

PART 7
FINANCIAL STATEMENTS





INDEPENDENT AUDITOR'S REPORT

To the Attorney General

Scope

I have audited the accompanying financial statements of the Family Court of Australia for the year ended 30 June 2009, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Administered Items and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Chief Executive for the Financial Statements

The Family Court of Australia's Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Family Court of Australia's preparation and fair presentation of the financial statements 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 Family Court of Australia's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Family Court of Australia's Chief Executive, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Family Court of Australia's:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Family Court of Australia's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Simon Kidman
Executive Director
Delegate of the Auditor-General
Canberra
19 August 2009

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER for the Family Court of Australia

In our opinion, the attached financial statements for the year ended 30 June 2009 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Mr Richard Foster PSM
Chief Executive Officer
Family Court of Australia

19th August 2009



Mr Grahame Harriott
Chief Finance Officer
Family Court of Australia

19 August 2009

INCOME STATEMENT for the Family Court of Australia
for the period ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
INCOME			
Revenue			
Revenue from Government	3A	127,293	129,377
Sale of goods and rendering of services	3B	696	485
Interest	3C	5	9
Rental income	3D	50	55
Other revenue	3E	4,583	4,731
Total revenue		132,627	134,657
Gains			
Other gains	3F	7,446	8,133
Total gains		7,446	8,133
Total Income		140,073	142,790
EXPENSES			
Judges and employee benefits	4A	73,519	76,741
Suppliers	4B	60,221	57,234
Depreciation and amortisation	4C	5,346	7,023
Finance costs	4D	167	194
Write-down and impairment of assets	4E	130	129
Losses from asset sales	4F	163	30
Total Expenses		139,546	141,351
Surplus (Deficit)		527	1,439

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

BALANCE SHEET for the Family Court of Australia
as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	1,238	1,897
Trade and other receivables	5B	23,924	25,703
Accrued revenue	5C	521	738
Total financial assets		25,683	28,338
Non-Financial Assets			
Land and buildings	6A	14,749	11,048
Infrastructure, plant and equipment	6B	9,974	7,579
Intangibles	6D	2,893	2,281
Inventories	6F	51	78
Other non-financial assets	6G	3,125	2,492
Total non-financial assets		30,792	23,478
Total Assets		56,475	51,816
LIABILITIES			
Payables			
Suppliers	7A	3,875	2,469
Other payables	7B	1,501	1,647
Total payables		5,376	4,116
Provisions			
Employee provisions	8A	20,298	20,336
Other provisions	8B	2,878	3,370
Total provisions		23,176	23,706
Total Liabilities		28,552	27,822
Net Assets		27,923	23,994
EQUITY			
Contributed equity		4,814	4,814
Reserves		13,115	9,685
Retained surplus		9,994	9,495
Total Equity		27,923	23,994
Current Assets		28,859	30,909
Non-Current Assets		27,616	20,907
Current Liabilities		20,795	20,809
Non-Current Liabilities		7,757	7,013

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

STATEMENT OF CHANGES IN EQUITY for the Family Court of Australia
as at 30 June 2009

	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/ Capital		Total Equity	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous period	9,494	8,056	9,686	9,341	4,814	4,456	23,994	21,853
Adjustment for errors*	(27)	-	-	-	-	-	(27)	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	9,467	8,056	9,686	9,341	4,814	4,456	23,967	21,853
Income and Expense	-	-	3,429	344	-	-	3,429	344
Makegood / Revaluation adjustment	-	-	3,429	344	-	-	3,429	344
Subtotal income and expenses recognised directly in equity	527	1,439	-	-	-	-	527	1,439
Surplus for the period	527	1,439	3,429	344	-	-	3,956	1,783
Total Income and Expenses	527	1,439	3,429	344	-	-	3,956	1,783
Transactions with owners	-	-	-	-	-	-	-	-
Contributions by Owners	-	-	-	-	-	-	-	-
Appropriation (equity injection)	-	-	-	-	-	358	-	358
Sub-total Transactions with owners	-	-	-	-	-	358	-	358
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance as at 30 June	9,994	9,495	13,115	9,685	4,814	4,814	27,923	23,994

* A adjustment for prior year prepayment incorrectly recognised.

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

CASH FLOW STATEMENT for the Family Court of Australia
for the period ended 30 June 2009

	2009	2008
Notes	<u>\$'000</u>	<u>\$'000</u>
OPERATING ACTIVITIES		
Cash received		
Goods and services	5,130	4,727
Appropriations	129,544	127,419
Interest	5	9
Net GST received	6,004	7,310
Total cash received	<u>140,683</u>	<u>139,465</u>
Cash used		
Employees	66,325	69,781
Suppliers	59,504	58,130
Net GST paid	6,108	7,253
Total cash used	<u>131,937</u>	<u>135,164</u>
Net cash from operating activities	9 <u>8,746</u>	<u>4,301</u>
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of property, plant and equipment	21	46
Total cash received	<u>21</u>	<u>46</u>
Cash used		
Purchase of property, plant and equipment	8,063	4,370
Purchase of intangibles	1,363	828
Total cash used	<u>9,426</u>	<u>5,198</u>
Net cash from (used by) investing activities	<u>(9,405)</u>	<u>(5,152)</u>
FINANCING ACTIVITIES		
Cash received		
Contributed equity	-	358
Total cash received	<u>-</u>	<u>358</u>
Net cash from (used by) financing activities	<u>-</u>	<u>358</u>
Net increase (decrease) in cash held	(659)	(493)
Cash and cash equivalents at the beginning of the reporting period	1,897	2,390
Cash and cash equivalents at the end of the reporting period	5A <u>1,238</u>	<u>1,897</u>

