

# 5

## FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

### To the Attorney-General

#### Opinion

In my opinion, the financial statements of the Australian Law Reform Commission for the year ended 30 June 2017:

- (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 Australian Law Reform Commission as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Law Reform Commission, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the President and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- 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 Australian Law Reform Commission 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* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). 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 Australian Law Reform Commission, the President is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The President is also responsible for such internal control as the President determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the President is responsible for assessing the Australian Law Reform Commission's ability 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 President is also responsible for disclosing matters related to going concern as applicable 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 those charged with governance 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



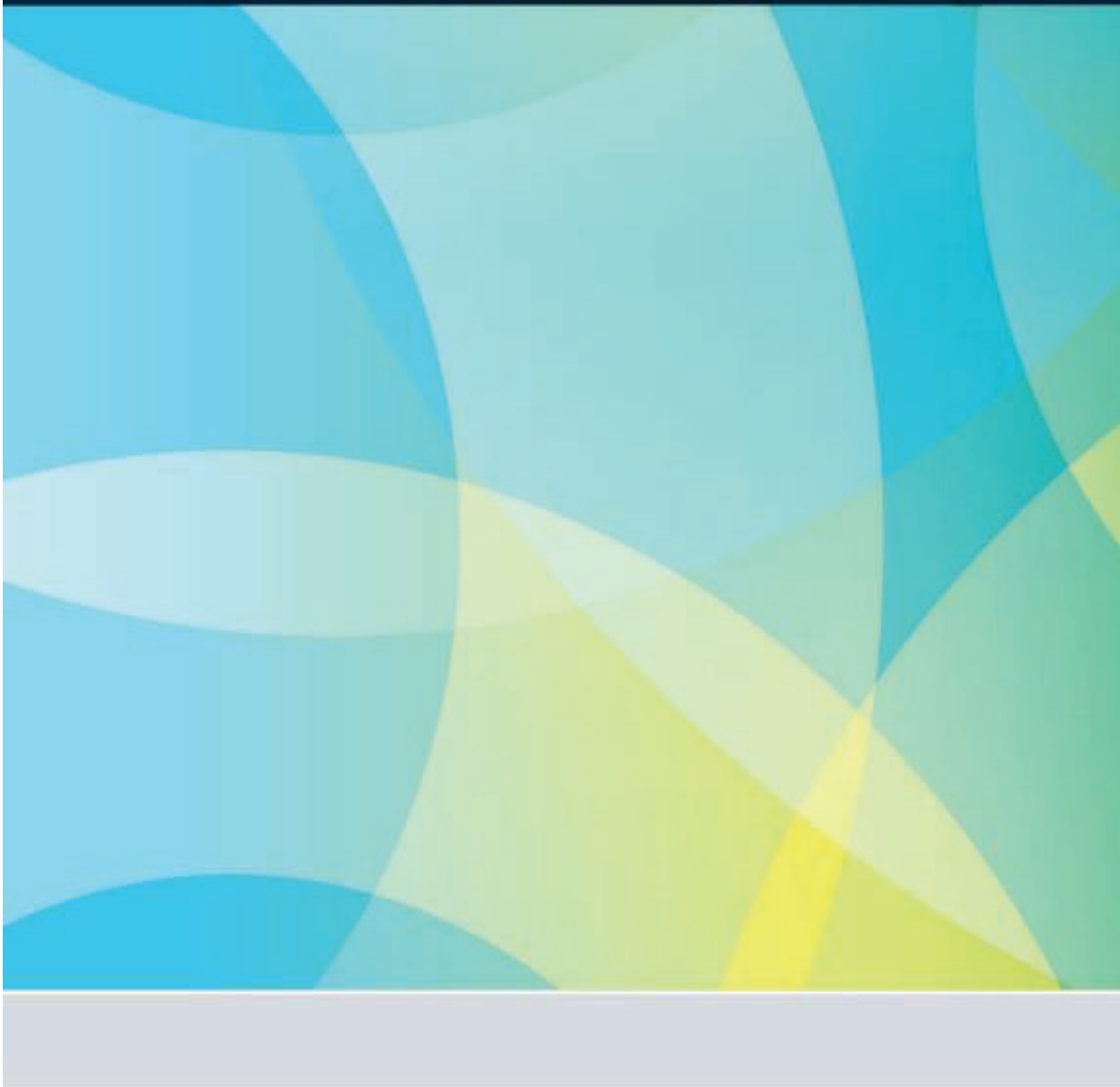
Lesla Craswell  
Acting Executive Director

