



PART 7 Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Attorney-General

Scope

We have audited the accompanying financial statements of the Federal Magistrates Court (the Court) for the year ended 30 June 2007. The financial statements comprise: a statement by the Chief Executive Officer and Chief Finance Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Chief Executive Officer for the Financial Statements

The Court's Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and *Australian Accounting Standards*, including *Australian Accounting Interpretations*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of 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 our audit. Our audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These Auditing Standards require that we 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Court's preparation and fair presentation of the financial statements in designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

PO Box A056 Sydney South NSW 1235
130 Elizabeth Street
SYDNEY NSW
Phone (02) 9367 7100 Fax (02) 9367 7162



FEDERAL MAGISTRATES COURT OF AUSTRALIA

Statement by the Chief Executive Officer and the Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2007 are 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.

A handwritten signature in blue ink, appearing to read 'J Mathieson', written over the printed name.

John Mathieson
Chief Executive Officer

12 September 2007

A handwritten signature in blue ink, appearing to read 'R Nash', written over the printed name.

Russell Nash
Chief Finance Officer

12 September 2007

FEDERAL MAGISTRATES COURT

INCOME STATEMENT

for the year ended 30 June 2007

INCOME	Notes	2007 \$'000	2006 \$'000
Revenue			
Revenues from Government	2A	39,084	31,524
Sale of goods and rendering of services	2B	310	84
Total Revenues		39,394	31,608
Gains			
Other gains	2C	24,455	23,121
Total gains		24,455	23,121
Total Income		63,849	54,729
Expenses			
Employee benefits	3A	23,668	16,624
Suppliers	3B	37,614	32,502
Depreciation and amortisation	3C	580	250
TOTAL EXPENSES		61,862	49,376
Surplus for the year		1,987	5,353

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

FEDERAL MAGISTRATES COURT

BALANCE SHEET

as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	4A	552	573
Trade and other receivables	4B	21,926	17,987
Total Financial Assets		22,478	18,560
Non-Financial Assets			
Leasehold improvements	5A	1,671	442
Infrastructure, plant and equipment	5B	605	633
Intangibles	5D	140	104
Other non-financial assets	5E	212	446
Total Non-Financial assets		2,628	1,625
Total Assets		25,106	20,185
LIABILITIES			
Payables			
Suppliers	6	1,313	857
Total Payables		1,313	857
Provisions			
Employee provisions	7A	4,312	3,331
Other provisions	7B	275	–
Total Provisions		4,587	3,331
Total Liabilities		5,900	4,188
Net Assets		19,206	15,997
EQUITY			
Contributed equity		3,109	1,887
Retained surpluses		16,097	14,110
TOTAL EQUITY		19,206	15,997
Current assets		22,690	19,006
Non-current assets		2,416	1,179
Current liabilities		4,633	3,431
Non-current liabilities		1,267	757

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

FEDERAL MAGISTRATES COURT
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Retained Earnings		Contributed Equity		TOTAL EQUITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening Balance	14,110	8,757	1,887	193	15,997	8,950
Income and Expense						
Surplus for the year	1,987	5,353	–	–	1,987	5,353
Sub-total Income and Expenses	1,987	5,353	–	–	1,987	5,353
<i>Contributions by owner:</i>						
Appropriations (equity injections)	-	-	1,222	1,694	1,222	1,694
Sub-total Transactions with Owners	-	-	1,222	1,694	1,222	1,694
Closing balance at 30 June	16,097	14,110	3,109	1,887	19,206	15,997
Closing balance attributable to the Australian Government	16,097	14,110	3,109	1,887	19,206	15,997

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

FEDERAL MAGISTRATES COURT

CASH FLOW STATEMENT

for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		199	227
Appropriations		35,103	25,459
Net GST received		1,568	673
Total cash received		36,870	26,359
Cash used			
Employees		(22,685)	(16,154)
Suppliers		(13,717)	(10,240)
Total cash used		(36,402)	(26,394)
Net cash from or (used by) operating activities	8	468	(35))
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment		(1,453)	(706))
Purchase of intangibles		(91)	(35)
Total cash used		(1,544)	(741)
Net cash (used by) Investing Activities		(1,544)	(741)
FINANCING ACTIVITIES			
Cash Received			
Appropriations - contributed equity		1,055	879
Total Cash Received		1,055	879
Net Cash from Financing Activities		1,055	879
Net increase or (decrease) in cash held		(21)	103
Cash at the beginning of the reporting year		573	470
Cash at the End of the Reporting Year	4A	552	573

