		-	7,525	-
Departmental capital budget		14,651	14,009	14,651
Total transactions with owners		14,651	21,534	14,651
Closing balance as at 30 June		167,955	153,304	167,955
RETAINED EARNINGS/(ACCUMULATED DEFICIT)				
Opening balance				
Balance carried forward from previous period		(28,672)	(28,258)	(28,672)
Comprehensive income				
Surplus/(Deficit) for the period		(12,284)	2,413	(16,531)
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		(12,284)	2,413	(16,531)
Transactions with owners				
Distributions to owners				
Expired appropriation 2018-19		-	(2,827)	-
Closing balance as at 30 June		(40,956)	(28,672)	(45,203)
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		12,844	12,844	12,844
Adjusted opening balance		12,844	12,844	12,844
Comprehensive income				
Other comprehensive income		4,570	-	-
Total comprehensive income/(loss)		4,570	-	-
Closing balance as at 30 June		17,414	12,844	12,844

Statement of Changes in Equity
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		137,476	116,356	137,476
Comprehensive income				
Surplus/(Deficit) for the period		(12,284)	2,413	(16,531)
Other comprehensive income		4,570	-	-
Total comprehensive income/(loss)		(7,714)	2,413	(16,531)
Transactions with owners				
Distributions to owners				
Quarantined funds		-	(2,827)	-
Contributions by owners				
Equity injection - appropriation		-	7,525	-
Departmental capital budget		14,651	14,009	14,651
Total transactions with owners		14,651	18,707	14,651
Closing balance as at 30 June		144,413	137,476	135,596

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 impact of the asset revaluation along with the lower than expected deficit has resulted in an improved equity position compared with budget.

Cash Flow Statement*for the period ended 30 June 2023*

	2023	2022	Original
Notes	\$'000	\$'000	Budget
			\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	313,635	290,611	315,524
Sales of goods and rendering of services	1,242	1,306	1,781
GST received	9,265	7,757	-
Other	436	674	-
Total cash received	324,578	300,348	317,305
Cash used			
Employees	232,530	217,595	243,771
Suppliers	68,924	59,661	52,019
Interest payments on lease liabilities	2,213	1,529	1,452
Section 74 receipts transferred to OPA	1,422	1,988	-
Total cash used	305,089	280,773	297,242
Net cash from/(used by) operating activities	19,489	19,575	20,063
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	16	7	-
Total cash received	16	7	-
Cash used			
Purchase of property, plant and equipment	21,047	13,389	13,745
Purchase of intangibles	4,824	2,684	-
Total cash used	25,871	16,073	13,745
Net cash from/(used by) investing activities	(25,855)	(16,066)	(13,745)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	26,076	16,788	14,651
Total cash received	26,076	16,788	14,651
Cash used			
Repayment of borrowings	205	715	
Principal payments of lease liabilities	19,921	19,209	20,449
Total cash used	20,126	19,924	20,449
Net cash from/(used by) financing activities	5,950	(3,136)	(5,798)
Net increase / (decrease) in cash held	(416)	373	520
Cash and cash equivalents at the beginning of the reporting period	1,607	1,234	1,607
Cash and cash equivalents at the end of the reporting period	1,191	1,607	2,127
	3.1A		

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

Cash Flow Statement*for the period ended 30 June 2023***Budget Variances Commentary****Statement of Cash Flow Statement***Cash used for investing activities and Contributed equity*

Asset purchases were higher than expected due to finalisation of software development projects and completion of building projects which had been delayed in the prior year.

Administered Schedule of Comprehensive Income
for the period ended 30 June 2023

		2023	2022	Original
	Notes	\$'000	\$'000	Budget
				\$'000
NET COST OF SERVICES				
Expenses				
Suppliers	2.1A	785	373	926
Impairment loss on financial instruments	2.1B	2,397	1,532	3,550
Other expenses - refunds of fees	2.1C	649	839	900
Total expenses		3,831	2,744	5,376
Income				
Revenue				
Non-taxation revenue				
Fees and Fines	2.2A	87,907	106,770	99,663
Total non-taxation revenue		87,907	106,770	99,663
Total revenue		87,907	106,770	99,663
Total income		87,907	106,770	99,663
Net contribution by services		84,076	104,026	94,287
Total comprehensive income		84,076	104,026	94,287

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 from the prior year is primarily due to a single large fine that was received in the prior year.