Delegate of the Auditor-General

Canberra  
15 September 2017

Australian Law Reform Commission

Forms of Financial Statements 2016-17



# CONTENTS

## Certification

## Primary financial statement

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement

## Overview

## Notes to the financial statements:

### 1. Departmental Financial Performance

- 1.1 Expenses
- 1.2 Own-Source Revenue and Gains

### 2. Departmental Financial Position

- 2.1 Financial Assets
- 2.2 Non-Financial Assets
- 2.3 Payables

### 3. Funding

- 3.1 Appropriations
- 3.2 Special Accounts
- 3.3 Net Cash Appropriation Arrangements

### 4. People and Relationships

- 4.1 Employee Provisions
- 4.2 Key Management Personnel Remuneration
- 4.3 Related Party Disclosures

### 5. Managing Uncertainties

- 5.1 Financial Instruments
  - 5.2 Fair Value Measurement
-

**STATEMENT BY THE PRESIDENT AND CHIEF FINANCIAL OFFICER**

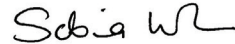
In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Robert Cornall  
President

15 September 2017



Sabina Wynn  
Chief Financial Officer

15 September 2017

**AUSTRALIAN LAW REFORM COMMISSION**

**Statement of Comprehensive Income**

*for the period ended 30 June 2017*

	Notes	2017 \$	2016 \$	Original Budget \$
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	2,031,673	1,990,365	2,078,000
Suppliers	1.1B	688,893	602,354	701,000
Depreciation and amortisation	2.2A	30,430	44,596	48,000
<b>Total expenses</b>		<b>2,750,996</b>	<b>2,637,315</b>	<b>2,827,000</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	1.2A	2,515	4,387	5,000
Other revenue	1.2B	31,000	29,000	23,000
<b>Total own-source revenue</b>		<b>33,515</b>	<b>33,387</b>	<b>28,000</b>
<b>Gains</b>				
Other gains	1.2C	5,560	-	-
<b>Total gains</b>		<b>5,560</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>		<b>39,075</b>	<b>33,387</b>	<b>28,000</b>
<b>Net (cost of)/contribution by services</b>		<b>(2,711,921)</b>	<b>(2,603,928)</b>	<b>(2,799,000)</b>
Revenue from Government	1.2D	2,751,000	2,658,000	2,751,000
<b>Surplus/(Deficit) before income tax on continuing operations</b>		<b>39,079</b>	<b>54,072</b>	<b>(48,000)</b>
<b>Surplus/(Deficit) after income tax on continuing operations</b>		<b>39,079</b>	<b>54,072</b>	<b>(48,000)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		-	8,060	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>8,060</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>39,079</b>	<b>62,132</b>	<b>-</b>

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

**Budget Variances Commentary**

**Statement of Comprehensive Income**

The variance in total expenses and Revenue from Government between budget and actual, greater than 10%, is due to the following:

Employee benefits and suppliers decreased against the budgeted amount. The Commission was only able to undertake one inquiry for half of the financial year instead of the usual two concurrent inquiries. A second full-time Commissioner was appointed from February 2017 and supplier costs were also reduced.

The variance in depreciation was a timing issue. The budgeted amount had not been updated to take into consideration the Commission's plant & equipment.

## AUSTRALIAN LAW REFORM COMMISSION

### Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$	Original Budget \$
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	1,332,011	1,287,812	1,188,000
Trade and other receivables	2.1B	6,919	9,222	10,000
<b>Total financial assets</b>		<b>1,338,930</b>	<b>1,297,034</b>	<b>1,198,000</b>
<b>Non-financial assets</b>				
Plant and equipment	2.2A	35,049	65,479	92,000
Other non-financial assets	2.2B	34,189	15,310	52,000
<b>Total non-financial assets</b>		<b>69,238</b>	<b>80,789</b>	<b>144,000</b>
<b>Total assets</b>		<b>1,408,168</b>	<b>1,377,823</b>	<b>1,342,000</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	17,554	29,674	40,000
Other payables	2.3B	125,309	161,778	245,000
<b>Total payables</b>		<b>142,863</b>	<b>191,452</b>	<b>285,000</b>
<b>Provisions</b>				
Employee provisions	4.1A	518,584	494,729	453,000
<b>Total provisions</b>		<b>518,584</b>	<b>494,729</b>	<b>453,000</b>
<b>Total liabilities</b>		<b>661,447</b>	<b>686,181</b>	<b>738,000</b>
<b>Net assets</b>		<b>746,721</b>	<b>691,642</b>	<b>604,000</b>
<b>EQUITY</b>				
Contributed equity		271,000	255,000	271,000
Reserves		135,058	135,058	127,000
Retained surplus		340,663	301,584	206,000
<b>Total equity</b>		<b>746,721</b>	<b>691,642</b>	<b>604,000</b>