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

FEDERAL MAGISTRATES COURT
SCHEDULE OF COMMITMENTS
as at 30 June 2007

	2007 \$'000	2006 \$'000
BY TYPE		
Other commitments		
Operating leases	18,767	14,662
Total Other Commitments	18,767	14,662
Net Commitments by Type	18,767	14,662
BY MATURITY		
Operating Lease Commitments		
One year or less	3,594	1,982
From one to five years	6,284	3,115
Over five years	8,889	9,565
Total Operating Lease Commitments	18,767	14,662
Net commitments by maturity	18,767	14,662

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Agreements for the provision of motor vehicles to statutory appointees	No contingent rentals exist. There are no renewal or purchase options available to the Court.
Leases for office accommodation	Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index.

FEDERAL MAGISTRATES COURT
SCHEDULE OF CONTINGENCIES
as at 30 June 2007

FMC had no contingent losses or gains as at 30 June 2007 (nil, 2006).

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

FEDERAL MAGISTRATES COURT
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2007 \$'000	2006 \$'000
Income Administered on Behalf of Government			
<i>for the year ending 30 June 2007</i>			
Revenue			
Non-Taxation Revenue			
Other sources of non-taxation revenue - - fees and fines	15	15,707	13,424
Total Non-Taxation Revenue		15,707	13,424
Total Revenues Administered on Behalf of Government		15,707	13,424
Expenses Administered on Behalf of Government			
<i>for the year ended 30 June 2007</i>			
Suppliers	16A	350	590
Other	16B	38	29
Total Expenses Administered on Behalf of Government		388	619
Assets Administered on Behalf of Government			
<i>as at 30 June 2007</i>			
Financial Assets			
Cash and cash equivalents	17A	61	—
Receivables	17B	59	93
Total Financial Assets		120	93
Total Assets Administered on Behalf of Government		120	93
Liabilities Administered on Behalf of Government			
<i>at 30 June 2007</i>			
Payables			
Suppliers	18	221	242
Total Payables		221	242
Total Liabilities Administered on Behalf of Government		221	242

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

FEDERAL MAGISTRATES COURT
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2007 \$'000	2006 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2007</i>			
Operating Activities			
Cash received			
Fees and fines		15,737	13,483
Net GST received		40	33
Total Cash Received		15,777	13,516
Cash used			
Suppliers		(407)	(480)
Other - refunds of fees		(38)	(29)
Total Cash Used		(445)	(509)
Net Cash From Operating Activities		15,332	13,007
Net Increase in Cash Held			
Cash at beginning of the reporting year		–	2
Cash from Official Public Account for:			
- Appropriations		503	506
Cash to Official Public Account for:			
- Other sources of non-taxation revenue - fees and fines		(15,774)	(13,515)
Cash at the End of the Reporting Period	17A	61	–

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

- Note 1:** Summary of Significant Accounting Policies
- Note 2:** Income
- Note 3:** Expenses
- Note 4:** Financial Assets
- Note 5:** Non-Financial Assets
- Note 6:** Payables
- Note 7:** Provisions
- Note 8:** Cash flow reconciliation
- Note 9:** Executive Remuneration
- Note 10:** Resources received free of charge
- Note 11:** Remuneration of Auditors
- Note 12:** Specific Payment Disclosures
- Note 13:** Average Staffing Levels
- Note 14:** Financial Instruments
- Note 15:** Income Administered on Behalf of Government
- Note 16:** Expenses Administered on Behalf of Government
- Note 17:** Assets Administered on Behalf of Government
- Note 18:** Liabilities Administered on Behalf of Government
- Note 19:** Administered Reconciliation Table
- Note 20:** Administered Financial Instruments
- Note 21:** Appropriations
- Note 22:** Reporting of Outcomes
- Note 23:** Special Accounts - Exempt Special Public Money

Note I: Summary of Significant Accounting Policies

I.1 Objectives of Federal Magistrates Court (FMC)

FMC is an Australian Public Service organisation.