Other expenses

Other expenses relate 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 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	4.1A	128	136	136
Trade and other receivables	4.1B	1,266	870	870
Total assets administered on behalf of Government		1,394	1,006	1,006
LIABILITIES				
Payables				
Suppliers	4.2A	61	15	15
Other payables	4.2B	472	454	454
Total liabilities administered on behalf of Government		533	469	469
Net assets/(liabilities)		861	537	537

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 2023

	2023	2022
	\$'000	\$'000
Opening assets less liabilities as at 1 July	537	733
Net contribution by services		
Income	87,907	106,770
Expenses		
Payments to entities other than corporate Commonwealth entities	(3,831)	(2,744)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	739	416
Special appropriations (unlimited) s77 PGPA Act repayments		
Payments to entities other than corporate Commonwealth entities	741	839
GST increase to appropriations s74 PGPA Act		
Payments to entities other than corporate Commonwealth entities	74	42
Appropriation transfers to OPA		
Transfers to OPA	(85,306)	(105,519)
Closing assets less liabilities as at 30 June	861	537

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 2023

	Notes	2023 \$'000	2022 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees		81,930	79,791
Fines		3,304	25,712
GST received		64	46
Total cash received		<u>85,298</u>	<u>105,549</u>
Cash used			
Suppliers		813	458
Refunds of fees		649	839
Other		92	-
Total cash used		<u>1,554</u>	<u>1,297</u>
Net cash from operating activities		<u>83,744</u>	<u>104,252</u>
Net increase in cash held		<u>83,744</u>	<u>104,252</u>
Cash from Official Public Account for:			
Appropriations		1,554	1,297
Total cash from official public account		<u>1,554</u>	<u>1,297</u>
Cash to Official Public Account for:			
Transfer to OPA		(85,306)	(105,519)
Total cash to official public account		<u>(85,306)</u>	<u>(105,519)</u>
Cash and cash equivalents at the beginning of the reporting period		136	106
Cash and cash equivalents at the end of the reporting period	4.1A	<u>128</u>	<u>136</u>
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.

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 2023.

1.1 Expenses

	2023	2022
	\$'000	\$'000
Note 1.1A: Judicial and Employee Benefits		
Judges remuneration	75,051	69,095
Judicial superannuation defined contribution	4,578	4,308
Judges notional superannuation	37,786	36,057
Total judge benefits	117,415	109,460
Wages and salaries	113,905	104,125
Superannuation		
Defined contribution plans	15,680	13,540
Defined benefit plans	4,879	4,914
Leave and other entitlements	18,759	13,772
Separation and redundancies	1,859	2,577
Total employee benefits	155,082	138,928
Total judge and employee benefits	272,497	248,388

Accounting Policy

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

	2023	2022
	\$'000	\$'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Audit fees (paid)	194	51
IT services	8,353	6,969
Consultants	853	1,092
Contractors	1,797	1,716
Property operating costs	11,741	10,801
Courts operation and administration	12,327	11,947
Travel	8,772	3,522
Library purchases	4,852	4,740
Other	6,042	6,412
Total goods and services supplied or rendered	54,931	47,250
Goods supplied	4,394	4,830
Services rendered	50,537	42,420
Total goods and services supplied or rendered	54,931	47,250
Other suppliers		
Short-term leases	122	265
Property resources received free of charge	43,686	43,686
Workers compensation expenses	882	1,568
Total other suppliers	44,690	45,519
Total suppliers	99,621	92,769

The Entity has short-term lease commitments of \$13,574 as at 30 June 2023.

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).

	2023	2022
	\$'000	\$'000
Note 1.1C: Finance Costs		
Interest on lease liabilities - buildings	2,157	1,512
Interest on lease liabilities - plant and equipment	56	17
Unwinding of discount - make good	(74)	(499)
Total finance costs	2,139	1,030

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.

