

## 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 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements 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 2021 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 2021 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 – Reduced Disclosure Requirements 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

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

2 September 2021

**Federal Court of Australia****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 2021 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

Ms Sia Lagos

Chief Executive Officer/Principal Registrar

2 September 2021



Signed

Mr David Llewelyn

Acting Chief Finance Officer

2 September 2021

**Statement of Comprehensive Income**  
for the period ended 30 June 2021

|   |       | 2021             | 2020             | Original<br>Budget |
|---|-------|------------------|------------------|--------------------|
|   | Notes | \$'000           | \$'000           | \$'000             |
| <b>NET COST OF SERVICES</b>   |       |                  |                  |                    |
| <b>Expenses</b>   |       |                  |                  |                    |
| Judicial benefits   | 1.1A  | 105,751          | 110,159          | 109,822            |
| Employee benefits   | 1.1A  | 123,972          | 118,666          | 120,081            |
| Suppliers   | 1.1B  | 92,029           | 92,470           | 105,136            |
| Depreciation and amortisation   | 3.2A  | 35,705           | 29,955           | 31,325             |
| Finance costs   | 1.1C  | 1,528            | 2,195            | 2,979              |
| Impairment loss / reversal on financial instruments                             | 1.1D  | (22)             | 22               | -                  |
| Write-Down and impairment of assets   | 1.1E  | 219              | 14               | -                  |
| <b>Total expenses</b>   |       | <b>359,182</b>   | <b>353,481</b>   | <b>369,343</b>     |
| <b>Own-Source income</b>  |       |                  |                  |                    |
| <b>Own-source revenue</b>   |       |                  |                  |                    |
| Revenue from contracts with customers   | 1.2A  | 2,630            | 2,904            | 3,971              |
| Resources received free of charge   | 1.2B  | 43,335           | 43,340           | 42,765             |
| Other revenue   | 1.2B  | 1,579            | 267              | -                  |
| <b>Total own-source revenue</b>   |       | <b>47,544</b>    | <b>46,511</b>    | <b>46,736</b>      |
| <b>Other gains</b>  |       |                  |                  |                    |
| Liabilities assumed by other agencies   |       | 34,545           | 35,450           | 28,486             |
| Other gains   |       | 344              | 1                | -                  |
| <b>Total gains</b>  | 1.2C  | <b>34,889</b>    | <b>35,451</b>    | <b>28,486</b>      |
| <b>Total own-source income</b>  |       | <b>82,433</b>    | <b>81,962</b>    | <b>75,222</b>      |
| <b>Net (cost of)/contribution by services</b>                                   |       | <b>(276,749)</b> | <b>(271,519)</b> | <b>(294,121)</b>   |
| Revenue from Government   | 1.2D  | 275,748          | 273,973          | 277,784            |
| <b>Surplus/(Deficit) on continuing operations</b>                               |       | <b>(1,001)</b>   | <b>2,454</b>     | <b>(16,337)</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       |                  |                  |                    |
| <b>Items not subject to subsequent reclassification to net cost of services</b> |       |                  |                  |                    |
| Changes in asset revaluation reserve  |       | -                | 4,107            | -                  |
| <b>Total other comprehensive income</b>   |       | <b>-</b>         | <b>4,107</b>     | <b>-</b>           |
| <b>Total comprehensive income / (loss)</b>                                      |       | <b>(1,001)</b>   | <b>6,561</b>     | <b>(16,337)</b>    |

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

## Statement of Comprehensive Income

for the period ended 30 June 2021

### Budget Variances Commentary

#### Statement of Comprehensive Income

##### Judicial benefits

Judicial benefits are lower than budgeted due to significant judicial vacancies throughout 2020-21.

##### Employee benefits

Employee benefits are higher than budgeted due to misallocation made of the cost of additional positions during the budget process.

##### Suppliers

Supplier expenses are lower than budgeted due to savings made following from judicial vacancies and reduced travel costs for 2020-21.

##### Depreciation and amortisation

Depreciation expenses are higher than budgeted as a result of changes to asset values and useful lives made pursuant to an independent revaluation of the Court's assets in June 2020.

##### Finance costs

Finance costs are lower than budgeted due the impact of the bond rate on make good finance costs that were not known at the time of the budget.

##### Revenue from contracts with customers

The Federal Court Entity (The Entity) recognised 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.

##### Revenue from Government

This is lower than budgeted following a s51 reduction in the Court's appropriation related to an unlegislated measure.

**Statement of Financial Position**  
as at 30 June 2021

|   |       | 2021           | 2020           | Original<br>Budget |
|---|-------|----------------|----------------|--------------------|
|   | Notes | \$'000         | \$'000         | \$'000             |
| <b>ASSETS</b>                             |       |                |                |                    |
| <b>Financial assets</b>                   |       |                |                |                    |
| Cash and cash equivalents                 | 3.1A  | 1,234          | 1,239          | 1,239              |
| Trade and other receivables               | 3.1B  | 134,173        | 116,393        | 106,716            |
| <b>Total financial assets</b>             |       | <b>135,407</b> | <b>117,632</b> | <b>107,955</b>     |
| <b>Non-financial assets<sup>1</sup></b>   |       |                |                |                    |
| Buildings                                 | 3.2A  | 164,301        | 182,130        | 183,039            |
| Plant and equipment                       | 3.2A  | 29,916         | 23,103         | 31,542             |
| Computer software                         | 3.2A  | 9,474          | 11,832         | 11,711             |
| Inventories                               | 3.2B  | 31             | 36             | 36                 |
| Prepayments                               |       | 3,763          | 1,939          | 1,939              |
| <b>Total non-financial assets</b>         |       | <b>207,485</b> | <b>219,040</b> | <b>228,267</b>     |
| <b>Total assets</b>                       |       | <b>342,892</b> | <b>336,672</b> | <b>336,222</b>     |
| <b>LIABILITIES</b>                        |       |                |                |                    |
| <b>Payables</b>                           |       |                |                |                    |
| Suppliers                                 | 3.3A  | 9,075          | 4,681          | 3,278              |
| Other payables                            | 3.3B  | 4,100          | 3,733          | 3,665              |
| <b>Total payables</b>                     |       | <b>13,175</b>  | <b>8,414</b>   | <b>6,943</b>       |
| <b>Interest bearing liabilities</b>       |       |                |                |                    |
| Leases                                    | 3.4A  | 141,720        | 151,019        | 154,169            |
| <b>Total interest bearing liabilities</b> |       | <b>141,720</b> | <b>151,019</b> | <b>154,169</b>     |
| <b>Provisions</b>                         |       |                |                |                    |
| Employee provisions                       | 6.1A  | 67,388         | 66,903         | 67,069             |
| Other provisions                          | 3.5A  | 4,253          | 4,780          | 3,960              |
| <b>Total provisions</b>                   |       | <b>71,641</b>  | <b>71,683</b>  | <b>71,029</b>      |
| <b>Total liabilities</b>                  |       | <b>226,536</b> | <b>231,116</b> | <b>232,141</b>     |
| <b>Net assets</b>                         |       | <b>116,356</b> | <b>105,556</b> | <b>104,081</b>     |
| <b>EQUITY</b>                             |       |                |                |                    |
| Contributed equity                        |       | 131,770        | 119,508        | 134,370            |
| Reserves                                  |       | 12,844         | 12,844         | 12,844             |
| Accumulated deficit                       |       | (28,258)       | (26,796)       | (43,133)           |
| <b>Total equity</b>                       |       | <b>116,356</b> | <b>105,556</b> | <b>104,081</b>     |

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 2021*

**Budget Variances Commentary**

**Statement of Financial Position**

Trade and other receivables

Appropriation receivable is higher than budgeted. This reflects the surplus achieved in 2020-21. There was also an underspend of capital appropriation in 2020-21 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 accrued expenses for equipment purchased at the end of the financial year that has not yet been paid for.