The objective of the FMC is to provide the Australian community with a simple and accessible forum for the resolution of less complex disputes within the jurisdiction of the Federal Magistrates Court. The FMC is structured to meet this single outcome.

The Court was established by the Federal Magistrates Act 1999, which provides for the Court to be known as the Federal Magistrates Service or the Federal Magistrates Court of Australia. In the Federal Government's Appropriation Bills, the Court is referred to as the Federal Magistrates Court.

FMC activities contributing to this outcome are classified as either departmental or administered. Department activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the FMC in its own right. Administered activities involve the management or oversight by the FMC on behalf of the Government of items controlled or incurred by the Government.

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

I.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 FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 01 July 2006)*);
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting year.

The financial report has been prepared on an accrual basis and is in accordance with 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 disclosure of the full amount is specifically required.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Court 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 unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies. Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow or 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 FMC items.

1.3 Significant Accounting Judgement and Estimates

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

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS). Some Australian equivalents to International Financial Reporting Standards (IFRS) and other Australian Accounting Standards have requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. As FMC is a not-for-profit entity it cannot report compliance with IFRS. The FMC intends to adopt all standards upon their application date. As at the reporting date, there is no expected effect from the application of these standards.

1.5 Revenue

Revenues from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue.

Appropriations receivable are recognised at their nominal amounts.

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.

1.6 Gains

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 services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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.

1.8 Employee Benefits

Liabilities for services rendered by 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) 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 employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 FMC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the FMC'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 2006. 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 Federal Magistrates 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 FMC 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.

The FMC makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the costs to the Government of the superannuation entitlements of the FMC employees. FMC accounts for the contributions as if they were contributions to defined contribution plans.

Federal Magistrates and certain non-ongoing staff are not members of these schemes. The FMC contributes to eligible superannuation funds nominated by the employees.

From 1 July 2005, new employees only are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June 2007 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. FMC has no finance leases.

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 means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.11 Financial Risk Management

FMC's activities expose it to normal commercial financial risk. As a result of the nature of FMC's business and internal and Australian Government policies, dealing with the management of financial risk, FMC exposure to market, credit, liquidity, cash flow and interest rate risk is considered to be low.

1.12 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another Entity. In the case of a transfer to another Entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

1.13 Supplier and Other Payables

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).

1.14 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent assets are reported when settlement is probable and contingent liabilities are recognised when settlement is greater than remote.

1.15 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 revenues 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.

1.16 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, 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 'make good' provisions in property leases taken up by FMC where there exists an obligation to restore the property to its original condition. These costs are included in the value of FMC leasehold improvements with a corresponding provision for the 'make good' taken up.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations

Basis

Leasehold improvements, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset is not materially different at reporting date from its fair value. Valuations undertaken in each year are as at 30 June.

Fair values for each class of asset are determined as shown below.

Asset class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

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 surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit 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.

Depreciation

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

	2007	2006
Leasehold improvements	Lease term/est. useful life	Lease term/est. useful life
Plant and equipment	4 to 8 years	4 to 8 years

Impairment

All assets were assessed for impairment at 30 June 2007. 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 FMC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.17 Intangibles

FMC intangibles comprise purchased software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of FMC software for 2006-07 is 4 years (2005-06: 4 years).

All software assets were assessed for indications of impairment as at 30 June 2007.

1.18 Taxation

FMC is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

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 FMC items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from Official Public Account

Revenue collected by FMC for use by the Government rather than the Agency is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration.

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 FMC 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 19. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the FMC, with parties outside the Government.