	2023	2022
	\$'000	\$'000
Note 1.1D: Impairment Loss on Financial Instruments		
Impairment on financial instruments	2	8
Total impairment loss on financial instruments	2	8
Note 1.1E: Write-Down and Impairment of Other Assets		
Impairment of inventories	-	25
Impairment of plant and equipment	-	162
Impairment on buildings	-	859
Total write-down and impairment of other assets	-	1,046

1.2 Own-Source Revenue and Gains

	2023	2022
	\$'000	\$'000
Own-Source Revenue		
Note 1.2A: Revenue from contracts with customers		
Rendering of services	1,555	1,466
Total revenue from contracts with customers	1,555	1,466
Disaggregation of revenue from contracts with customers		
Court administration services	394	364
NZ Aid funded program revenue	-	573
Government related services	1,161	529
Total	1,555	1,466

	2023	2022
	\$'000	\$'000
Note 1.2B: Other Revenue		
Resources received free of charge		
Rent in Commonwealth Law Courts buildings	43,686	43,686
Remuneration of auditors	125	125
Other	436	615
Total other revenue	44,247	44,426

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.

	2023	2022
	\$'000	\$'000
Note 1.2C: Other Gains		
Liabilities assumed by other agencies	37,786	36,057
Other	16	7
Total other gains	37,802	36,064

Accounting PolicyLiabilities 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.

	2023	2022
	\$'000	\$'000
Note 1.2D: Revenue from Government		
Appropriations		
Departmental appropriations	<u>315,438</u>	<u>298,390</u>
Total revenue from Government	<u>315,438</u>	<u>298,390</u>

Accounting PolicyRevenue 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

	2023	2022
	\$'000	\$'000
Note 2.1A: Suppliers		
Services rendered		
Supply of primary dispute resolution services	785	373
Total suppliers	785	373
Note 2.1B: Impairment loss on financial instruments		
Impairment of financial instruments	2,397	1,532
Total impairment loss on financial instruments	2,397	1,532
Note 2.1C: Other Expenses		
Refunds of fees	649	839
Total other expenses	649	839

2.2 Administered – Income

	2023	2022
	\$'000	\$'000
Note 2.2A: Fees and Fines		
Revenue		
Non-taxation revenue		
Hearing fees	5,705	6,766
Filing and setting down fees	78,898	74,292
Fines	3,304	25,712
Total fees and fines	87,907	106,770

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

	2023	2022
	\$'000	\$'000
Note 3.1A: Cash and Cash Equivalents		
Cash at bank	1,189	1,591
Cash on hand	2	16
Total cash and cash equivalents	1,191	1,607
	2023	2022
	\$'000	\$'000
Note 3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	515	259
Total goods and services receivables	515	259
Appropriation receivables		
Appropriation receivables - operating	121,376	118,152
Appropriation receivables - departmental capital budget	15,301	26,726
Total appropriation receivables	136,677	144,878
Other receivables		
GST receivable	1,136	1,043
Total other receivables	1,136	1,043
Total trade and other receivables (gross)	138,328	146,180
Less impairment loss allowance	-	(1)
Total trade and other receivables (net)	138,328	146,179

Credit terms for goods and services were within 30 days (2022: 30 days)

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2023

	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
As at 1 July 2022	1	-	1
Amounts written off	(1)	-	(1)
Amounts recovered and reversed	-	-	-
Total as at 30 June 2023	-	-	-

Movements in relation to 2022

	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
As at 1 July 2021	1	-	1
Amounts written off	-	-	-
Increase/decrease recognised in net surplus	-	-	-
Total as at 30 June 2022	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 2022				
Gross book value	225,181	40,914	33,939	300,034
Accumulated depreciation, amortisation and impairment	(70,818)	(12,155)	(24,314)	(107,287)
Total as at 1 July 2022	154,363	28,759	9,625	192,747
Additions				
Purchase or internally developed	11,373	9,674	4,824	25,871
Right-of-use assets	27,681	3,141	-	30,822
Revaluations and impairments recognised in other comprehensive income	3,568	2,764	-	6,332
Depreciation and amortisation	(6,633)	(5,833)	(3,589)	(16,055)
Depreciation on right-of-use assets	(18,832)	(2,180)	-	(21,012)
Disposals	(1,983)	(90)	-	(2,073)
Total as at 30 June 2023	169,537	36,235	10,860	216,632
Total as at 30 June 2023 represented by				
Gross book value	238,774	40,817	36,921	316,512
Accumulated depreciation and impairment	(69,237)	(4,582)	(26,061)	(99,880)
Total as at 30 June 2023	169,537	36,235	10,860	216,632
Carrying amount of right-of-use assets	128,663	4,098	-	132,761