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

#### Budget Variances Commentary

##### Statement of Financial Position

The variance in the statement of financial position between budget and actual, greater than 10%, is due to the following:

The variance in plant and equipment takes into account that the Commission did not purchase any new plant and equipment due to the reduction in the Departmental Capital Budget (DCB).

The variance in suppliers, other payables and employee provisions was due to a timing issue.

The variance in retained surplus between budget and actual is due to a provision for the proposed new Enterprise Agreement being made in 2016 but not being approved until October 2017. In addition the retained surplus includes a provision for long service leave.



**AUSTRALIAN LAW REFORM COMMISSION**

**Statement of Changes in Equity**  
for the period ended 30 June 2017

Notes	2017 \$	2016 \$	Original Budget \$
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	255,000	239,000	255,000
<b>Adjusted opening balance</b>	<b>255,000</b>	<b>239,000</b>	<b>255,000</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	16,000	16,000	16,000
<b>Total transactions with owners</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Closing balance as at 30 June</b>	<b>271,000</b>	<b>255,000</b>	<b>271,000</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	301,584	247,512	254,000
<b>Adjusted opening balance</b>	<b>301,584</b>	<b>247,512</b>	<b>254,000</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	39,079	54,072	(48,000)
<b>Total comprehensive income</b>	<b>39,079</b>	<b>54,072</b>	<b>(48,000)</b>
<b>Closing balance as at 30 June</b>	<b>340,663</b>	<b>301,584</b>	<b>206,000</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	135,058	126,998	127,000
<b>Adjusted opening balance</b>	<b>135,058</b>	<b>126,998</b>	<b>127,000</b>
<b>Comprehensive income</b>			
Other comprehensive income	-	8,060	-
<b>Total comprehensive income</b>	<b>-</b>	<b>8,060</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>135,058</b>	<b>135,058</b>	<b>127,000</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	691,642	613,510	636,000
<b>Adjusted opening balance</b>	<b>691,642</b>	<b>613,510</b>	<b>636,000</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	39,079	54,072	(48,000)
Other comprehensive income	-	8,060	-
<b>Total comprehensive income</b>	<b>39,079</b>	<b>62,132</b>	<b>(48,000)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	16,000	16,000	16,000
<b>Total transactions with owners</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Closing balance as at 30 June</b>	<b>746,721</b>	<b>691,642</b>	<b>604,000</b>

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

## AUSTRALIAN LAW REFORM COMMISSION

### Statement of Changes in Equity (cont'd)

#### **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**

The variance in the statement of changes in equity between budget and actual, greater than 10%, is due to the following:

The variance in total equity between budget and actual is due to a provision for the proposed new Enterprise Agreement being made in 2016 but not being approved until October 2017. In addition, the retained surplus includes a provision for long service leave.

**AUSTRALIAN LAW REFORM COMMISSION**

**Cash Flow Statement**

*for the period ended 30 June 2017*

	<b>2017</b>	2016	Budget
<b>Notes</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	2,751,000	2,658,000	2,751,000
Sale of goods and rendering of services	2,515	4,388	5,000
Net GST received	70,104	64,703	-
Other	5,560	-	-
<b>Total cash received</b>	<b>2,829,179</b>	<b>2,727,091</b>	<b>2,756,000</b>
<b>Cash used</b>			
Employees	2,003,046	2,003,567	2,078,000
Suppliers	797,934	639,409	678,000
<b>Total cash used</b>	<b>2,800,980</b>	<b>2,642,976</b>	<b>2,756,000</b>
<b>Net cash from/(used by) operating activities</b>	<b>28,199</b>	<b>84,115</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment	-	-	16,000
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>16,000</b>
<b>Net cash from/(used by) investing activities</b>	<b>-</b>	<b>-</b>	<b>(16,000)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	16,000	16,000	16,000
<b>Total cash received</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Net cash from financing activities</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Net increase/(decrease) in cash held</b>	<b>44,199</b>	<b>100,115</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	1,287,812	1,187,697	1,188,000
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,332,011</b>	<b>1,287,812</b>	<b>1,188,000</b>

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

**Budget Variances Commentary**

**Cash Flow Statement for not-for-profit Reporting Entities**

The variance in net GST received from the budgeted amount was due to the net outcome from the recovery of GST on supplier payments and GST collected on invoices raised.