Leases

Lease liabilities are lower than budgeted due to a delay in entering into a new lease that was expected during 2020-21.

**Statement of Changes in Equity**  
for the period ended 30 June 2021

|  | Notes | 2021<br>\$'000  | 2020<br>\$'000  | Original<br>Budget<br>\$'000 |
|--|-------|-----------------|-----------------|------------------------------|
| <b>CONTRIBUTED EQUITY</b>                      |       |                 |                 |                              |
| <b>Opening balance</b>                         |       |                 |                 |                              |
| Balance carried forward from previous period   |       | 119,508         | 95,527          | 119,508                      |
| <b>Adjusted opening balance</b>                |       | <b>119,508</b>  | <b>95,527</b>   | <b>119,508</b>               |
| <b>Comprehensive income</b>                    |       |                 |                 |                              |
| Other comprehensive income                     |       | -               | -               | -                            |
| <b>Total comprehensive income/(loss)</b>       |       | <b>-</b>        | <b>-</b>        | <b>-</b>                     |
| <b>Transactions with owners</b>                |       |                 |                 |                              |
| <b>Distributions to owners</b>                 |       |                 |                 |                              |
| Expired 2017-18 appropriations                 |       | (262)           | -               | -                            |
| s51 Withdrawal Criminal Jurisdiction 2019-20   |       | (2,338)         | -               | -                            |
| <b>Contributions by owners</b>                 |       |                 |                 |                              |
| Equity injection - appropriation               |       | 2,717           | -               | 2,717                        |
| Departmental capital budget                    |       | 12,145          | 23,981          | 12,145                       |
| <b>Total transactions with owners</b>          |       | <b>12,262</b>   | <b>23,981</b>   | <b>14,862</b>                |
| <b>Closing balance as at 30 June</b>           |       | <b>131,770</b>  | <b>119,508</b>  | <b>134,370</b>               |
| <b>RETAINED EARNINGS/(ACCUMULATED DEFICIT)</b> |       |                 |                 |                              |
| <b>Opening balance</b>                         |       |                 |                 |                              |
| Balance carried forward from previous period   |       | (26,796)        | (30,542)        | (26,796)                     |
| Adjustment on initial application of AASB 16   |       | -               | 1,292           | -                            |
| <b>Adjusted opening balance</b>                |       | <b>(26,796)</b> | <b>(29,250)</b> | <b>(26,796)</b>              |
| <b>Comprehensive income</b>                    |       |                 |                 |                              |
| Surplus/(Deficit) for the period               |       | (1,001)         | 2,454           | (16,337)                     |
| Other comprehensive income                     |       | -               | -               | -                            |
| <b>Total comprehensive income/(loss)</b>       |       | <b>(1,001)</b>  | <b>2,454</b>    | <b>(16,337)</b>              |
| <b>Transactions with owners</b>                |       |                 |                 |                              |
| <b>Distributions to owners</b>                 |       |                 |                 |                              |
| Expired 2017-18 appropriations                 |       | (461)           | -               | -                            |
| <b>Closing balance as at 30 June</b>           |       | <b>(28,258)</b> | <b>(26,796)</b> | <b>(43,133)</b>              |
| <b>ASSET REVALUATION RESERVE</b>               |       |                 |                 |                              |
| <b>Opening balance</b>                         |       |                 |                 |                              |
| Balance carried forward from previous period   |       | 12,844          | 8,737           | 12,844                       |
| <b>Adjusted opening balance</b>                |       | <b>12,844</b>   | <b>8,737</b>    | <b>12,844</b>                |
| <b>Comprehensive income</b>                    |       |                 |                 |                              |
| Other comprehensive income                     |       | -               | 4,107           | -                            |
| <b>Total comprehensive income/(loss)</b>       |       | <b>-</b>        | <b>4,107</b>    | <b>-</b>                     |
| <b>Closing balance as at 30 June</b>           |       | <b>12,844</b>   | <b>12,844</b>   | <b>12,844</b>                |



## Statement of Changes in Equity for the period ended 30 June 2021

|  | Notes | 2021<br>\$'000 | 2020<br>\$'000 | Original<br>Budget<br>\$'000 |
|--|-------|----------------|----------------|------------------------------|
| <b>TOTAL EQUITY</b>                          |       |                |                |                              |
| <b>Opening balance</b>                       |       |                |                |                              |
| Balance carried forward from previous period |       | 105,556        | 73,722         | 105,556                      |
| Adjustment for errors                        |       | -              | -              | -                            |
| Adjustment on initial application of AASB 16 |       | -              | 1,292          | -                            |
| <b>Adjusted opening balance</b>              |       | <b>105,556</b> | <b>75,014</b>  | <b>105,556</b>               |
| <b>Comprehensive income</b>                  |       |                |                |                              |
| Surplus/(Deficit) for the period             |       | (1,001)        | 2,454          | (16,337)                     |
| Other comprehensive income                   |       | -              | 4,107          | -                            |
| <b>Total comprehensive income/(loss)</b>     |       | <b>(1,001)</b> | <b>6,561</b>   | <b>(16,337)</b>              |
| <b>Transactions with owners</b>              |       |                |                |                              |
| <b>Distributions to owners</b>               |       |                |                |                              |
| Quarantined funds                            |       | (3,061)        | -              | -                            |
| <b>Contributions by owners</b>               |       |                |                |                              |
| Equity injection - appropriation             |       | 2,717          | -              | 2,717                        |
| Departmental capital budget                  |       | 12,145         | 23,981         | 12,145                       |
| <b>Total transactions with owners</b>        |       | <b>11,801</b>  | <b>23,981</b>  | <b>14,862</b>                |
| <b>Closing balance as at 30 June</b>         |       | <b>116,356</b> | <b>105,556</b> | <b>104,081</b>               |

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 deficit in 2020-21 was lower than budgeted, resulting in an improved equity position compared with the budgeted position.