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

SCHEDULE OF COMMITMENTS for the Family Court of Australia*as at 30 June 2009*

	2009	2008
	\$'000	\$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	(18,023)	(20,390)
Total commitments receivable	(18,023)	(20,390)
Other commitments		
Operating leases ¹	181,026	216,731
Other commitments ²	17,231	7,564
Total other commitments	198,257	224,295
Net commitments by type	180,234	203,905
BY MATURITY		
Commitments receivable		
One year or less	(2,690)	(3,118)
From one to five years	(7,411)	(7,151)
Over five years	(7,922)	(10,121)
Total commitments receivable	(18,023)	(20,390)
Commitments payable		
Operating lease commitments		
One year or less	21,518	29,665
From one to five years	73,717	75,728
Over five years	85,791	111,338
Total operating lease commitments	181,026	216,731
Other commitments		
One year or less	8,073	4,630
From one to five years	7,806	2,934
Over five years	1,352	-
Total other commitments	17,231	7,564
Net commitments by maturity	180,234	203,905

NB: Commitments are GST inclusive where relevant.

¹ Operating leases are effectively non cancelable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	A large proportion of these commitments are for Commonwealth Law Court buildings (Adelaide, Brisbane, Canberra, Hobart, Melbourne, Parramatta, and Sydney). The projected rentals to be paid for the special purpose court buildings have been reliably measured by the providers of the property management service and include annual increases and market rate review where applicable. The amounts disclosed for non-special purpose buildings have been disclosed according to the details specified in commercial lease agreements and include annual increases and market rate reviews where applicable.
Court motor vehicle leases	No contingent rentals exist and there are no renewal or purchase options available to the Court.
Leases for photocopiers and faxes	No contingent rentals exist and there are no renewal or purchase options available to the Court.

² Other Commitments relate to payments in relation to the maintenance and ongoing costs associated with the Court's buildings.

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

SCHEDULE OF ADMINISTERED ITEMS for the Family Court of Australia

	Notes	2009 \$'000	2008 \$'000
Income administered on behalf of Government <i>for the period ended 30 June 2009</i>			
Revenue			
Rendering of services - fees	14A	<u>1,083</u>	<u>1,263</u>
Total income administered on behalf of Government		<u>1,083</u>	<u>1,263</u>
Expenses administered on behalf of Government <i>for the period ended 30 June 2009</i>			
Rendering of services - fees refunded	15A	<u>9</u>	<u>20</u>
Total expenses administered on behalf of Government		<u>9</u>	<u>20</u>
Assets administered on behalf of Government <i>as at 30 June 2009</i>			
Financial assets			
Cash and cash equivalents	16A	<u>6</u>	<u>18</u>
Total assets administered on behalf of Government		<u>6</u>	<u>18</u>

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ADMINISTERED ITEMS for the Family Court of Australia

	Notes	2009 \$'000	2008 \$'000
Administered Cash Flows			
<i>for the period ended 30 June 2009</i>			
OPERATING ACTIVITIES			
Cash received			
Rendering of services - fees		<u>1,083</u>	<u>1,263</u>
Total cash received		<u>1,083</u>	<u>1,263</u>
Cash used			
Rendering of services - fees refunded		<u>9</u>	<u>20</u>
Total cash used		<u>9</u>	<u>20</u>
Net cash flows from operating activities		<u>1,074</u>	<u>1,243</u>
Net Increase in Cash Held		1,074	1,243
Cash and cash equivalents at the beginning of the reporting period		18	32
Cash from Official Public Account for:			
- Appropriations		40	71
Cash to Official Public Account for:			
- Special accounts		<u>(1,126)</u>	<u>(1,328)</u>
Cash and cash equivalents at the end of the reporting period	16A	<u>6</u>	<u>18</u>

This schedule should be read in conjunction with the accompanying notes.

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FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Family Court of Australia

The Family Court of Australia is an Australian Government controlled entity. The objective of the Family Court of Australia ('the Court') is to resolve or determine disputes arising from family separation. The Court has the power under the *Family Law Act 1975* to grant divorces. In addition the Court makes orders relating to:

- arrangements for children;
- the distribution of property of the parties;
- spousal maintenance;
- child maintenance and child support reviews; and
- the protection of a party.

The Court has one outcome (Outcome 1):

As Australia's specialist superior family court determine cases, including in particular those with complex law and facts, and provide national coverage as the appellate court in family law matters

Within this Outcome, the Court has identified two key output groups, Judicial services (Output Group 1.1) and Registry (Output Group 1.2).

The Court activities contributing toward these outputs are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Court in its own right. Administered activities involve the management or oversight by the Court on behalf of the Government of items controlled or incurred by the Government.

The continued existence of the Court in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Court's administration and programs.

1.2 Basis of Preparation of the Financial Report

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMO) for reporting periods ending on or after 1 July 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets 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 report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments.

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the income statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.19.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Court has made the following judgment that has the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings, infrastructure, plant and equipment has been taken to be the written down replacement cost as determined by an independent valuer. In some instances, the Court's buildings are purpose built and may in fact realise more or less in the market.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amount of assets and liabilities within the next accounting period.

1.4 Changes in Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. Of the new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to the current period, none have a material impact on the Court.

Future Australian Accounting Standard Requirements

Of the new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to future periods, none will have a material impact on the Court.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Court gains control of the appropriation, except for certain amounts that relate 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.

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transactions.