The variance in the Commission's purchase of plant and equipment reflects the savings made in response to the Mid-Year Economic Fiscal Outlook (MYEFO), Attorney-General's one-off efficiency savings to specific agencies capital measure.

## Overview

### Objectives of the Australian Law Reform Commission

The Australian Law Reform Commission (the Commission) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the Commission is to report to the Attorney-General on the results of any review for the purposes of developing and reforming the law.

The Commission is structured to meet one outcome: informed government decisions about the development, reform and harmonisation of Australian laws and related processes through research, analysis, reports and community consultation and education.

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

Commission activities contributing towards this outcome are classified as Departmental Activities. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Commission in its own right.

Section 45 of the *Australian Law Reform Commission Act 1996* (the ALRC Act), requires that money appropriated by the Parliament be transferred to the Law Reform Special Account (refer to note 3.2).

### 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) for reporting periods ending on or after 1 July 2016; 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.

### New Accounting Standards

All new, revised amending standards and 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 Commission's financial statements.

Accounting Standard	Summary of changes	Effective date
AASB 124 Related Party Disclosures	The standard applies to not-for-profit public sector entities for 2016–17. This will require the disclosure of remuneration for key management personnel and the disclosure of transactions with related parties.	1 July 2016

## AUSTRALIAN LAW REFORM COMMISSION

Overview (cont'd)

### **Taxation**

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

### **Events After the Reporting Period**

There have been no subsequent events that have the potential to significantly affect the ongoing structure and the financial activities of the Commission.

**AUSTRALIAN LAW REFORM COMMISSION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**Financial Performance**

This section analyses the financial performance of Australian Law Reform Commission for the year ended 30 June 2017.

**1.1 Expenses**

	2017	2016
	\$	\$
<b>1.1A: Employee Benefits</b>		
Wages and salaries	1,571,487	1,540,389
Superannuation		
Defined contribution plans	77,061	118,554
Defined benefit plans	194,915	145,955
Leave and other entitlements	188,210	185,467
<b>Total employee benefits</b>	<b>2,031,673</b>	<b>1,990,365</b>

**Accounting Policy**

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

**1.1B: Suppliers**

**Goods and services supplied or rendered**

Committees	104,362	5,068
Library	27,943	35,823
Professional services	64,441	63,035
Printing and office requisites	14,137	32,261
Freight and removals	374	1,874
Telephone and postage	17,641	15,461
Incidentals	9,488	6,155
Minor assets	9,343	3,481
Staff training	7,397	9,129
Maintenance	7,572	7,662
Promotional activities	2,640	33,722
Advertising	173	751
Travel	71,666	39,078
IT services	17,372	19,067
<b>Total goods and services supplied or rendered</b>	<b>354,549</b>	<b>272,567</b>

Goods supplied	323,549	243,567
Services rendered	31,000	29,000
<b>Total goods and services supplied or rendered</b>	<b>354,549</b>	<b>272,567</b>

**Other suppliers**

Operating lease rentals	325,009	320,079
Workers compensation expenses	9,335	9,708
<b>Total other suppliers</b>	<b>334,344</b>	<b>329,787</b>
<b>Total suppliers</b>	<b>688,893</b>	<b>602,354</b>

**Leasing commitments**

The Commission's lease payments are subject to an annual increase of approximately 4% in accordance with upwards movements in the Consumer Price Index. The commitments are GST inclusive where relevant.

Operating lease included is effectively non-cancellable.