**Cash Flow Statement**  
for the period ended 30 June 2021

|   |                 |                 | Original<br>Budget |
|---|-----------------|-----------------|--------------------|
|   | 2021            | 2020            |                    |
| Notes   | \$'000          | \$'000          | \$'000             |
| <b>OPERATING ACTIVITIES</b>   |                 |                 |                    |
| <b>Cash received</b>  |                 |                 |                    |
| Appropriations  | 260,471         | 258,262         | 287,836            |
| Sales of goods and rendering of services                            | 2,861           | 3,806           | 3,596              |
| GST received  | 7,558           | 8,448           | -                  |
| Other   | 1,580           | 266             | -                  |
| <b>Total cash received</b>  | <b>272,470</b>  | <b>270,782</b>  | <b>291,432</b>     |
| <b>Cash used</b>  |                 |                 |                    |
| Employees   | 193,472         | 188,727         | 201,417            |
| Suppliers   | 52,761          | 59,655          | 61,996             |
| Interest payments on lease liabilities                              | 1,715           | 1,883           | 2,979              |
| Section 74 receipts transferred to OPA                              | 3,805           | 3,434           | -                  |
| <b>Total cash used</b>  | <b>251,753</b>  | <b>253,699</b>  | <b>266,392</b>     |
| <b>Net cash from/(used by) operating activities</b>                 | <b>20,717</b>   | <b>17,083</b>   | <b>25,040</b>      |
| <b>INVESTING ACTIVITIES</b>   |                 |                 |                    |
| <b>Cash received</b>  |                 |                 |                    |
| Proceeds from sales of property, plant and equipment                | 4               | 1               | -                  |
| <b>Total cash received</b>  | <b>4</b>        | <b>1</b>        | <b>-</b>           |
| <b>Cash used</b>  |                 |                 |                    |
| Purchase of property, plant and equipment                           | 13,843          | 11,581          | 23,922             |
| Purchase of intangibles   | 893             | 3,496           | -                  |
| <b>Total cash used</b>  | <b>14,736</b>   | <b>15,077</b>   | <b>23,922</b>      |
| <b>Net cash from/(used by) investing activities</b>                 | <b>(14,732)</b> | <b>(15,076)</b> | <b>(23,922)</b>    |
| <b>FINANCING ACTIVITIES</b>   |                 |                 |                    |
| <b>Cash received</b>  |                 |                 |                    |
| Contributed equity  | 13,034          | 15,926          | 14,862             |
| <b>Total cash received</b>  | <b>13,034</b>   | <b>15,926</b>   | <b>14,862</b>      |
| <b>Cash used</b>  |                 |                 |                    |
| Repayment of borrowings   | 807             | 849             | 992                |
| Principal payments of lease liabilities                             | 18,217          | 17,082          | 14,988             |
| <b>Total cash used</b>  | <b>19,024</b>   | <b>17,931</b>   | <b>15,980</b>      |
| <b>Net Cash from/(used by) financing activities</b>                 | <b>(5,990)</b>  | <b>(2,005)</b>  | <b>(1,118)</b>     |
| <b>Net increase / (decrease) in cash held</b>                       | <b>(5)</b>      | <b>2</b>        | <b>-</b>           |
| Cash and cash equivalents at the beginning of the reporting period  | 1,239           | 1,237           | 1,239              |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>1,234</b>    | <b>1,239</b>    | <b>1,239</b>       |

3.1A

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

## Cash Flow Statement

*for the period ended 30 June 2021*

### 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 for due to underestimation of these liabilities during the budget process.

**Administered Schedule of Comprehensive Income**  
for the period ended 30 June 2021

|  |       | 2021          | 2020           | Original<br>Budget |
|--|-------|---------------|----------------|--------------------|
|  | Notes | \$'000        | \$'000         | \$'000             |
| <b>NET COST OF SERVICES</b>              |       |               |                |                    |
| <b>Expenses</b>                          |       |               |                |                    |
| Suppliers                                | 2.1A  | 612           | 726            | 884                |
| Impairment Loss on Financial Instruments | 2.1B  | 3,437         | 3,802          | 3,200              |
| Other Expenses - Refunds of Fees         | 2.1C  | 422           | 346            | 900                |
| <b>Total expenses</b>                    |       | <b>4,471</b>  | <b>4,874</b>   | <b>4,984</b>       |
| <b>Income</b>                            |       |               |                |                    |
| <b>Revenue</b>                           |       |               |                |                    |
| <b>Non-taxation revenue</b>              |       |               |                |                    |
| Fees and Fines                           | 2.2A  | 83,264        | 118,842        | 89,268             |
| <b>Total non-taxation revenue</b>        |       | <b>83,264</b> | <b>118,842</b> | <b>89,268</b>      |
| <b>Total revenue</b>                     |       | <b>83,264</b> | <b>118,842</b> | <b>89,268</b>      |
| <b>Total income</b>                      |       | <b>83,264</b> | <b>118,842</b> | <b>89,268</b>      |
| <b>Net contribution by services</b>      |       | <b>78,793</b> | <b>113,968</b> | <b>84,284</b>      |
| <b>Total comprehensive income</b>        |       | <b>78,793</b> | <b>113,968</b> | <b>84,284</b>      |

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 was received in 2019-20 causing fine revenue to be higher in that year.

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 2021

|   | Notes | 2021<br>\$'000 | 2020<br>\$'000 | Original<br>Budget<br>\$'000 |
|---|-------|----------------|----------------|------------------------------|
| <b>ASSETS</b>   |       |                |                |                              |
| <b>Financial Assets</b>   |       |                |                |                              |
| Cash and Cash Equivalents   | 4.1A  | 106            | 103            | 103                          |
| Trade and Other Receivables   | 4.1B  | 1,102          | 1,039          | 1,039                        |
| <b>Total assets administered on behalf of Government</b>                      |       | <b>1,208</b>   | <b>1,142</b>   | <b>1,142</b>                 |
| <b>LIABILITIES</b>  |       |                |                |                              |
| <b>Payables</b>   |       |                |                |                              |
| Suppliers   | 4.2A  | 58             | 31             | 32                           |
| Other Payables  | 4.2B  | 417            | 543            | 542                          |
| <b>Total liabilities administered on behalf of Government</b>                 |       | <b>475</b>     | <b>574</b>     | <b>574</b>                   |
| <b>Net assets/(liabilities)</b>   |       | <b>733</b>     | <b>568</b>     | <b>568</b>                   |
| The above schedule should be read in conjunction with the accompanying notes. |       |                |                |                              |

### Budget Variances Commentary

#### Administered Schedule of Assets and Liabilities

##### Cash and cash equivalents

There is inherent uncertainty in estimating the cash balance on any particular day.

##### Suppliers

The variance to budget is a timing difference due to invoices received after 30<sup>th</sup> June.

**Administered Reconciliation Schedule**  
for the period ended 30 June 2020

|   | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| <b>Opening assets less liabilities as at 1 July</b>             | <b>568</b>     | 1,693          |
| Adjustment for change in accounting policies                    |                | -              |
| <b>Adjusted opening assets less liabilities</b>                 | <b>568</b>     | 1,693          |
| <b>Net contribution by services</b>                             |                |                |
| Income  | 83,264         | 118,842        |
| Expenses  |                |                |
| Payments to entities other than corporate Commonwealth entities | (4,471)        | (4,874)        |
| <b>Transfers (to)/from the Australian Government</b>            |                |                |
| Appropriation transfers from Official Public Account            |                |                |
| Annual appropriations   |                |                |
| Payments to entities other than corporate Commonwealth entities | 585            | 784            |
| Special appropriations (unlimited) s77 PGPA Act repayments      |                |                |
| Payments to entities other than corporate Commonwealth entities | 424            | 353            |
| GST increase to appropriations s74 PGPA Act                     |                |                |
| Payments to entities other than corporate Commonwealth entities | 59             | 78             |
| Appropriation transfers to OPA                                  |                |                |
| Transfers to OPA  | (79,696)       | (116,308)      |
| Restructuring   | -              | -              |
| <b>Closing assets less liabilities as at 30 June</b>            | <b>733</b>     | 568            |