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 balance date. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.6 Gains

Other Resources Received Free of Charge

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

The Court recognises a revenue and corresponding expense item "Liabilities assumed by related entities." The notional amount reported for the Court's Judges is \$7,340,281 (2008: \$8,008,301).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

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

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangement are adjusted at their book value directly against contributed equity.

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

Other Distributions to Owners

The FMO require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.8 Judges and Employee Benefits

Liabilities for services rendered by Judges and employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other Judges and employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Under the *Judges' Pension Act 1968*, Family Court of Australia Judges are entitled to a non-contributory pension upon retirement after 10 years. As the liability for these pension payments is assumed by the Australian Government, the Court does not recognise a liability for unfunded superannuation liability. It does, however, recognise a revenue and corresponding expense item "Liabilities assumed by related entities." The notional amount reported for the Court's Judges is \$7,340,281(2008: \$8,008,301).

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the Court'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 long service leave has been determined by reference to the work of an actuary as at 30 June 2009. 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 Court 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

Staff of the Court are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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 by the Department of Finance and Deregulation as an administered item.

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

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

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.11 Financial Assets

The Family Court of Australia classifies its financial assets in the following categories:

- financial assets as at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of selling in the near future;

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

- are a part of an identified portfolio of financial instruments that the Court manages together and has a recent actual pattern of short-term profit-taking; or
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Loans and Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

- *financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the income statement.

1.12 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

1.13 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the balance sheet but are reported in the relevant 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.

1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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 agency's accounts immediately prior to the restructuring.

1.15 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of land and buildings, infrastructure, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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 'makegood' provisions in property leases taken up by the Court where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Court's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Revaluations

Fair values for each class of assets are determined as shown below:

<i>Asset class</i>	<i>Fair value measured at:</i>
Land and buildings - leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, land and buildings, infrastructure, 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 with 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 that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result 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.

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

Depreciation

Depreciable land and buildings, infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Court using, in all cases, the straight-line method of depreciation. Land and buildings - leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation 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 rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2009</u>	<u>2008</u>
	Lease term or est. useful life	
Land and Buildings - leasehold improvements	3 to 20 years	Lesser of 10 years or lease term
Infrastructure, plant and equipment	1 to 10 years	1 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2009. 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 Court were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.16 Intangibles

The Court's intangibles comprise internally developed software for internal use and externally developed purchased software. 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. The useful lives of the Court's software are 3 to 5 years (2008: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2009.

1.17 Inventories

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:

- raw materials and stores - purchase cost on a first-in-first-out basis; and
- 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.

1.18 Taxation / Competitive Neutrality

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

FAMILY COURT OF AUSTRALIA

Notes to and forming part of the Financial Statements

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.19 Reporting of Administered Activities

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

Except where otherwise stated below, 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.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Court for use by the Government rather than the Court is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. 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 Court on behalf of the Government and reported as such in the statement of cash flows in the schedule of administered items and in the administered reconciliation table in Note 17: Administered Reconciliation Table. The schedule of administered items largely reflects the Government's transactions, through the Court, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Court on behalf of the Australian Government.

Fees are charged for access to the Court's services. Administered fee revenue is recognised when an application for the service is lodged with the Court. It is recognised at its nominal amount. Collectibility of debts is reviewed at balance date. Allowances are made when collections of the debt is judged to be less rather than more likely.

1.20 Services provided free of charge

The Court provides resources free of charge to the Federal Magistrates Court of Australia (FMC) in accordance with s90, 92 and 99 of the *Federal Magistrates Act 1999*. Resources provided free of charge include:

- court staff who perform work on behalf of the FMC; and
- accommodation, including access to courtrooms.

It is estimated that the cost of resources provided free of charge by the Court to the FMC during 2008-09 was \$20,886,545 (2008: \$19,499,817).

The Court also provided resources free of charge to the Federal Court of Australia during 2008-09. It is estimated that the cost of these resources was \$537,691 (2008: \$530,993). The resources provided free of charge included accommodation and other property costs.

Note 2: Events After the Balance Sheet Date

The Court has no adjusting or non-adjusting events after the balance sheet date.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 3: Income		
<i>Revenue</i>		
Note 3A: Revenue from Government		
Appropriations:		
Departmental outputs	127,293	129,377
Total revenue from Government	<u>127,293</u>	<u>129,377</u>
Note 3B: Sale of Goods and Rendering of Services		
Provision of goods - external parties	4	7
Rendering of services - external parties	692	478
Total sale of goods and rendering of services	<u>696</u>	<u>485</u>
Note 3C: Interest		
Deposits	5	9
Total interest	<u>5</u>	<u>9</u>
Note 3D: Rental Income		
Operating lease:		
Other	50	55
Total rental income	<u>50</u>	<u>55</u>
Note 3E: Other Revenue		
Other revenue - related entities	4,583	4,731
Total other revenue	<u>4,583</u>	<u>4,731</u>
<i>Gains</i>		
Note 3F: Other Gains		
Resources received free of charge	67	65
Liabilities assumed by other agencies	7,340	8,008
Other	39	60
Total other gains	<u>7,446</u>	<u>8,133</u>