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy. A full revaluation of all building and plant and equipment assets was performed by an independent valuer as at 30 June 2023.

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

Capital commitments for property, plant and equipment are \$2.588 million (2022: \$4.047million). 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 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 2022-23.

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:

	2023	2022
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 2023. 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 (2022: 5 years).

	2023	2022
	\$'000	\$'000
Note 3.2B: Inventories		
Inventories held for distribution	-	3
Total inventories	-	3

During 2022-23, \$3,318 of inventory was recognised as an expense (2022: \$25,184).

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

	2023	2022
	\$'000	\$'000

Note 3.3A: Suppliers

Trade creditors and accruals	5,941	7,145
Total suppliers	5,941	7,145

Settlement was usually made within 30 days.

Note 3.3B: Other Payables

Salaries and wages	3,417	2,502
Superannuation	552	425
Separations and redundancies	365	1,513
Unearned income	-	83
Other	154	867
Total other payables	4,488	5,390

3.4 Interest Bearing Liabilities

	2023	2022
	\$'000	\$'000

Note 3.4A: Leases

Lease Liabilities		
Buildings	134,347	126,898
Plant and equipment	4,207	3,229
Total leases	138,554	130,127

Maturity analysis - contractual undiscounted cash flows

Within 1 year	19,734	17,592
Between 1 to 5 years	85,397	73,653
More than 5 years	33,423	38,882
Total leases	138,554	130,127

Total cash outflow for leases for the year ended 30 June 2023 was \$19.921m (2022: \$19.209m)

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. Eight 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

	2023	2022
	\$'000	\$'000
Note 3.5A: Other Provisions		
Provision for restoration obligations	<u>5,287</u>	<u>3,754</u>
Total other provisions	<u>5,287</u>	<u>3,754</u>
	Provision for restoration	Total
	\$'000	\$'000
As at 1 July 2022	3,754	3,754
Additional provisions made	1,761	1,761
Amounts used	(154)	(154)
Unwindings of discount or change in discount rate	(74)	(74)
Total as at 30 June 2023	5,287	5,287

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

	2023	2022
	\$'000	\$'000
Note 4.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	128	136
Total cash and cash equivalents	128	136

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	6,316	5,463
Total goods and services receivables	6,316	5,463
Other receivables		
GST receivable	11	2
Total other receivables	11	2
Total trade and other receivables (gross)	6,327	5,465
Less impairment loss allowance account:		
Goods and services	(5,061)	(4,595)
Total impairment loss allowance	(5,061)	(4,595)
Total trade and other receivables (net)	1,266	870

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 (2022: 30 days).

4.2 Administered – Payables

	2023	2022
	\$'000	\$'000
Note 4.2A: Suppliers		
Trade creditors and accruals	61	15
Total supplier payables	61	15

The contracted liabilities are associated with family dispute resolution services.

Note 4.2B: Other Payables

Unearned income	472	454
Total other payables	472	454

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 2023

	Annual Appropriation ¹ \$'000	Adjustments to Appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2023 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	315,438	1,422	316,860	313,958	2,902
Capital Budget	14,651	-	14,651	21,390	(6,739)
Other services					
Equity Injections	-	-	-	4,687	(4,687)
Total departmental	330,089	1,422	331,511	340,035	(8,524)
Administered					
Ordinary annual services	926	-	926	739	187
Administered items					
Total administered	926	-	926	739	187

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1) and Supply Acts (No. 2 and 3). 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 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	925	-	925	416	509
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 \$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* 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')