**Commitments for minimum lease payments in relation to non-cancellable**

**operating leases are payable as follows:**

Within 1 year	434,455	419,291
Between 1 to 5 years	109,829	546,298
<b>Total operating lease commitments</b>	<b>544,284</b>	<b>965,589</b>

**1.1 Expenses (cont'd)**

**Accounting Policy**

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

**AUSTRALIAN LAW REFORM COMMISSION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**1.2 Own-Source Revenue and Gains**

	2017	2016
	\$	\$

**Own-Source Revenue**

**1.2A: Sale of Goods and Rendering of Services**

Sale of goods and rendering of services	2,515	4,387
<b>Total sale of goods and rendering of services</b>	<b>2,515</b>	<b>4,387</b>

**Accounting Policy**

Revenue from the sale of goods and rendering of services is recognised when the goods and services have been provided.

**1.2B: Other Revenue**

Resources received free of charge		
Remuneration of auditors	31,000	29,000
<b>Total other revenue</b>	<b>31,000</b>	<b>29,000</b>

**Accounting Policy**

*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 are recorded as either revenue or gains depending on their nature.

**1.2C: Other Gains**

Overpayment in 2016 relating to publishing costs	5,560	-
<b>Total other gains</b>	<b>5,560</b>	-

**1.2D: Other Revenue from Government**

Appropriations		
Departmental appropriations	2,751,000	2,658,000
<b>Total revenue from Government</b>	<b>2,751,000</b>	<b>2,658,000</b>

**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 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.



**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

## Financial Position

This section analyses the Australian Law Reform Commission's 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.

### 2.1 Financial Assets

	2017	2016
	\$	\$
<b>2.1A: Cash and Cash Equivalents</b>		
Cash in special accounts	1,315,987	1,265,653
Cash on hand or on deposit	16,024	22,159
<b>Total cash and cash equivalents</b>	<b>1,332,011</b>	<b>1,287,812</b>
<b>2.1B: Trade and Other Receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	348	6,559
<b>Total goods and services receivables</b>	<b>348</b>	<b>6,559</b>
<b>Other receivables</b>		
Statutory receivables	6,571	2,663
<b>Total other receivables</b>	<b>6,571</b>	<b>2,663</b>
<b>Total trade and other receivables (gross)</b>	<b>6,919</b>	<b>9,222</b>
<b>Total trade and other receivables (net)</b>	<b>6,919</b>	<b>9,222</b>

#### Accounting Policy

##### Receivables

Trade and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method less impairment. Trade and other receivables are assessed for impairment at the end of each reporting period. At year end none are overdue. Credit terms for goods and services were within 30 days (2016: 30 days).

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**2.2 Non-Financial Assets**

**2.2A: Reconciliation of the Opening and Closing Balances of Plant and Equipment**

	Plant and equipment \$	Total \$
<b>As at 1 July 2016</b>		
Gross book value	103,938	<b>103,938</b>
Accumulated depreciation	(38,459)	<b>(38,459)</b>
<b>Total as at 1 July 2016</b>	<b>65,479</b>	<b>65,479</b>
Additions		
Purchase	-	-
Depreciation and amortisation	(30,430)	<b>(30,430)</b>
<b>Total as at 30 June 2017</b>	<b>35,049</b>	<b>35,049</b>
<b>Total as at 30 June 2017 represented by</b>		
Gross book value	103,938	<b>103,938</b>
Accumulated depreciation, amortisation and impairment	(68,889)	<b>(68,889)</b>
<b>Total as at 30 June 2017</b>	<b>35,049</b>	<b>35,049</b>

Plant and equipment are not expected to be disposed of within the next 12 months.

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated below. On 30 June 2016, an independent valuer conducted the revaluation.

No indicators of impairment were found for plant and equipment.

## **2.2 Non-Financial Assets (cont'd)**

### **Accounting Policy**

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's accounts immediately prior to the restructuring.

### Asset Recognition Threshold

Purchases of plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, 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).

### Revaluations

Following initial recognition at cost, 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 depended 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 reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

### Depreciation

Depreciable 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 rates applying at present are 3–10 years.