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 2021*

|  | Notes | 2021<br>\$'000  | 2020<br>\$'000   |
|--|-------|-----------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |       |                 |                  |
| <b>Cash received</b>   |       |                 |                  |
| Fees   |       | 79,395          | 77,862           |
| Fines  |       | 242             | 38,329           |
| GST received   |       | 62              | 78               |
| <b>Total cash received</b>   |       | <u>79,699</u>   | <u>116,269</u>   |
| <b>Cash used</b>   |       |                 |                  |
| Suppliers  |       | 644             | 862              |
| Refunds of fees  |       | 422             | 346              |
| Other  |       | 2               | 7                |
| <b>Total cash used</b>   |       | <u>1,068</u>    | <u>1,215</u>     |
| <b>Net cash from operating activities</b>                                      |       | <u>78,631</u>   | <u>115,054</u>   |
| <b>Net increase in cash held</b>   |       | <u>78,631</u>   | <u>115,054</u>   |
| <b>Cash from Official Public Account for:</b>                                  |       |                 |                  |
| Appropriations   |       | <u>1,068</u>    | <u>1,215</u>     |
| <b>Total cash from official public account</b>                                 |       | <u>1,068</u>    | <u>1,215</u>     |
| <b>Cash to Official Public Account for:</b>                                    |       |                 |                  |
| Transfer to OPA  |       | <u>(79,696)</u> | <u>(116,308)</u> |
| <b>Total cash to official public account</b>                                   |       | <u>(79,696)</u> | <u>(116,308)</u> |
| Cash and cash equivalents at the beginning of the reporting period             |       | 103             | 142              |
| <b>Cash and cash equivalents at the end of the reporting period</b>            | 4.1A  | <u>106</u>      | <u>103</u>       |
| The above statement should be read in conjunction with the accompanying notes. |       |                 |                  |

## Overview

### Objectives of the Federal Court of Australia

The Federal Court of Australia listed entity (the Entity) is a non-corporate Commonwealth listed entity for the purposes of the *Public Governance 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 Family Court of Australia and 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, Family Court, Federal Circuit Court 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 – Reduced Disclosure Requirements 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

No accounting standards have been adopted earlier than the application date as stated in the standard.

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 Federal Court of Australia 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 and Administered

*Federal Circuit and Family Court of Australia Act 2021* and the *Federal Circuit and Family Court of Australia (Consequential Amendments and Transitional Arrangements) Act 2021* passed through Parliament on 18 February 2021 and received Royal Assent on 1 March 2021. The Federal Circuit and Family Court of Australia (FCFCOA) commenced operations on 1 September 2021, 6 months from Royal Assent. The legislation established two divisions of the FCFCOA with the Family Court of Australia now forming Division 1 and the Federal Circuit Court Division 2 of the FCFCOA. The establishment of the FCFCOA creates a single entry point for all first instance family law proceedings. In support of the establishment of the FCFCOA, harmonised rules, forms and case management processes have been implemented to provide a streamlined approach to family law proceedings. The Federal Court of Australia (FCA) Outcomes 2 (FCFCOA Div. 1) and 3 (FCFCOA Div. 2) will remain in place for the Entity to receive appropriation with respect to each FCFCOA Division with Outcome Statements being updated during the transition period to reflect the new Court structure. Administered fee regulations (*Family Law (Fees) Regulation 2012* and *Federal Court and Federal Circuit and Family Court Regulations 2012*) are made under the *FCFCOA Act 2021* with appropriate legislated transition arrangements established. Staff of the FCFCOA will continue to be employed by the FCA under its Enterprise Agreement.



## 1. Financial Performance

This section analyses the financial performance of the Federal Court of Australia for the year ended 30 June 2021.

### 1.1 Expenses

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b>Note 1.1A: Judicial and Employee Benefits</b> |                |                |
| Judges remuneration                              | 67,291         | 70,585         |
| Judicial superannuation defined contribution     | 3,916          | 4,124          |
| Judges notional superannuation                   | 34,544         | 35,450         |
| <b>Total judge benefits</b>                      | <b>105,751</b> | <b>110,159</b> |
| Wages and salaries                               | 93,384         | 88,004         |
| Superannuation                                   |                |                |
| Defined contribution plans                       | 11,222         | 10,375         |
| Defined benefit plans                            | 4,869          | 5,580          |
| Leave and other entitlements                     | 13,366         | 14,113         |
| Separation and redundancies                      | 1,131          | 594            |
| <b>Total employee benefits</b>                   | <b>123,972</b> | <b>118,666</b> |
| <b>Total judge and employee benefits</b>         | <b>229,723</b> | <b>228,825</b> |

#### Accounting Policy

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

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b>Note 1.1B: Suppliers</b>                          |                |                |
| <b>Goods and services supplied or rendered</b>       |                |                |
| IT services  | 10,012         | 6,883          |
| Consultants  | 540            | 795            |
| Contractors  | 1,131          | 1,031          |
| Property operating costs                             | 10,844         | 9,635          |
| Courts operation and administration                  | 11,257         | 12,980         |
| Travel   | 2,684          | 5,625          |
| Library purchases                                    | 4,414          | 4,357          |
| Other  | 7,432          | 6,463          |
| <b>Total goods and services supplied or rendered</b> | <b>48,314</b>  | <b>47,770</b>  |
| Goods supplied                                       | 7,326          | 2,941          |
| Services rendered                                    | 40,988         | 44,829         |
| <b>Total goods and services supplied or rendered</b> | <b>48,314</b>  | <b>47,770</b>  |
| <b>Other suppliers</b>                               |                |                |
| Short-term leases                                    | (786)          | 632            |
| Property resources received free of charge           | 43,210         | 43,210         |
| Workers compensation expenses                        | 1,291          | 858            |
| <b>Total other suppliers</b>                         | <b>43,715</b>  | <b>44,700</b>  |
| <b>Total suppliers</b>                               | <b>92,029</b>  | <b>92,470</b>  |

The Entity has short-term lease commitments of \$15,855 as at 30 June 2021.

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).

|   | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| <b><u>Note 1.1C: Finance Costs</u></b>              |                |                |
| Interest on lease liabilities - buildings           | 1,686          | 1,828          |
| Interest on lease liabilities - plant and equipment | 29             | 55             |
| Unwinding of discount - make good                   | (187)          | 312            |
| <b>Total finance costs</b>                          | <b>1,528</b>   | <b>2,195</b>   |

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.

|   | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| <b><u>Note 1.1D: Impairment Loss on Financial Instruments</u></b> |                |                |
| Impairment on financial instruments                               | (22)           | 22             |
| <b>Total impairment loss on financial instruments</b>             | <b>(22)</b>    | <b>22</b>      |

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b><u>Note 1.1E: Write-Down and Impairment of Other Assets</u></b> |                |                |
| Impairment of inventories  | 23             | 10             |
| Impairment of plant and equipment                                  | 4              | 4              |
| Impairment on buildings  | 192            | -              |
| <b>Total write-down and impairment of other assets</b>             | <b>219</b>     | <b>14</b>      |

**1.2 Own-Source Revenue and Gains**

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

**Own-Source Revenue****Note 1.2A: Revenue from contracts with customers**

|  |              |              |
|--|--------------|--------------|
| Sale of goods                                      | 1            | 1            |
| Rendering of services                              | 2,629        | 2,903        |
| <b>Total revenue from contracts with customers</b> | <b>2,630</b> | <b>2,904</b> |

**Disaggregation of revenue from contracts with customers**

|                               |              |              |
|-------------------------------|--------------|--------------|
| Court administration services | 466          | 772          |
| NZ Aid funded program revenue | 1,373        | 1,337        |
| Government related services   | 790          | 794          |
| Others                        | 1            | 1            |
| <b>Total</b>                  | <b>2,630</b> | <b>2,904</b> |

|   | \$'000        | \$'000        |
|---|---------------|---------------|
| <b>Note 1.2B: Other Revenue</b>           |               |               |
| Resources received free of charge         |               |               |
| Rent in Commonwealth Law Courts buildings | 43,210        | 43,210        |
| Audit services provided by ANAO           | 125           | 130           |
| Other                                     | 1,579         | 267           |
| <b>Total other revenue</b>                | <b>44,914</b> | <b>43,607</b> |