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 4: Expenses		
Note 4A: Judges and Employee Benefits		
Judges' remuneration	11,352	12,469
Judges' leave and other entitlements	1,351	1,345
Judges' notional superannuation	7,340	8,008
Wages and salaries	39,827	41,223
Superannuation:		
Defined contribution plans	1,800	1,392
Defined benefit plans	4,765	5,297
Leave and other entitlements	5,985	5,402
Separation and redundancies	571	781
Other employee expenses	528	824
Total Judges and employee benefits	<u>73,519</u>	<u>76,741</u>
Note 4B: Suppliers		
Rendering of services - related entities	4,670	240
Rendering of services - external parties	27,430	29,147
Operating lease rentals - related entities:		
Minimum lease payments	22,365	22,365
Operating lease rentals - external parties:		
Minimum lease payments	5,047	4,847
Workers compensation premiums	709	635
Total supplier expenses	<u>60,221</u>	<u>57,234</u>
Note 4C: Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	2,287	2,167
Leasehold improvements	2,307	4,224
Total depreciation	<u>4,594</u>	<u>6,391</u>
Amortisation:		
Intangibles:		
Computer software	752	632
Total amortisation	<u>752</u>	<u>632</u>
Total depreciation and amortisation	<u>5,346</u>	<u>7,023</u>
Note 4D: Finance Costs		
Unwinding of discount - makegood	167	194
Total finance costs	<u>167</u>	<u>194</u>
Note 4E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Financial assets		
Impairment of receivables	6	(1)
Non-financial assets		
Impairment of property, plant and equipment	-	17
Inventories	124	113
Total write-down and impairment of assets	<u>130</u>	<u>129</u>

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 4F: Losses from Assets Sales		
Land and buildings		
Write-offs	39	3
Infrastructure, plant and equipment		
Proceeds from sale	(21)	(59)
Carrying value of assets sold	142	55
Write-offs	-	18
Selling expense	3	13
<i>Net loss from disposal of infrastructure, plant and equipment</i>	124	27
<i>Total losses from assets sales</i>	163	30

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	1,226	1,886
Cash on hand	<u>12</u>	<u>11</u>
Total cash and cash equivalents	<u>1,238</u>	<u>1,897</u>
Note 5B: Trade and Other Receivables		
Goods and services - external parties	<u>372</u>	<u>363</u>
Total receivables for goods and services	<u>372</u>	<u>363</u>
Appropriations receivable:		
for existing outputs	22,879	24,765
GST receivable from the Australian Taxation Office	<u>683</u>	<u>580</u>
Total trade and other receivables (gross)	<u>23,934</u>	<u>25,708</u>
Less impairment allowance account:		
Goods and services	<u>(10)</u>	<u>(5)</u>
Total trade and other receivables (net)	<u>23,924</u>	<u>25,703</u>
All receivables are current assets		
Receivables are aged as follows:		
Not overdue	<u>23,854</u>	<u>25,629</u>
Overdue by:		
Less than 30 days	3	3
30 to 60 days	40	64
61 to 90 days	2	1
More than 90 days	<u>35</u>	<u>11</u>
Total receivables (gross)	<u>23,934</u>	<u>25,708</u>
The impairment allowance account is aged as follows:		
Not overdue	<u>(5)</u>	<u>-</u>
Overdue by:		
More than 90 days	<u>(5)</u>	<u>(5)</u>
Total impairment allowance account	<u>(10)</u>	<u>(5)</u>

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Reconciliation of the impairment allowance account:

Movements in relation to 2009

	Goods and services 2009 \$'000	Other receivables 2009 \$'000	Total 2009 \$'000
Opening balance	(5)	-	(5)
Amounts written off	-	-	-
Amounts recovered and reversed	-	-	-
Increase/decrease recognised in net surplus	(5)	-	(5)
Closing balance	(10)	-	(10)

Movements in relation to 2008

	Goods and services 2008 \$'000	Other receivables 2008 \$'000	Total 2008 \$'000
Opening balance	(6)	-	(6)
Adjustment for provision	1	-	1
Amounts recovered and reversed	-	-	-
Increase/decrease recognised in net surplus	-	-	-
Closing balance	(5)	-	(5)

Note 5C: Accrued Revenue

Goods and services	521	373
Other accrued revenue	-	365
Total accrued revenue	521	738

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 6: Non-Financial Assets		
Note 6A: Land and Buildings		
Leasehold improvements:		
Fair value	17,467	11,726
Accumulated depreciation	(4,143)	(1,748)
Work in progress - at cost	<u>1,425</u>	<u>1,070</u>
Total leasehold improvements	<u>14,749</u>	<u>11,048</u>
Total land and buildings (non-current)	<u>14,749</u>	<u>11,048</u>

No indicators of impairment were found for land and buildings.

Note 6B: Infrastructure, Plant and Equipment

Infrastructure, plant and equipment:		
Gross carrying value (at fair value)	8,893	10,803
Accumulated depreciation	(33)	(3,794)
Work in progress - at cost	<u>1,114</u>	<u>570</u>
Total infrastructure, plant and equipment (non-current)	<u>9,974</u>	<u>7,579</u>

All revaluations are conducted in accordance with the revaluation policy stated in Note 1.

On 30 June 2009, an independent valuer, Gregory D Mason AAPI, Certified Practising Valuer No 12904, conducted the revaluation.

A revaluation increments of \$2,771,693 (2008: \$0) for infrastructure, plant and equipment were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet.