Revenue

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

The administered revenue comprises fees for ongoing applications with the FMC and fines ordered by the FMC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 2: Income		
Note 2A: Revenues from Government		
Appropriation:		
Appropriations for outputs	39,084	31,524
Total revenues from Government	39,084	31,524
Note 2B: Sale of goods and rendering of services		
Rendering of services - related entities	300	83
Rendering of services - external entities	10	1
Total rendering of services	310	84
Total sale of goods and rendering of services	310	84
Note 2C: Other gains		
Resources received free of charge	24,455	23,121
Total other gains	24,455	23,121
Note 3: Expenses		
Note 3A: Employee benefits		
Wages and salaries	17,391	12,332
Superannuation	2,479	1,792
Leave and other entitlements	2,385	1,464
Other employee expenses	1,413	1,036
Total employee benefits	23,668	16,624
Note 3B: Suppliers		
Provision of goods - external entities	814	623
Rendering of services - related entities	25,187	23,978
Rendering of services - external entities	9,241	6,626
Operating lease rental*	2,151	1,162
Workers compensation premiums	221	113
Total supplier expenses	37,614	32,502
*These comprise minimum lease payments only.		
Note 3C: Depreciation and amortisation		
Depreciation:		
Plant and equipment	348	157
Leasehold improvements	177	48
Total depreciation	525	205
Amortisation:		
Intangibles:		
Computer software	55	45
Total amortisation	55	45
Total depreciation and amortisation	580	250

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
	\$'000	\$'000

Note 4: Financial Assets

Note 4A: Cash and cash equivalents

Cash at bank	552	573
Total cash and cash equivalents	552	573

Note 4B: Trade and other receivables

Goods and services	121	10
Appropriations receivable		
- for existing outputs	21,619	17,637
GST receivable from the Australian Taxation Office	186	340
Total trade and other receivables	21,926	17,987

All receivables are current assets.

All receivables are with entities internal to the Commonwealth.

Appropriations receivable are undrawn appropriations controlled by the FMC but held in the Official Public Account under the Government's just-in-time drawdown arrangements.

Receivables (gross) are aged as follows:

Not overdue	21,926	17,987
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Note 5: Non-Financial Assets

Note 5A: Leasehold Improvements

Leasehold improvements

- at cost	1,621	490
- Accumulated amortisation	(225)	(48)
	1,396	442
Deferred Expense - Make-good Costs	275	-
	275	-
Total leasehold improvements (non-current)	1,671	442

Note 5B: Infrastructure, Plant and Equipment

Plant and equipment:

- at cost	899	790
- Accumulated depreciation	(294)	(157)
	605	633
Total plant and equipment (non-current)	605	633

The book value of leasehold improvements & infrastructure, plant & equipment is not materially different from its fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5C: Analysis of Property, Plant and Equipment

TABLE A - Reconciliation of the Opening and Closing Balances of leasehold improvements, plant and equipment (2006-07)

Item	Leasehold Improvements \$'000	Total Leasehold Improvements \$'000	Other P&E \$'000	TOTAL \$'000
As at 1 July 2006				
Gross book value	490	490	790	1,280
Accumulated depreciation/amortisation	(48)	(48)	(157)	(205)
Net book value 1 July 2006	442	442	633	1,075
Additions:				
By purchase	1,131	1,131	322	1,453
Depreciation/amortisation expense	(177)	(177)	(348)	(525)
Deferred Expense - Make-good Costs	275	275	–	275
Disposal	–	–	(2)	(2)
Net book value 30 June 2007	1,671	1,671	605	2,276
Net book value as of 30 June 2007 represented by:				
Gross book value	1,896	1,896	1,110	3,006
Accumulated depreciation/amortisation	(225)	(225)	(505)	(730)
Closing net book value	1,671	1,671	605	2,276

TABLE A - Reconciliation of the Opening and Closing Balances of leasehold improvements, plant and equipment (2005-06)

Item	Leasehold Improvements \$'000	Total Leasehold Improvements \$'000	Other P&E \$'000	TOTAL \$'000
As at 1 July 2005				
Gross book value	19	19	556	575
Accumulated depreciation/amortisation	–	–	–	–
Net book value 1 July 2005	19	19	556	575
By purchase	471	471	235	706
Depreciation/amortisation expense	(48)	(48)	(157)	(205)
Net book value 30 June 2006	442	442	634	1,076
Net book value as of 30 June 2006 represented by:				
Gross book value	490	490	790	1,280
Accumulated depreciation/amortisation	(48)	(48)	(157)	(205)
Closing net book value	442	442	633	1,075