#### 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.

Resources received free of charge have been reclassified from Other Gains to Other Revenue in 2020-21 to more accurately reflect the substance of the transaction.

|                                       | 2021<br>\$'000 | 2020<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Note 1.2C: Other Gains</b>         |                |                |
| Liabilities assumed by other agencies | 34,545         | 35,450         |
| Other                                 | 344            | 1              |
| <b>Total other gains</b>              | <b>34,889</b>  | <b>35,451</b>  |

#### 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.

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b>Note 1.2D: Revenue from Government</b> |                |                |
| Appropriations                            |                |                |
| Departmental appropriation                | <u>275,748</u> | <u>273,973</u> |
| <b>Total revenue from Government</b>      | <u>275,748</u> | <u>273,973</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 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

|  | 2021         | 2020         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>Note 2.1A: Suppliers</b>                                |              |              |
| <b>Services rendered</b>                                   |              |              |
| Supply of primary dispute resolution services              | 612          | 726          |
| <b>Total suppliers</b>                                     | <b>612</b>   | <b>726</b>   |
| <b>Note 2.1B: Impairment Loss on Financial Instruments</b> |              |              |
| Impairment of financial instruments                        | 3,437        | 3,802        |
| <b>Total impairment loss on financial instruments</b>      | <b>3,437</b> | <b>3,802</b> |
| <b>Note 2.1C: Other Expenses</b>                           |              |              |
| Refunds of fees  | 422          | 346          |
| <b>Total other expenses</b>                                | <b>422</b>   | <b>346</b>   |

### 2.2 Administered – Income

|                                  | 2021          | 2020           |
|----------------------------------|---------------|----------------|
|                                  | \$'000        | \$'000         |
| <b>Note 2.2A: Fees and Fines</b> |               |                |
| <b>Revenue</b>                   |               |                |
| <b>Non-Taxation Revenue</b>      |               |                |
| Hearing Fees                     | 7,681         | 5,664          |
| Filing and Setting Down Fees     | 75,341        | 74,849         |
| <i>Fines</i>                     | <i>242</i>    | <i>38,329</i>  |
| <b>Total fees and fines</b>      | <b>83,264</b> | <b>118,842</b> |

#### Accounting Policy

All administered revenues are revenues relating to the course of ordinary activities performed by the Federal Court of Australia, the Federal Circuit Court and the Family Court of Australia 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. The services are performed at the same time as or within two days of the fees becoming due and payable. Revenue from hearing fees is recognised under AASB15 *Revenue from contracts with customers*. Filing and setting down fee revenue is recognised under AASB1058 *Income of not for profit entities*.

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 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

|   | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| <b>Note 3.1A: Cash and Cash Equivalents</b>             |                |                |
| Cash at bank  | 1,219          | 1,222          |
| Cash on hand  | 15             | 17             |
| <b>Total cash and cash equivalents</b>                  | <b>1,234</b>   | <b>1,239</b>   |
| <b>Note 3.1B: Trade and Other Receivables</b>           |                |                |
| <b>Goods and services receivables</b>                   |                |                |
| Goods and services                                      | 182            | 105            |
| <b>Total goods and services receivables</b>             | <b>182</b>     | <b>105</b>     |
| <b>Appropriation receivables</b>                        |                |                |
| Appropriation receivables - operating                   | 111,212        | 92,421         |
| Appropriation receivables - departmental capital budget | 21,980         | 22,923         |
| <b>Total appropriation receivables</b>                  | <b>133,192</b> | <b>115,344</b> |
| <b>Other receivables</b>                                |                |                |
| Statutory receivables (GST)                             | 800            | 966            |
| <b>Total other receivables</b>                          | <b>800</b>     | <b>966</b>     |
| <b>Total trade and other receivables (gross)</b>        | <b>134,174</b> | <b>116,415</b> |
| Less impairment loss allowance                          | (1)            | (22)           |
| <b>Total trade and other receivables (net)</b>          | <b>134,173</b> | <b>116,393</b> |

Credit terms for goods and services were within 30 days (2020: 30 days)

#### Reconciliation of the Impairment Allowance Account:

| <b>Movements in relation to 2021</b> |                                 |                                |                 |
|--------------------------------------|---------------------------------|--------------------------------|-----------------|
|                                      | Goods and<br>services<br>\$'000 | Other<br>receivables<br>\$'000 | Total<br>\$'000 |
| <b>As at 1 July 2020</b>             | <b>22</b>                       | <b>-</b>                       | <b>22</b>       |
| Amounts written off                  | -                               | -                              | -               |
| Amounts recovered and reversed       | (21)                            | -                              | (21)            |
| <b>Total as at 30 June 2021</b>      | <b>1</b>                        | <b>-</b>                       | <b>1</b>        |

| <b>Movements in relation to 2020</b>        |                                 |                                |                 |
|---|---------------------------------|--------------------------------|-----------------|
|   | Goods and<br>services<br>\$'000 | Other<br>receivables<br>\$'000 | Total<br>\$'000 |
| <b>As at 1 July 2019</b>                    | <b>-</b>                        | <b>-</b>                       | <b>-</b>        |
| Amounts written off                         | -                               | -                              | -               |
| Increase/decrease recognised in net surplus | 22                              | -                              | 22              |
| <b>Total as at 30 June 2020</b>             | <b>22</b>                       | <b>-</b>                       | <b>22</b>       |

**Accounting Policy***Financial 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 -<br>Leasehold<br>Improvements | Plant and<br>equipment | Computer<br>software <sup>1</sup> | Total          |
|---|--|------------------------|-----------------------------------|----------------|
|   | \$'000                                   | \$'000                 | \$'000                            | \$'000         |
| <b>As at 1 July 2020</b>                              |  |                        |                                   |                |
| Gross book value                                      | 202,699                                  | 25,430                 | 34,029                            | 262,158        |
| Accumulated depreciation, amortisation and impairment | (20,569)                                 | (2,327)                | (22,197)                          | (45,093)       |
| <b>Total as at 1 July 2020</b>                        | <b>182,130</b>                           | <b>23,103</b>          | <b>11,832</b>                     | <b>217,065</b> |
| Additions   |  |                        |                                   |                |
| Purchase  | 2,753                                    | 11,090                 | 893                               | 14,736         |
| Right-of-use assets                                   | 5,741                                    | 2,142                  | -                                 | 7,883          |
| Depreciation and amortisation                         | (7,513)                                  | (4,403)                | (3,251)                           | (15,167)       |
| Depreciation on right-of-use assets                   | (18,618)                                 | (1,920)                | -                                 | (20,538)       |
| Disposals on right-of-use assets                      | -  | (92)                   | -                                 | (92)           |
| Disposals - other                                     | (192)                                    | (4)                    | -                                 | (196)          |
| <b>Total as at 30 June 2021</b>                       | <b>164,301</b>                           | <b>29,916</b>          | <b>9,474</b>                      | <b>203,691</b> |
| <b>Total as at 30 June 2021 represented by</b>        |  |                        |                                   |                |
| Gross book value                                      | 210,760                                  | 37,251                 | 34,922                            | 283,036        |
| Accumulated depreciation and impairment               | (46,459)                                 | (7,335)                | (25,448)                          | (79,345)       |
| <b>Total as at 30 June 2021</b>                       | <b>164,301</b>                           | <b>29,916</b>          | <b>9,474</b>                      | <b>203,691</b> |
| <b>Carrying amount of right-of-use assets</b>         | <b>133,559</b>                           | <b>2,877</b>           | <b>-</b>                          | <b>136,436</b> |

1. The carrying amount of computer software includes \$3.24 million of purchased software and \$6.23 million of internally generated software.