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

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 6C: Analysis of Property, Plant and Equipment

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2008 - 09)

Item	Land & Buildings - Leasehold Improvements \$'000	IP&E \$'000	Total \$'000
As at 1 July 2008			
Gross book value	12,796	11,373	24,169
Accumulated depreciation/amortisation and impairment	(1,748)	(3,794)	(5,542)
Net book value 1 July 2008	11,048	7,579	18,627
Additions:			
By purchase	6,047	2,016	8,063
Asset first found	-	39	39
Revaluations and impairments through equity	-	2,771	2,771
Depreciation/amortisation expense	(2,307)	(2,287)	(4,594)
Disposals:			
Other disposals	(39)	(144)	(183)
Net book value 30 June 2009	14,749	9,974	24,723
Net book value as of 30 June 2009 represented by:			
Gross book value	18,892	10,007	28,899
Accumulated depreciation/amortisation and impairment	(4,143)	(33)	(4,176)
	14,749	9,974	24,723

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2007 - 08)

Item	Land & Buildings - Leasehold Improvements \$'000	IP&E \$'000	Total \$'000
As at 1 July 2007			
Gross book value	14,983	8,859	23,842
Accumulated depreciation/amortisation and impairment	(1,730)	(1,716)	(3,446)
Net book value 1 July 2007	13,253	7,143	20,396
Additions:			
By purchase	1,739	2,631	4,370
Revaluation increment	280	-	280
Impairments recognised in the operating result	-	(17)	(17)
Depreciation/amortisation expense	(4,224)	(2,167)	(6,391)
Disposals:			
Other disposals	(137)	(91)	(228)
Other disposals - accumulated depreciation	137	80	217
Net book value 30 June 2008	11,048	7,579	18,627
Net book value as of 30 June 2008 represented by:			
Gross book value	12,796	11,373	24,169
Accumulated depreciation/amortisation and impairment	(1,748)	(3,794)	(5,542)
	11,048	7,579	18,627

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 6D: Intangibles		
Computer software at cost:		
Internally developed - in progress	649	540
Internally developed - in use	2,876	10,978
Externally acquired - at cost	1,395	4,158
Total computer software	4,920	15,676
Accumulated amortisation	(2,027)	(13,395)
Total intangibles (non-current)	2,893	2,281

No indicators of impairment were found for intangible assets.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 6E: Analysis of Intangibles

TABLE A - Reconciliation of the opening and closing balances of intangibles (2008 - 09)

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2008			
Gross book value	11,518	4,158	15,676
Accumulated depreciation/amortisation and impairment	(10,119)	(3,276)	(13,395)
Net book value 1 July 2008	1,399	882	2,281
Additions			
By purchase or internally developed	629	734	1,363
Amortisation	(535)	(217)	(752)
Other movements	542	(541)	1
Net book value 30 June 2009	2,035	858	2,893
Net book value as at 30 June 2009 represented by:			
Gross book value	3,525	1,395	4,920
Accumulated depreciation/amortisation and impairment	(1,490)	(537)	(2,027)
	2,035	858	2,893

TABLE A - Reconciliation of the opening and closing balances of intangibles (2007 - 08)

Item	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2007			
Gross book value	11,060	3,788	14,848
Accumulated depreciation/amortisation and impairment	(9,399)	(3,364)	(12,763)
Net book value 1 July 2007	1,661	424	2,085
Additions			
By purchase or internally developed	-	828	828
Depreciation/amortisation expense	(719)	87	(632)
Reclassifications	457	(457)	-
Net book value 30 June 2008	1,399	882	2,281
Net book value as of 30 June 2008 represented by:			
Gross book value	11,518	4,158	15,676
Accumulated amortisation and impairment	(10,119)	(3,276)	(13,395)
	1,399	882	2,281

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 6F: Inventories		
Inventories held for distribution	<u>51</u>	78
Total inventories (current)	<u>51</u>	<u>78</u>

All departmental inventories were current assets.

During 2008-09 \$124,242 of inventory held for sale was recognised as an expense (2007-08: \$112,986)

No items of inventory are recognised at fair value less cost to sell.

Note 6G: Other Non-Financial Assets

Prepayments	<u>3,125</u>	2,492
Total other non-financial assets	<u>3,125</u>	<u>2,492</u>

All other non-financial assets were current assets.

No indicators of impairment were found for other non-financial assets.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors	1,866	435
Operating lease rentals	17	38
Accrued expenses	<u>1,992</u>	<u>1,996</u>
Total suppliers payables	<u>3,875</u>	<u>2,469</u>
Supplier payables - external parties are represented by:		
Current	3,858	2,452
Non-current	<u>17</u>	<u>17</u>
Total supplier payables	<u>3,875</u>	<u>2,469</u>
Settlement is usually made net 30 days.		
Note 7B: Other Payables		
Salaries and wages	600	477
Superannuation	99	71
Separations and redundancies	92	351
Fringe Benefits Tax payable	274	301
Prepayments received	436	446
Other payables	<u>-</u>	<u>1</u>
Total other payables	<u>1,501</u>	<u>1,647</u>

All other payables are current liabilities.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 8: Provisions		
Note 8A: Employee Provisions		
Leave	20,179	20,106
Other	119	230
Total employee provisions	20,298	20,336
Employee provisions are represented by:		
Current	15,268	15,061
Non-current	5,030	5,275
Total employee provisions	20,298	20,336

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date were \$15,268,177 (2008: \$15,061,315), and in excess of one year \$5,029,504 (2008: \$5,274,776).

Note 8B: Other Provisions

Retention provisions	1	3
Makegood provision	2,877	3,367
Total other provisions	2,878	3,370
Other provisions are represented by:		
Current	168	1,632
Non-current	2,710	1,738
Total other provisions	2,878	3,370

	Retention Provision	Makegood Provision	Total
	\$'000	\$'000	\$'000
Carrying amount 1 July 2008	3	3,367	3,370
Additional provisions made	1	-	1
Retentions released	(3)	-	(3)
Unwinding of discount or change in discount rate	-	167	167
Reduction in the provision as a result of including lease options in the term	-	(657)	(657)
Closing balance 2009	1	2,877	2,878

The Court may retain an agreed sum from progress payments for capital projects with a defects liability period. The Court has made a provision to reflect the present value of this obligation.