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 5D: Intangibles		
Computer software:		
Externally acquired - at cost (non-current)	422	331
- Accumulated amortisation	(282)	(227)
	140	104
Total intangibles (non-current)	140	104

TABLE A - Reconciliation of the Opening and Closing Balances of Intangibles (2006-07)

Item	Computer software purchased \$'000	Intangibles - Total \$'000
As at 1 July 2006		
Gross book value	331	331
Accumulated depreciation/amortisation	(227)	(227)
Net book value 1 July 2006	104	104
Additions		
By purchase	91	91
Depreciation/amortisation expense	(55)	(55)
Net book value as at 30 June 2007 represented by:		
Gross book value	422	422
Accumulated depreciation/amortisation	(282)	(282)
Net book value	140	140

TABLE A - Reconciliation of the Opening and Closing Balances of Intangibles (2005-06)

Item	Computer software purchased \$'000	Intangibles - Total \$'000
As at 1 July 2005		
Gross book value	296	296
Accumulated depreciation/amortisation	(182)	(182)
Net book value 1 July 2005	114	114
Additions		
By purchase	35	35
Depreciation/amortisation expense	(45)	(45)
Net book value 30 June 2006	218	218
Net book value as at 30 June 2006 represented by:		
Gross book value	331	331
Accumulated depreciation/amortisation	(227)	(227)
Net book value	104	104

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
	\$'000	\$'000
Note 5E: Other non-financial assets		
Prepayments	212	446
Total other non-financial assets	212	446

All other non-financial assets are current assets.

Note 6: Payables

Trade creditors	1,313	857
Total suppliers	1,313	857

All supplier payables are current liabilities.

Settlement is usually made net 30 days.

Note 7: Provisions

Note 7A: Employee provisions

Salaries and wages	170	114
Leave	4,133	3,201
Superannuation	9	16
Aggregate employee benefit liability and related on-costs	4,312	3,331

Employee provisions are represented by:

Current	3,320	2,574
Non-current	992	757
	4,312	3,331

Note 7B: Other Provisions

Provision for Make-good Costs	275	–
Total other provisions	275	-

All other provisions are non-current liabilities.

Note 8: 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	552	573
Balance Sheet items comprising above cash: 'Financial Asset - Cash'	552	573

Reconciliation of operating result to net cash from operating activities:

Operating surplus for the year	1,987	5,353
Add: Depreciation and amortisation	580	250
Change in operating assets and liabilities resulting from operating activities		
(Increase) / decrease in net receivables	(3,771)	(6,251)
(Increase) / decrease in prepayments	234	(380)
Increase / (decrease) in employee provisions	982	471
Increase / (decrease) in supplier payables	456	522
Net cash from operating activities	468	(35)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
Note 9: Executive Remuneration		
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$160,000 to \$174,999	1	–
\$220,000 to \$234,999	–	1
\$265,000 to \$279,999	1	–
Total	2	1

The aggregate amount of total remuneration of executives shown above. **\$454,530** \$221,417

The aggregate amount of separation and redundancy/termination benefit payment during the year to an executive shown above. **\$159,252** –

Note 10: Resources received free of charge

	2007	2006
	\$'000	\$'000
Services received from the Family Court of Australia	16,460	15,151
Services received from the Federal Court of Australia	7,960	7,937
Services received from the Auditor-General	35	33
Total	24,455	23,121

Note 11: Remuneration of Auditors

	2007	2006
	\$	\$
Financial statement audit services provided free of charge	35,000	33,000
No other services are provided by the Auditor-General.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Specific Payment Disclosures