	2023	2022
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) (2022-23)	55	-
Appropriation Act (No. 1) - Departmental Capital Budget (DCB) (2020-21)	-	5,027
Appropriation Act (No. 1) - Departmental Capital Budget (DCB) (2021-22)	-	14,009
Appropriation Act (No. 1) - Departmental Capital Budget (DCB) (2022-23)	2,461	-
Appropriation Act (No. 1) – Operating (2020-21)	2,036	2,036
Appropriation Act (No. 1) - Operating (2021-22)	5,332	122,247
Appropriation Act (No. 1) - Operating (2022-23)	15,858	-
Appropriation Act (No. 2) - Equity Injections (2020-21)	103	165
Appropriation Act (No. 2) - Equity Injections (2021-22)	-	4,531
Appropriation Act (No. 3) - Operating (2021-22)	-	1,236
Appropriation Act (No. 4) - Equity Injections (2021-22)	2,901	2,994
Supply Act (No. 1) - Departmental Capital Budget (DCB) (2022-23)	2,725	-
Supply Act (No. 3) - Departmental Capital Budget (DCB) (2022-23)	7,111	-
Supply Act (No. 3) - Operating (2022-23)	105,464	-
Cash at bank	1,191	1,607
Total departmental	145,236	153,853
Administered		
Appropriation Act (No 1)	187	509
Total administered	187	509

1. \$103k unspent appropriation will lapse on 1 July 2023.

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

	Appropriation applied	
	2023	2022
	\$'000	\$'000
Authority		
Public Governance, Performance and Accountability Act 2013, Section 77, Administered	741	839
Total special appropriations applied	741	839

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	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	20	10	46,189	44,980	2,372	5,349
Increases	3,943	86	73,510	37,313	1,659	2,452
Total increases	3,943	86	73,510	37,313	1,659	2,452
Available for payments	3,963	96	119,699	82,293	4,031	7,801
Decreases						
Departmental	3,841	76	-	-	-	-
Administered	-	-	49,799	36,104	2,502	5,429
Total decreases	3,841	76	49,799	36,104	2,502	5,429
Total balance carried to the next period	122	20	69,900	46,189	1,529	2,372
Balance represented by:						
Cash held in entity bank accounts	122	20	69,900	46,189	1,529	2,372
Cash held in the Official Public Account	-	-	-	-	-	-
Total balance carried to the next period	122	20	69,900	46,189	1,529	2,372

- 1) Appropriation: *Public Governance Performance and Accountability Act* Section 78. Establishing Instrument: *PGPA Act Determination (Federal Court of Australia SOETM Special Account 2022)*. Purpose: For paragraph 78(1)(c) of the Act, the purposes of the special account, in relation to which amounts may be debited from the special account, are:
 - a) to disburse an amount held on trust or otherwise for the benefit of a person other than the Commonwealth;
 - b) to disburse an amount in connection with services performed for, on behalf of or together with, a Commonwealth entity, Commonwealth company, government, organisation, body or person;
 - c) to disburse an amount in connection with joint activities performed for, on behalf of, or together with, a Commonwealth entity, Commonwealth company, government, organisation, body or person;
 - d) to disburse an amount in connection with an agreement between the Commonwealth and another government;
 - e) to repay an amount where a court order, Act or other law requires or permits the repayment of an amount received; and
 - f) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment.

- 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 :
- 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);
 - 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);
 - for amounts received from the Family Court of Australia Litigants' Fund Special Account or the Federal Magistrates Court Litigants' Fund Special Account;
 - 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;
 - 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;
 - 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
 - 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 \$122,000 in 2023 and \$20,000 in 2022. The closing balance of the Federal Court of Australia Litigants Fund Special Account² includes amounts held in trust of \$69.900m in 2023 and \$46.189m in 2022. The closing balance of the Family Court and Federal Circuit Court Litigants Fund Special Account³ includes amounts held in trust of \$1.529m in 2023 and \$2.372m in 2022.

Note 5.2B: Trust Money Special Accounts

The Court 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. The funds held in this note relate to the Special Accounts listed in Note 5.2A above.