The Court currently has 9 agreements for the leasing of premises which have provisions requiring the Court to restore the premises to their original condition at the conclusion of the lease. The Court has made a provision to reflect the present value of this obligation.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 9: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement		
Report cash and cash equivalent as per:		
Cash flow statement	1,238	1,897
Balance sheet	<u>1,238</u>	<u>1,897</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of operating result to net cash from operating activities:		
Operating result	527	1,439
Adjustment for prior year error	(27)	-
Depreciation /amortisation	5,346	7,023
Loss on disposal of assets	163	30
Net write down of non-financial assets	130	130
Assets first found	(39)	-
(Increase) / decrease in net receivables	1,779	(1,935)
(Increase) / decrease in inventories	(103)	(18)
(Increase) / decrease in accrued revenue	217	(141)
(Increase) / decrease in prepayments	(633)	11
Increase / (decrease) in employee provisions	(38)	(485)
Increase / (decrease) in supplier payables	1,406	(1,296)
Increase / (decrease) in other payables	(146)	(407)
Increase / (decrease) in other provisions	<u>164</u>	<u>(50)</u>
Net cash from operating activities	<u>8,746</u>	<u>4,301</u>

Note 10: Contingent Liabilities and Assets

Quantifiable Contingencies

The Schedule of Contingencies reports nil contingent liabilities in respect of claims for damages/costs (2008: nil).

Unquantifiable Contingencies

At 30 June 2009, the Court had a number of legal claims against it. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 11: Senior Executive Remuneration

	<u>2009</u>	<u>2008</u>
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$145 000 to \$159 999	1	-
\$160 000 to \$174 999	1	-
\$175 000 to \$189 999	-	1
\$190 000 to \$204 999	1	4
\$205 000 to \$219 999	2	1
\$220 000 to \$234 999	1	-
\$235 000 to \$249 999	1	2
\$250 000 to \$264 999	-	2
\$265 000 to \$279 999	2	-
\$295 000 to \$309 999	-	1
\$310 000 to \$324 999	<u>1</u>	<u>-</u>
Total	<u>10</u>	<u>11</u>
The aggregate amount of total remuneration of senior executives shown above.	\$2,270,611	\$2,493,855
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	\$111,943	\$47,284
	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>

Note 12: Remuneration of Auditors

Financial statement audit services were provided free of charge to the Court.
The fair value of audit services provided was:

<u>67</u>	<u>65</u>
<u>67</u>	<u>65</u>

No other services were provided by the Auditor-General.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	2009	2008
	\$'000	\$'000
Note 13: Financial Instruments		
Note 13A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	1,238	1,897
Trade receivables	372	363
Accrued revenue	<u>521</u>	<u>738</u>
Carrying amount of financial assets	<u>2,131</u>	<u>2,998</u>
Financial Liabilities		
At amortised cost:		
Suppliers	3,875	2,469
Other payables	<u>-</u>	<u>1</u>
Carrying amount of financial liabilities	<u>3,875</u>	<u>2,470</u>

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 13B: Net Income and Expense from Financial Assets		
Loans and receivables		
Interest revenue	<u>5</u>	<u>9</u>
Net gain from financial assets	<u>5</u>	<u>9</u>

Note 13C: Fair Value of Financial Instruments

	Carrying amount 2009 \$'000	Fair Value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial Assets				
Cash and cash equivalents	1,238	1,238	1,897	1,897
Trade receivables	372	372	363	363
Accrued revenue	521	521	738	738
Total	2,131	2,131	2,998	2,998
Financial Liabilities				
Suppliers	3,875	3,875	2,469	2,469
Other payables	-	-	1	1
Total	3,875	3,875	2,470	2,470

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 13D: Credit Risk

For both departmental and administered, the Court's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet. The Court has no significant exposure to any concentration of credit risk.

The Court's policy for managing credit risk is to restrict credit risk to granting receivables to approved customers and in this case the maximum exposure to credit risk is the carrying amount of the related financial assets.

The following table illustrates Family Court of Australia gross exposure to credit risk, excluding any collateral or credit enhancements.

	2009 \$'000	2008 \$'000
Financial assets		
Trade receivables	372	363
Accrued revenue	521	738
Total	893	1,101
Financial liabilities		
Suppliers	3,875	2,469
Other payables	-	1
Total	3,875	2,470

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2009 \$'000	Not Past Due Nor Impaired 2008 \$'000	Past due or impaired 2009 \$'000	Past due or impaired 2008 \$'000
Loans and receivables				
Trade receivables	292	284	80	79
Accrued revenue	521	738	-	-
Total	813	1,022	80	79

Ageing of financial assets that were past due but not impaired for 2009

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Trade receivables	3	40	2	35	80
Total	3	40	2	35	80

Ageing of financial assets that were past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Trade receivables	3	64	1	11	79
Total	3	64	1	11	79

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 13E: Liquidity Risk

The Court financial liabilities are payables to suppliers. The Court's governance and internal control framework ensures that obligations associated with financial liabilities are able to be met as and when they fall due.