No indicators of impairment were found for property, plant and equipment and intangibles.

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 2021 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 \$0.236 million (2020: \$1.2 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 other than information technology equipment costing less than \$2,000; and
- information technology equipment costing less than \$1,500.



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.

#### 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:

|   | 2021                                | 2020                         |
|---|-------------------------------------|------------------------------|
| Leasehold improvements                            | <b>10 to 20 years or lease term</b> | 10 to 20 years or lease term |
| Plant and equipment – excluding library materials | <b>3 to 100 years</b>               | 3 to 100 years               |
| Plant and equipment – library materials           | <b>5 to 10 years</b>                | 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 2021. 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 (2020: 5 years).

|                                   | 2021      | 2020      |
|-----------------------------------|-----------|-----------|
|                                   | \$'000    | \$'000    |
| <b>Note 3.2B: Inventories</b>     |           |           |
| Inventories held for distribution | 31        | 36        |
| <b>Total inventories</b>          | <b>31</b> | <b>36</b> |

During 2020-21, \$22,700 of inventory held for distribution was recognised as an expense (2020: \$9,989).

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**

|                              | 2021         | 2020         |
|------------------------------|--------------|--------------|
|                              | \$'000       | \$'000       |
| <b>Note 3.3A: Suppliers</b>  |              |              |
| Trade creditors and accruals | 9,075        | 4,681        |
| <b>Total suppliers</b>       | <b>9,075</b> | <b>4,681</b> |

Settlement was usually made within 30 days.

**Note 3.3B: Other Payables**

|                              |              |              |
|------------------------------|--------------|--------------|
| Salaries and wages           | 1,925        | 1,440        |
| Superannuation               | 320          | 238          |
| Separations and redundancies | 764          | 68           |
| Unearned income              | 217          | 1,262        |
| Other                        | 874          | 725          |
| <b>Total other payables</b>  | <b>4,100</b> | <b>3,733</b> |

### 3.4 Interest Bearing Liabilities

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$'000 | \$'000 |

#### **Note 3.4A: Leases**

##### Lease Liabilities

|                     |                |                |
|---------------------|----------------|----------------|
| Buildings           | 138,842        | 147,960        |
| Plant and equipment | 2,878          | 3,059          |
| <b>Total leases</b> | <b>141,720</b> | <b>151,019</b> |

##### **Maturity analysis - contractual undiscounted cash flows**

|                      |                |                |
|----------------------|----------------|----------------|
| Within 1 year        | 1,093          | 290            |
| Between 1 to 5 years | 39,049         | 38,503         |
| More than 5 years    | 101,578        | 112,226        |
| <b>Total leases</b>  | <b>141,720</b> | <b>151,019</b> |

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 reviews where applicable. 5 of those leases have an option to renew at the end of the lease period. Leases for 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**

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$'000 | \$'000 |

**Note 3.5A: Other Provisions**

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Provision for restoration obligations | 4,253        | 4,780        |
| <b>Total other provisions</b>         | <b>4,253</b> | <b>4,780</b> |

|   | Provision for<br>restoration | Total        |
|---|------------------------------|--------------|
|   | \$'000                       | \$'000       |
| <b>As at 1 July 2020</b>                          | <b>4,780</b>                 | <b>4,780</b> |
| Amounts adjusted                                  | (340)                        | (340)        |
| Unwindings of discount or change in discount rate | (187)                        | (187)        |
| <b>Total as at 30 June 2021</b>                   | <b>4,253</b>                 | <b>4,253</b> |

The Entity currently has 12 agreements for the leasing of premises which have provisions requiring the Entity to restore the premises to their original condition at the conclusion of the lease. The Entity has made a provision to reflect the present value of this obligation.

## 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 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

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b>Note 4.1A: Cash and Cash Equivalents</b>   |                |                |
| Cash on hand or on deposit  | 106            | 103            |
| <b>Total cash and cash equivalents</b>  | <b>106</b>     | <b>103</b>     |
| 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. |                |                |
| <b>Note 4.1B: Trade and Other Receivables</b>   |                |                |
| Goods and services receivables  | 6,884          | 6,190          |
| <b>Total goods and services receivables</b>   | <b>6,884</b>   | <b>6,190</b>   |
| <b>Other receivables</b>  |                |                |
| Statutory receivable (GST)  | 6              | 10             |
| <b>Total other receivables</b>  | <b>6</b>       | <b>10</b>      |
| <b>Total trade and other receivables (gross)</b>  | <b>6,890</b>   | <b>6,200</b>   |
| <b>Less impairment loss allowance account:</b>  |                |                |
| Goods and services  | (5,788)        | (5,161)        |
| <b>Total impairment loss allowance</b>  | <b>(5,788)</b> | <b>(5,161)</b> |
| <b>Total trade and other receivables (net)</b>  | <b>1,102</b>   | <b>1,039</b>   |

### Accounting Policy

#### Trade and other receivables

Collectability of debts is reviewed at the end of the reporting period. The impairment loss allowance is calculated based on the Entity's historical rate of debt collection. Credit terms for services were within 30 days (2020: 30 days).

### 4.2 Administered – Payables

|  | 2021       | 2020       |
|--|------------|------------|
|  | \$'000     | \$'000     |
| <b>Note 4.2A: Suppliers</b>  |            |            |
| Trade creditors and accruals   | 58         | 31         |
| <b>Total supplier payables</b>   | <b>58</b>  | <b>31</b>  |
| The contract liabilities are associated with family dispute resolution services. |            |            |
| <b>Note 4.2B: Other Payables</b>   |            |            |
| Unearned income  | 417        | 543        |
| <b>Total other payables</b>  | <b>417</b> | <b>543</b> |

## 5. Funding

This section identifies the Federal Court of Australia funding structure.

### 5.1 Appropriations

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

#### Annual Appropriations for 2021

|                           | Annual<br>Appropriation <sup>1</sup><br>\$'000 | Adjustments to<br>Appropriation <sup>2</sup><br>\$'000 | Total<br>appropriation<br>\$'000 | Appropriation<br>applied in 2021<br>(current and prior<br>years)<br>\$'000 | Variance <sup>3</sup><br>\$'000 |
|---------------------------|--|--|----------------------------------|--|---------------------------------|
| <b>Departmental</b>       |  |  |                                  |  |                                 |
| 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                           |
| <b>Total departmental</b> | <b>292,646</b>                                 | <b>3,805</b>   | <b>296,451</b>                   | <b>278,511</b>   | <b>17,940</b>                   |
| <b>Administered</b>       |  |  |                                  |  |                                 |
| Ordinary annual services  |  |  |                                  |  |                                 |
| Administered items        | 885  | -  | 885                              | 586  | 299                             |
| <b>Total administered</b> | <b>885</b>                                     | <b>-</b>   | <b>885</b>                       | <b>586</b>   | <b>299</b>                      |

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 withdrawal 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.