	2023	2022
	\$'000	\$'000
Litigants Fund Accounts		
As at 1 July	48,580	50,338
Receipts	79,113	39,851
Payments	(56,142)	(41,609)
Total as at 30 June	71,551	48,580
Total monetary assets held in trust	71,551	48,580

5.3 Net Cash Appropriation Arrangements

	2023	2022
	\$'000	\$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(7,714)	2,413
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)	16,055	14,580
Plus: depreciation of right-of-use assets	21,012	20,112
Less: lease principal repayments	(19,921)	(19,209)
Net Cash Operating Surplus/ (Deficit)	9,432	17,896

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

	2023	2022
	\$'000	\$'000
Note 6.1A: Employee Provisions		
Leave	33,340	31,793
Judges leave	29,662	28,810
Total employee provisions	63,002	60,603

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 2023. 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 attaining the age of 60 and completing 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 \$37.79 million (2022: \$36.06 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

	2023	2022
	\$'000	\$'000
Short-term employee benefits	2,879	3,079
Post-employment benefits	1,087	1,084
Other long-term employee benefits	137	150
Total key management personnel remuneration expenses	4,103	4,313

The total number of key management personnel that are included in the above table is 8 (2022: 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 \$2.885m. 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 2023 (2022: 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 no quantifiable contingent assets or liabilities as at 30 June 2023 (2022: none).

Unquantifiable Contingencies

The Federal Court of Australia (the Entity) has no unquantifiable contingent assets or liabilities as at 30 June 2023 (2022: 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 no quantifiable or unquantifiable administered contingent liabilities or assets as at 30 June 2023 (2022: none).

7.2 Financial Instruments

	2023	2022
	\$'000	\$'000
Note 7.2A: Categories of Financial Instruments		
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	1,191	1,607
Trade and other receivables	515	258
Total financial assets at amortised cost	1,706	1,865
Total financial assets	1,706	1,865
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	5,941	7,145
Total financial liabilities	5,941	7,145

Accounting Policy

In accordance with AASB 9 Financial Instruments, 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, net of transaction costs. 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

	2023	2022
	\$'000	\$'000

Note 7.3A: Categories of Financial Instruments**Financial assets at amortised cost**

Cash and cash equivalents	128	136
Other receivables	1,266	870
Total financial assets at amortised cost	1,394	1,006
Total financial assets	1,394	1,006

	2023	2022
	\$'000	\$'000

Note 7.3B: Net Gains or Losses on Financial Liabilities**Financial liabilities measured at amortised cost**

Interest expense	2,213	1,529
Net gains/(losses) on financial liabilities measured at amortised cost	2,213	1,529

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 2023. 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	
	2023	2022
	\$'000	\$'000
Non-financial assets		
Leasehold improvements	40,874	32,566
Plant and equipment	32,137	25,533

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 Court 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

	2023	2022
	\$'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	1,191	1,607
Trade and other receivables	138,326	146,178
Prepayments	5,102	3,950
Inventories	-	3
Total no more than 12 months	144,619	151,738
More than 12 months		
Trade and other receivables	2	1
Buildings	169,537	154,363
Plant and equipment	36,235	28,759
Computer software	10,860	9,625
Prepayments	432	9
Total more than 12 months	217,066	192,757
Total assets	361,685	344,495
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	5,941	7,145
Other payables	4,406	5,306
Leases	19,734	17,592
Employee provisions	16,393	16,142
Other provisions	955	1,128
Total no more than 12 months	47,429	47,313
More than 12 months		
Other payables	82	84
Leases	118,820	112,535
Employee provisions	46,609	44,461
Other provisions	4,332	2,626
Total more than 12 months	169,843	159,706
Total liabilities	217,272	207,019

	2023	2022
	\$'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	128	136
Trade and other receivables	1,266	870
Total no more than 12 months	1,394	1,006
Total more than 12 months	-	-
Total assets	1,394	1,006
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	61	15
Other payables	472	454
Total no more than 12 months	533	469
More than 12 months	-	-
Total more than 12 months	-	-
Total liabilities	533	469