The following tables illustrates the maturities for financial liabilities

Maturities for financial liabilities 2009

	On demand 2009 \$'000	within 1 year 2009 \$'000	1 to 2 years 2009 \$'000	2 to 5 years 2009 \$'000	> 5 years 2009 \$'000	Total 2009 \$'000
Suppliers	-	3,858	17	-	-	3,875
Total	-	3,858	17	-	-	3,875

Maturities for financial liabilities 2008

	On demand 2008 \$'000	within 1 year 2008 \$'000	1 to 2 years 2008 \$'000	1 to 2 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Suppliers	-	2,452	17	-	-	2,469
Other payables	-	1	-	-	-	1
Total	-	2,453	17	-	-	2,470

Note 13F: Market risk

The Court holds financial instruments that are not exposed to currency, interest rate or other price risk.

FAMILY COURT OF AUSTRALIA
Notes to the Schedule of Administered Items

	2009	2008
	<u>\$'000</u>	<u>\$'000</u>
Note 14: Income Administered on Behalf of Government		
<u>Revenue</u>		
Non-Taxation Revenue		
<u>Note 14A: Sales of Goods and Rendering of Services</u>		
Rendering of services fees - external entities	1,083	1,263
<i>Total sale of goods and rendering of services</i>	<u>1,083</u>	<u>1,263</u>
Note 15: Expenses Administered on Behalf of Government		
<u>Note 15A: Other Expenses</u>		
Rendering of services - fees refunded	9	20
<i>Total other expenses</i>	<u>9</u>	<u>20</u>
Note 16: Assets Administered on Behalf of Government		
<u>Financial Assets</u>		
<u>Note 16A: Cash and Cash Equivalents</u>		
Cash on hand or on deposit	6	18
<i>Total cash and cash equivalents</i>	<u>6</u>	<u>18</u>
Note 17: Administered Reconciliation Table		
<i>Opening administered assets less administered liabilities as at 1 July</i>	18	33
Adjustment for change in accounting policies	-	-
Adjustment for errors	-	-
Less fair value adjustment - receivables	-	(1)
Adjusted opening administered assets less administered liabilities	18	32
Plus: Administered income	1,083	1,263
Less: Administered expenses (non CAC)	(9)	(20)
Appropriation transfers from OPA	40	71
Transfers to OPA	(1,126)	(1,328)
<i>Closing administered assets less administered liabilities as at 30 June</i>	<u>6</u>	<u>18</u>

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 18: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs		Total
	2009 \$'000	2008 \$'000	
Balance brought forward from previous period (<i>Appropriation Acts</i>)	27,263	25,826	27,263
<i>Appropriation Act:</i>			
<i>Appropriation Act (No. 1) 2008 - 2009</i> as passed	126,603	131,069	126,603
<i>Appropriation Act (No. 3) 2008 - 2009</i> as passed	1,055	-	1,055
<i>Appropriation Act (No. 5) 2008 - 2009</i> as passed	-	-	-
Other annual appropriation acts as passed	-	(1,709)	-
<i>FMA Act:</i>			
Repayment to the Commonwealth (<i>FMA Act</i> section 30)	66	94	66
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	6,784	6,461	6,784
Revelant agency receipts (<i>FMA Act</i> s 31)	4,715	4,723	4,715
Total appropriation available for payments	166,486	166,464	166,486
Cash payments made during the year (GST inclusive)	141,714	139,201	141,714
Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations and as represented by:	24,772	27,263	24,772
Cash at bank and on hand	1,238	1,897	1,238
Departmental appropriations receivable	22,879	24,765	22,879
Receivables - Net GST receivable from the ATO	683	579	683
Less: Other payables	(28)	22	(28)
Total as at 30 June	24,772	27,263	24,772

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Non-operating		Total	
	Equity			
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)	-	170	-	170
<i>Appropriation Act:</i>				
<i>Appropriation Act (No.2) 2008 - 2009 as passed</i>	-	188	-	188
<i>Appropriation Act (No.4) 2008 - 2009 as passed</i>	-	-	-	-
<i>Appropriation Act (No.6) 2008 - 2009 as passed</i>	-	-	-	-
Other annual appropriation acts	-	-	-	-
Adjustment of appropriations on change of agency function (<i>FMA Act s 32</i>)	-	-	-	-
Total appropriations available for payments	-	358	-	358
Cash payments made during the year (GST inclusive)	-	358	-	358
Appropriations credited to special accounts (GST exclusive)	-	-	-	-
Balance of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations and as represented by:				
Departmental appropriation receivable	-	-	-	-
Total as at 30 June	-	-	-	-

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 18C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Special Administered Appropriations - Refunds	2009	2008
	Outcome 1	
	\$'000	\$'000
<i>Legal Authority:</i> Family Law Act 1975		
Purpose: Amounts paid in accordance with the Family Law Regulations (F L Regs) of the <i>Family Law Act 1975</i> that are subsequently refunded in accordance with FL Reg 11 (Sub section 8 and 9)		
Amount available brought forward from previous period	-	-
Appropriation for reporting period	40	71
Available for payments	40	71
Cash payments made during the year (GST inclusive)	40	71
Appropriations lapsed	-	-
Amount available carried to the next period	-	-

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 19: Special Accounts

Family Court of Australia Litigants Fund Special Account (Administered)	2009	2008
	\$'000	\$'000
Legal Authority: <i>Financial Management and Accountability Act, 1997: s20(1).</i>		
Purpose: for the receipt of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth		
Balance carried from previous period	450	76
Costs recovered	530	514
Total credits	980	590
Payments made	682	140
Total debits	682	140
Balance carried to the next period and represented by:	298	450
Cash - transferred to the Official Public Account	293	445
Court Litigants Fund Official Trust Account	5	5
Administered Payments Account	-	-
Outstanding Deposits held by the Court	-	-
Total balance carried to the next period	298	450