## Annual Appropriations for 2020

|                          | Annual Appropriation <sup>1</sup><br>\$'000 | Adjustments to<br>Appropriation<br>\$'000 | Total appropriation<br>\$'000 | Appropriation applied<br>in 2020 (current and<br>prior years)<br>\$'000 | Variance <sup>2</sup><br>\$'000 |
|--------------------------|---|---|-------------------------------|---|---------------------------------|
| Departmental             |   |   |                               |   |                                 |
| Ordinary annual services | 274,519                                     | 3,434                                     | 277,953                       | 259,623   | 18,330                          |
| Capital Budget           | 23,981                                      | -   | 23,981                        | 15,926  | 8,055                           |
| Total departmental       | 298,500                                     | 3,434                                     | 301,934                       | 275,549   | 26,385                          |
| Administered             |   |   |                               |   |                                 |
| Ordinary annual services | 881   | -   | 881                           | 784   | 97                              |
| Administered items       | 881   | -   | 881                           | 784   | 97                              |
| 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.
2. The Court has received appropriation related to new Government measures. These measures have not yet been fully implemented. The Court has therefore not spent appropriation related to these measures, causing an underspend of annual appropriation.
3. Receipts collected under Section 74 of the *PGPA Act*.

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

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b>Departmental</b>                                  |                |                |
| Appropriation Act (No. 1) 2017-18 - Capital budget   | -              | 262            |
| Appropriation Act (No. 1) 2017-18                    | -              | 461            |
| Appropriation Act (No. 1) 2018-19                    | 2,827          | 4,372          |
| Appropriation Act (No. 1) 2018-19 - Capital budget   | -              | 9,500          |
| Appropriation Act (No. 3) 2018-19                    | -              | 3,055          |
| Appropriation Act (No. 1) 2019-20                    | -              | 51,405         |
| Appropriation Act (No. 1) 2019-20 - Capital Budget   | 11,555         | 11,555         |
| Appropriation Act (No. 3) 2019-20                    | -              | 2,670          |
| Supply Act (No. 1) 2019-20                           | -              | 30,459         |
| Supply Act (No. 1) 2019-20 - Capital Budget          | 1,136          | 1,605          |
| Appropriation Act (No. 1) 2020-21                    | 79,080         | -              |
| Appropriation Act (No. 1) 2020-21 Capital Budget     | 5,060          | -              |
| Supply Act (No. 1) 2020-21                           | 29,305         | -              |
| Supply Act (No. 1) 2020-21 Capital Budget            | 1,512          | -              |
| Appropriation Act (No. 2) 2020-21 - Equity Injection | 2,717          | -              |
| Cash at bank   | 1,234          | 1,239          |
| <b>Total departmental</b>                            | <b>134,426</b> | <b>116,583</b> |
| <b>Administered</b>                                  |                |                |
| Appropriation Act (No 1) 2020-2021                   | 299            | 97             |
| <b>Total administered</b>                            | <b>299</b>     | <b>97</b>      |

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

|   | Appropriation applied |                |
|---|-----------------------|----------------|
|   | 2021<br>\$'000        | 2020<br>\$'000 |
| <b>Authority</b>  |                       |                |
| Public Governance, Performance and Accountability Act 2013, Section 77,<br>Administered | 424                   | 353            |
| <b>Total special appropriations applied</b>   | <b>424</b>            | <b>353</b>     |



## 5.2 Special Accounts

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

|   | Departmental  |            | Administered   |               |  |              |
|---|---|------------|--|---------------|--|--------------|
|   | Services for other entities and Trust Moneys Special Account <sup>1</sup> |            | Federal Court Of Australia Litigants Fund Special Account <sup>2</sup> |               | Family Court and Federal Circuit Court Litigants Fund Special Account <sup>3</sup> |              |
|   | 2021  | 2020       | 2021   | 2020          | 2021   | 2020         |
|   | \$'000  | \$'000     | \$'000   | \$'000        | \$'000   | \$'000       |
| <b>Balance brought forward from previous period</b> | <b>8</b>  | <b>244</b> | <b>32,415</b>  | <b>38,725</b> | <b>2,946</b>   | <b>744</b>   |
| <b>Increases</b>                                    | <b>292</b>  | <b>127</b> | <b>49,079</b>  | <b>19,102</b> | <b>3,131</b>   | <b>3,161</b> |
| <b>Total increases</b>                              | <b>292</b>  | <b>127</b> | <b>49,079</b>  | <b>19,102</b> | <b>3,131</b>   | <b>3,161</b> |
| <b>Available for payments</b>                       | <b>300</b>  | <b>371</b> | <b>81,494</b>  | <b>57,827</b> | <b>6,077</b>   | <b>3,905</b> |
| <b>Decreases</b>                                    |   |            |  |               |  |              |
| Departmental  | 290   | 363        | -  | -             | -  | -            |
| Administered  | -   | -          | 36,514   | 25,412        | 728  | 959          |
| <b>Total decreases</b>                              | <b>290</b>  | <b>363</b> | <b>36,514</b>  | <b>25,412</b> | <b>728</b>   | <b>959</b>   |
| <b>Total balance carried to the next period</b>     | <b>10</b>   | <b>8</b>   | <b>44,980</b>  | <b>32,415</b> | <b>5,349</b>   | <b>2,946</b> |
| <b>Balance represented by:</b>                      |   |            |  |               |  |              |
| Cash held in entity bank accounts                   | 10  | 8          | 44,980   | 32,415        | 5,349  | 2,946        |
| Cash held in the Official Public Account            | -   | -          | -  | -             | -  | -            |
| <b>Total balance carried to the next period</b>     | <b>10</b>   | <b>8</b>   | <b>44,980</b>  | <b>32,415</b> | <b>5,349</b>   | <b>2,946</b> |

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 Family Court of Australia or the Federal Circuit Court of Australia (formerly the Federal Magistrates Court of Australia);
- (b) for amounts received in respect of proceedings that have been transferred from another court to the Family Court of Australia or to the Federal Circuit Court of Australia (formerly the Federal Magistrates Court of Australia);
- (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 Family Court of Australia, 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 Court of Australia (formerly the Federal Magistrates Court of Australia), or a Judge (formerly Federal Magistrate) 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 \$10,000 in 2021 and \$8,000 in 2020. The closing balance of the Federal Court Of Australia Litigants Fund Special Account<sup>2</sup> includes amounts held in trust of \$44.979m in 2021 and \$32.415m in 2020. The closing balance of the Family Court and Federal Circuit Court Litigants Fund Special Account<sup>3</sup> includes amounts held in trust of \$5.34m in 2021 and \$2.95m in 2020.

#### **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.

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b>Litigants Fund Accounts</b>             |                |                |
|  | -              | -              |
| As at 1 July                               | 35,369         | 39,713         |
| Receipts                                   | 52,501         | 22,390         |
| Payments                                   | 37,532         | 26,734         |
| <b>Total as at 30 June</b>                 | <b>50,338</b>  | <b>35,369</b>  |
| <b>Total monetary assets held in trust</b> | <b>50,338</b>  | <b>35,369</b>  |

#### **5.3 Net Cash Appropriation Arrangements**

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b>Total comprehensive income - as per the Statement of Comprehensive Income</b>   | <b>(1,001)</b> | <b>6,561</b>   |
| Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) | 15,167         | 10,852         |
| Plus: depreciation of right-of-use assets  | 20,538         | 19,103         |
| Less: lease principal repayments   | (18,217)       | (17,082)       |
| <b>Net Cash Operating Surplus</b>  | <b>16,487</b>  | <b>19,434</b>  |

## 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

|                                       | 2021          | 2020          |
|---------------------------------------|---------------|---------------|
|                                       | \$'000        | \$'000        |
| <b>Note 6.1A: Employee Provisions</b> |               |               |
| Leave                                 | 32,471        | 31,280        |
| Judges leave                          | 34,917        | 35,623        |
| <b>Total employee provisions</b>      | <b>67,388</b> | <b>66,903</b> |

#### 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 Family Court Judges are entitled to a non-contributory pension upon retirement after at least 10 years service (Federal Court and Family Court Judges). 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 Federal Court of Australia 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 \$34.54 million (2020: \$35.45 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, the Family Court of Australia and the Federal Circuit Court of Australia, the President and Registrar of the National Native Title Tribunal, the Executive Director of Corporate Services.