**2.2 Non-Financial Assets (cont'd)**

	2017	2016
	\$	\$
<hr/>		
<b><u>2.2B: Other Non-Financial Assets</u></b>		
Prepayments	34,189	15,310
<b>Total other non-financial assets</b>	<b>34,189</b>	<b>15,310</b>

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

AUSTRALIAN LAW REFORM COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**2.3 Payables**

	2017	2016
	\$	\$
<b>2.3A: Suppliers</b>		
Trade creditors and accruals - not more than 12 months	17,554	29,674
<b>Total suppliers</b>	<b>17,554</b>	<b>29,674</b>
Settlement was usually made within 30 days.		
<b>2.3B Other Payables</b>		
Salaries and wages	58,701	53,930
Lease incentive	66,608	107,848
<b>Total other payables</b>	<b>125,309</b>	<b>161,778</b>
<b>Other payables to be settled</b>		
No more than 12 months	81,328	63,355
More than 12 months	43,981	98,423
<b>Total other payables</b>	<b>125,309</b>	<b>161,778</b>

**Accounting Policy**

Lease incentives - refer to Note 1.1B.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**Funding**

This section identifies the Australian Law Reform Commission's funding structure.

**3.1 Appropriations**

**3.1A: Annual Appropriations ('Recoverable GST exclusive')**

**Annual Appropriations for 2017**

	Annual appropriation <sup>1</sup> \$	Adjustments to appropriation <sup>2</sup> \$	Total appropriation \$	Appropriation applied in 2017 (current and prior years) \$	Variance <sup>3</sup> \$
<b>Departmental</b>					
Ordinary annual services	2,751,000	2,515	2,753,515	2,753,515	-
Capital Budget <sup>4</sup>	16,000	-	16,000	16,000	-
<b>Total departmental</b>	<b>2,767,000</b>	<b>2,515</b>	<b>2,769,515</b>	<b>2,769,515</b>	<b>-</b>

1. In 2016–17 no amount of appropriation has been withheld (Section 51 of the PGPA Act) and quarantined for administrative purposes.
2. An amount of \$2,515 was received from the PGPA Act Section 74 receipts.
3. In 2016–17, there was no variance.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Act.

**Annual Appropriations for 2016**

	Annual appropriation <sup>1</sup> \$	Adjustments to appropriation <sup>2</sup> \$	Total appropriation \$	Appropriation applied in 2016 (current and prior years) \$	Variance <sup>3</sup> \$
<b>Departmental</b>					
Ordinary annual services	2,786,000	4,387	2,790,387	2,662,387	128,000
Capital Budget <sup>4</sup>	56,000	-	56,000	16,000	40,000
<b>Total departmental</b>	<b>2,842,000</b>	<b>4,387</b>	<b>2,846,387</b>	<b>2,678,387</b>	<b>168,000</b>

1. In 2015–16 an amount of \$168,000 appropriation was withheld (Section 51 of the PGPA Act) and quarantined for administrative purposes.
2. An amount of \$4,387, was received from the PGPA Act Section 74 receipts.
3. In 2015–16, there was a variance of \$168,000.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Act.

**3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2017 \$	2016 \$
<b>Departmental</b>		
Appropriation Act (No. 1) 2016–17	-	168,000
<b>Total departmental</b>	<b>-</b>	<b>168,000</b>

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**3.2 Special Accounts**

<b>Law Reform Special Account (Departmental)</b>		
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Balance brought forward from previous period</b>	<b>1,287,812</b>	1,187,697
<b>Increases</b>	<b>2,775,075</b>	2,678,388
<b>Total increases</b>	<b>4,062,887</b>	3,866,085
<b>Available for payments</b>	<b>4,062,887</b>	3,866,085
<b>Decreases</b>		
<b>Departmental</b>	<b>2,730,876</b>	2,578,273
<b>Total departmental</b>	<b>2,730,876</b>	2,578,273
<b>Total decreases</b>	<b>2,730,876</b>	2,578,273
<b>Total balance carried to the next period</b>	<b>1,332,011</b>	1,287,812
<b>Balance represented by:</b>		
Cash held in the Official Public Account	<b>1,332,011</b>	1,287,812
<b>Total balance carried to the next period</b>	<b>1,332,011</b>	1,287,812

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80; Establishing Instrument: *Australian Law Reform Commission Act 1996*, section 45.

2. The Commission has a Law Reform Special Account. This account was established under section 80 of the *Public Governance, Performance and Accountability Act 2013*. For the year ended 30 June 2017, the account had a \$1.332m balance and there were transactions debited and credited to it during the current reporting period.