Other Trust Monies Special Account	2009	2008
	\$'000	\$'000
Legal Authority: <i>Financial Management and Accountability Act 1997 : s20</i>		
Purpose: for the expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.		
Balance carried from previous period	1	29
Other receipts	296	213
Total credits	297	242
Payments made	297	240
Balance carried to next period and represented by:	-	1
Cash - transferred to the Official Public Account	-	1
Total balance carried to the next period	-	1

Services for other Governments & Non-agency Bodies	2009	2008
	\$'000	\$'000
Legal Authority: <i>Financial Management and Accountability Act 1997 :s20</i>		
Purpose: for expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies.		
Balance carried from previous period	-	-
Total credits	-	-
Total debits	-	-
Balance carried to next period and represented by:	-	-
Total balance carried to the next period	-	-

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 20: Compensation and Debt Relief

	2009	2008
	\$	\$
Administered		
No Act of Grace payments were made during the reporting period pursuant to subsection 33(1) of the <i>Financial Management and Accountability Act 1997</i> (2008: no expense).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2008: No waivers)	-	-
No ex-gratia payments were provided for during the reporting period. (2008: No payment) <i>Financial Management and Accountability Act 1997</i> . (2008: [No waivers])	-	-
Amounts owing to the Commonwealth were made pursuant to the Family Law Regulations (F L Regs) of the <i>Family Law Act 1975</i> . Fees are not payable where a person has been granted Legal Aid (F L Regs 11 (7) (c)) or the holder of a card issued by CentreLink (F L Regs 11 (7) (c d)). Persons not eligible for exemption under the Family Law Regulations may apply to have the fee waived by the Court due to financial hardship (F L Regs 11 (7) (e))		
Number of exemptions and waivers	2,850	3,824
Aggregate amount of the recovery which was exempted and waived.	\$ 633,977	\$ 869,185

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 21: Reporting of Outcomes

The Family Court of Australia uses an Activity Based Costing model which attributes both direct and indirect costs (overheads) to approximately 120 activities. Those activity costs are then predominantly attributed, based on the contribution made to each of the Court's outputs. The basis of attribution in the below table is consistent with the basis used for the budget.

Note 21A: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Expenses				
Administered	9	20	9	20
Departmental	139,546	141,351	139,546	141,351
Total expenses	139,555	141,371	139,555	141,371
Costs recovered from provision of goods and services to the non-government sector				
Departmental	696	485	696	485
Total costs recovered	696	485	696	485
Other external revenues				
Administered	1,083	1,263	1,083	1,263
Administered	1,083	1,263	1,083	1,263
Departmental	-	-	-	-
Interest	5	9	5	9
Rental Income	50	55	50	55
Other revenue - related entities	4,583	4,731	4,583	4,731
Other gains	7,446	8,133	7,446	8,133
Departmental	12,084	12,928	12,084	12,928
Total other external revenues	13,167	14,191	13,167	14,191
Net cost/(contribution) of outcome	125,692	126,695	125,692	126,695

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome. Refer to Outcome 1 Resourcing Table of this Annual Report.

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 21: Reporting of Outcomes (continued)

Note 21B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output Group 1.1		Output Group 1.2		Outcome 1 Total	
	Output 1.1		Output 1.2			
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Departmental expenses						
Employees	56,082	58,635	17,437	18,106	73,519	76,741
Suppliers	44,328	42,130	15,893	15,104	60,221	57,234
Depreciation and amortisation	3,935	5,170	1,411	1,853	5,346	7,023
Other expenses	339	260	121	93	460	353
Total departmental expenses	104,684	106,195	34,862	35,156	139,546	141,351
Funded by:						
Departmental income						
Revenues from government	93,700	95,234	33,593	34,143	127,293	129,377
Sale of goods and services	512	357	184	128	696	485
Other non-taxation revenues	3,414	3,530	1,224	1,265	4,638	4,795
Other Gains	7,446	8,133	-	-	7,446	8,133
Total departmental income	105,072	107,254	35,001	35,536	140,073	142,790

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 21: Reporting of Outcomes (continued)

Note 21C: Major Classes of Departmental Assets and Liabilities by Outcomes

	Outcome 1		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Departmental assets				
Cash and cash equivalents	1,238	1,897	1,238	1,897
Trade and other receivables	23,924	25,703	23,924	25,703
Accrued revenue	521	738	521	738
Land and buildings	14,749	11,048	14,749	11,048
Infrastructure, plant and equipment	9,974	7,579	9,974	7,579
Intangibles	2,893	2,281	2,893	2,281
Inventories	51	78	51	78
Other non-financial assets	3,125	2,492	3,125	2,492
Total departmental assets	56,475	51,816	56,475	51,816
Departmental liabilities				
Suppliers payables	3,875	2,469	3,875	2,469
Other payables	1,501	1,647	1,501	1,647
Employee provisions	20,298	20,336	20,298	20,336
Other provisions	2,878	3,370	2,878	3,370
Total departmental liabilities	28,552	27,822	28,552	27,822

FAMILY COURT OF AUSTRALIA
Notes to and forming part of the Financial Statements

Note 21: Reporting of Outcomes (continued)

Note 21D: Major Classes of Administered Revenues and Expenses by Outcomes

	Outcome 1		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Administered expenses				
Rendering of services - fees refunded	9	20	9	20
Total administered expenses	9	20	9	20
Administered income				
Rendering of services - external entities	1,083	1,263	1,083	1,263
Total Administered income	1,083	1,263	1,083	1,263
Administered assets				
Cash and cash equivalents	6	18	6	18
Total Administered assets	6	18	6	18