### Note 6.2A: Key Management Personnel Remuneration

|   | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| Short-term employee benefits                                | 3,123          | 3,131          |
| Post-employment benefits                                    | 1,083          | 1,127          |
| Other long-term employee benefits                           | 150            | 156            |
| <b>Total key management personnel remuneration expenses</b> | <b>4,356</b>   | <b>4,414</b>   |

The total number of key management personnel that are included in the above table are 8 (2020: 9).

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.

## 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 2021 (2020: none).

## 7. Managing Uncertainties

This section analyses how the Federal Court of Australia 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 has no quantifiable contingent assets or liabilities as at 30 June 2021 (2020: none).

#### Unquantifiable Contingencies

The Federal Court of Australia has no unquantifiable contingent assets or liabilities as at 30 June 2021 (2020: 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 Courts have no quantifiable or unquantifiable administered contingent liabilities or assets as at 30 June 2021 (2020: none).

## 7.2 Financial Instruments

|        |        |
|--------|--------|
| 2021   | 2020   |
| \$'000 | \$'000 |

### Note 7.2A: Categories of Financial Instruments

#### Financial assets

##### Financial assets at amortised cost

|   |              |              |
|---|--------------|--------------|
| Cash and cash equivalents                       | 1,234        | 1,239        |
| Trade and other receivables                     | 181          | 83           |
| <b>Total financial assets at amortised cost</b> | <b>1,415</b> | <b>1,322</b> |
| <b>Total financial assets</b>                   | <b>1,415</b> | <b>1,322</b> |

#### Financial Liabilities

##### Financial liabilities measured at amortised cost

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Trade creditors                    | 9,075        | 4,681        |
| <b>Total financial liabilities</b> | <b>9,075</b> | <b>4,681</b> |

### 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:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- 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.

Comparatives have not been restated on initial application.

#### Financial Assets at Amortised Cost

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

- the financial asset is held in order to collect the contractual cash flows; and
- 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.

#### Financial 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 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.

**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'.

**Other Financial Liabilities**

Other financial liabilities 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).

The fair value of financial instruments approximates its carrying value.

**7.3 Administered – Financial Instruments**

|  | 2021         | 2020         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b><u>Note 7.3A: Categories of Financial Instruments</u></b> |              |              |
| <b>Financial assets at amortised cost</b>                    |              |              |
| Cash and cash equivalents                                    | 106          | 103          |
| Other receivables  | 1,102        | 1,039        |
| <b>Total financial assets at amortised cost</b>              | <b>1,208</b> | <b>1,142</b> |
| <b>Total financial assets</b>                                | <b>1,208</b> | <b>1,142</b> |
|  | 2021         | 2020         |
|  | \$'000       | \$'000       |

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

|   |              |              |
|---|--------------|--------------|
| Interest expense  | 1,715        | 1,883        |
| <b>Net gains/(losses) on financial liabilities measured at amortised cost</b> | <b>1,715</b> | <b>1,883</b> |

**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 Federal Court of Australia reviews the method used by the valuer annually.

**Note 7.4A: Fair Value Measurement**

|                             | Fair value measurements at the end of the reporting period |        |
|-----------------------------|--|--------|
|                             | 2021   | 2020   |
|                             | \$'000   | \$'000 |
| <b>Non-financial assets</b> |  |        |
| Leasehold improvements      | 30,741   | 35,693 |
| Plant and equipment         | 27,070   | 20,014 |

The Court'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 financial information environment for the year.

### 8.1 Current/ non-current distinction for assets and liabilities

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$'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           | 1,234          | 1,239          |
| Trade and other receivables         | 134,131        | 116,384        |
| Prepayments                         | 3,763          | 1,939          |
| Inventories                         | -              | 21             |
| <b>Total no more than 12 months</b> | <b>139,128</b> | <b>119,583</b> |

##### More than 12 months

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Trade and other receivables      | 42             | 9              |
| Buildings                        | 164,301        | 182,130        |
| Plant and equipment              | 29,916         | 23,103         |
| Computer software                | 9,474          | 11,832         |
| Inventories                      | 31             | 15             |
| <b>Total more than 12 months</b> | <b>203,764</b> | <b>217,089</b> |
| <b>Total assets</b>              | <b>342,892</b> | <b>336,672</b> |

##### Liabilities expected to be settled in:

##### No more than 12 months

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Suppliers                           | 9,075         | 4,681         |
| Other payables                      | 3,980         | 3,632         |
| Leases                              | 1,092         | 290           |
| Employee provisions                 | 16,831        | 15,362        |
| Other provisions                    | 917           | 487           |
| <b>Total no more than 12 months</b> | <b>31,895</b> | <b>24,452</b> |

##### More than 12 months

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Other payables                   | 120            | 100            |
| Leases                           | 140,628        | 150,729        |
| Employee provisions              | 50,557         | 51,542         |
| Other provisions                 | 3,336          | 4,293          |
| <b>Total more than 12 months</b> | <b>194,641</b> | <b>206,664</b> |
| <b>Total liabilities</b>         | <b>226,536</b> | <b>231,116</b> |



|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b><u>Note 8.1B: Administered - Current/non-current distinction for assets and liabilities</u></b> |                |                |
| <b>Assets expected to be recovered in:</b>   |                |                |
| <b>No more than 12 months</b>  |                |                |
| Cash and cash equivalents  | 106            | 103            |
| Taxation receivables   |                |                |
| Trade and other receivables  | 1,102          | 1,039          |
| Asset held for sale  | -              | -              |
| [Disclose by asset disclosure]   | -              | -              |
| <b>Total no more than 12 months</b>  | <b>1,208</b>   | <b>1,142</b>   |
| <b>More than 12 months</b>   |                |                |
| Trade and other receivables  | -              | -              |
| Land and buildings   | -              | -              |
| Heritage and cultural  | -              | -              |
| Plant and equipment  | -              | -              |
| Computer software  | -              | -              |
| Other intangibles  | -              | -              |
| [Disclose by asset disclosure]   | -              | -              |
| <b>Total more than 12 months</b>   | <b>-</b>       | <b>-</b>       |
| <b>Total assets</b>  | <b>1,208</b>   | <b>1,142</b>   |
| <b>Liabilities expected to be settled in:</b>  |                |                |
| <b>No more than 12 months</b>  |                |                |
| Suppliers  | 58             | 31             |
| Subsidies  | -              | -              |
| Grants   | -              | -              |
| Personal benefits  | -              | -              |
| Other payables   | 417            | 543            |
| Loans  | -              | -              |
| Leases   | -              | -              |
| Employee provisions  | -              | -              |
| Other provisions   | -              | -              |
| [Disclose by liability disclosure]   | -              | -              |
| <b>Total no more than 12 months</b>  | <b>475</b>     | <b>574</b>     |
| <b>More than 12 months</b>   |                |                |
| Suppliers  | -              | -              |
| Loans  | -              | -              |
| Leases   | -              | -              |
| Employee provisions  | -              | -              |
| Other provisions   | -              | -              |
| [Disclose by liability disclosure]   | -              | -              |
| <b>Total more than 12 months</b>   | <b>-</b>       | <b>-</b>       |
| <b>Total liabilities</b>   | <b>475</b>     | <b>574</b>     |