3. The purpose of the Special Account is:

(a) to pay the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Commission's functions;

(b) to pay any remuneration and allowances payable to a person under the *Australian Law Reform Commission Act 1996*;

(c) to pay the expenses of administering the Account;

(d) to pay any amount that is required or permitted to be repaid; and

(e) to reduce the balance of the Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**3.3 Net Cash Appropriation Arrangements**

	2017	2016
	\$	\$
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>69,511</b>	106,728
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(30,430)</b>	(44,596)
<b>Total comprehensive income - as per the Statement of Comprehensive Income</b>	<b>39,081</b>	62,132

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



## AUSTRALIAN LAW REFORM COMMISSION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

## 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.

### 4.1 Employee Provisions

	2017	2016
	\$	\$
<b>4.1A: Employee Provisions</b>		
Leave	518,584	494,729
<b>Total employee provisions</b>	<b>518,584</b>	<b>494,729</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	148,003	114,912
More than 12 months	370,581	379,617
<b>Total employee provisions</b>	<b>518,584</b>	<b>494,529</b>

#### Accounting policy

Liabilities for 'short-term' employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

#### 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 Commission'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 estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation

Provision is made for separation and redundancy benefit payments. The Commission 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 Commission's staff are members of the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

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

The liability for superannuation recognised as at 30 June 2017 represents outstanding contributions for the final fortnight of the year.

#### Accounting Judgements and Estimates

The employee benefits provisions have been estimated in accordance with AASB 119 Employee Benefits and reflect the expected value of those benefits.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **4.2 Key Management Personnel Remuneration**

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, directly or indirectly, including any director (whether executive or otherwise) of the Commission. The Commission has determined the Key Management Personnel to be Executive Officers, including the President, Commissioners and Executive Director/Chief Financial Officer. Key Management Personnel remuneration is reported in the table below.

	2017	2016
	\$	\$
Short-term employee benefits	579,694	608,695
Post-employment benefits	93,619	105,853
Other long-term employee benefits	57,420	62,267
<b>Total Key Management Personnel remuneration expenses<sup>1</sup></b>	<b>730,733</b>	<b>776,815</b>

The total number of Key Management Personnel that are included in the above table are 2 of Key Management Personnel (2016: 3 of Key Management Personnel).

1. The above Key Management Personnel remuneration excludes the remuneration and other benefits of one Commissioner. This Commissioner's remuneration and other benefits are set by the Remuneration Tribunal and are paid as a fee-for-service contract arrangement where the Commission is not the direct employer.

#### **4.3 Related Party Disclosures**

**Related party relationships:**

The Commission is an Australian Government controlled entity. Related parties to this Commission are Key Management Personnel including the Portfolio Minister, President, Executive, and other Australian Government entities.

**Transactions with related parties:**

The Commission has no transactions with related parties to report.

## Managing Uncertainties

This section analyses how the Australian Law Reform Commission manages financial risks within its operating environment.

### 5.1 Financial Instruments

	2017	2016
	\$	\$
<b>5.1A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash	1,332,011	1,287,812
Trade and other receivables	348	6,559
<b>Total loans and receivables</b>	<b>1,332,359</b>	1,294,371
<b>Total financial assets</b>	<b>1,332,359</b>	1,294,371
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	17,554	29,674
Other payables	125,309	161,778
<b>Total financial liabilities measured at amortised cost</b>	<b>142,863</b>	191,452
<b>Total financial liabilities</b>	<b>142,863</b>	191,452

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**5.2 Fair Value Measurement**

**Accounting Policy**

The Commission engaged the service of the Australian Valuation Solutions (AVS) to conduct an external valuation of all non-financial assets at 30 June 2016 and has relied upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. AVS has provided written assurance to the Commission that the models developed are in compliance with AASB 13.

The method utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on the professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

**5.2A Fair Value Measurement**

	Fair value measurements at the end of the reporting period	
	2017 \$	2016 \$
<b>Non-financial assets</b> <sup>2</sup>		
Plant and equipment <sup>1</sup>	6,049	34,100
<b>Non-financial assets</b>		
Plant and equipment <sup>1</sup>	29,000	29,000
<b>Total</b>	<b>35,049</b>	<b>63,100</b>

1. No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2017 (2016: Nil).
2. The Commission's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all non-financial assets is considered their highest and best use.
3. There were no transfers between levels during the year.
4. The remaining assets and liabilities reported by the Commission are not measured at fair value in the Statement of Financial Position.
5. In 2017, software had depreciated so that the fair value is the same as in the plant and equipment (note 2.2A). The total amount of non-financial assets at fair value in 2016 is different from plant and equipment (note 2.2A) because software was not included in the valuation.