	2007 \$'000	2006 \$'000
Administered		
No 'Act of Grace' payments were made during the reporting year, and there were no amounts owing at year end (2006: no payments made).		
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2006: No payments).		
"Under Federal Magistrates Regulations 8 and 9, an exemption from payment of fees may be granted to people who are eligible for legal aid or qualify for certain government social security benefits, and fees may be waived if they would cause financial hardship. In family law matters, there were 28,909 exemptions and 936 waivers in 2006-07 (2006: 27,194 exemptions and 4,014 waivers)."	8,010,864	6,982,890
Under Federal Magistrates Regulations 8 and 9, an exemption from payment of fees may be granted to people who are eligible for legal aid or qualify for certain government social security benefits, and fees may be waived if they would cause financial hardship. In general federal law matters, there were 409 exemptions and 2,645 waivers in 2006-07 (2006: 738 exemptions and 3,101 waivers).	1,085,006	1,189,697

Departmental

No payments were made under the 'Defective Administration Scheme' during the reporting year. (2006: No payments made)

No payments were made under s73 of the Public Service Act 1999 during the reporting year. (2006: No payments made)

Note 13: Average Staffing Levels

	2007	2006
The average staffing levels for the FMC during the year were:		
Federal Magistrates	49	35
APS Staff	146	103

Note 14: Financial Instruments

Note 14A: Interest Rate Risk

It is considered that there is no interest rate risk as FMC has no interest bearing assets or liabilities.

Note 14B: Fair Values of Financial Assets and Liabilities

The net fair value of cash and non-interest-bearing monetary financial assets approximate their carrying amounts disclosed in the financial report.

The net fair value for trade creditors are approximated by their carrying amounts.

Note 14C: Credit Risk Exposures

The FMC'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 FMC has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 15: Income Administered on Behalf of Government		
Other taxes, fees and fines		
External entities - court fees and fines	15,707	13,424
Total Income Administered on Behalf of Government	15,707	13,424
Note 16: Expenses Administered on Behalf of Government		
Note 16A: Suppliers		
Rendering of services - external entities	350	590
Note 16B: Other expenses		
Refund of fees	38	29
Total other expenses	38	29
Total Expenses Administered on Behalf of Government	388	619
Note 17: Assets Administered on Behalf of Government		
Note 17A: Note 17A: Cash and cash equivalents		
Administered bank account - Federal Magistrates Court	61	-
Note 17B: Receivables		
Fees and fines receivable	58	87
Less: Allowance for doubtful debts	(3)	(3)
	55	84
GST receivable from the Australian Taxation Office	4	9
Total receivables	59	93
Receivables (gross) are aged as follows:		
Not overdue	59	93
Overdue by:		
Less than 30 days	1	-
More than 90 days	2	3
Total receivables (gross)	62	96
Total Assets Administered on Behalf of Government	120	93
Note 18: Liabilities Administered on Behalf of Government		
Payables		
Trade creditors	221	242
Total Payables	221	242
Total Liabilities Administered on Behalf of Government	221	242

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007 \$'000	2006 \$'000
Note 19: Administered Reconciliation Table		
<i>Opening administered assets less administered liabilities as at 1 July</i>	(149)	55
Plus: Administered revenues	15,707	13,424
Less: Administered expenses	(388)	(619)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA	503	506
Transfers to OPA	(15,774)	(13,515)
Closing administered assets less administered liabilities as at 30 June	(101)	(149)

Note 20: Administered Financial Instruments

Note 20A: Interest rate risk

It is considered that there is no interest rate risk.

The net fair value of cash and non-interest-bearing monetary financial assets and liabilities equate to their carrying amounts disclosed in the financial report.

Note 20B: Net Fair Values of Administered Financial Assets and Liabilities

The net fair value of cash and non-interest-bearing monetary financial assets and liabilities equate to their carrying amounts disclosed in the financial report.

Note 20C: Credit Risk Exposures

The FMC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amounts of those assets as indicated in the Balance Sheet.

The FMC has no significant exposure to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Appropriations

Note 21A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and borrowings

Particulars	Administered Expenses Outcome I		Departmental Outputs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Year ended 30 June 2007						
Balance carried from previous year	297	41	13,808	7,310	14,105	7,351
<i>Unspent prior year appropriations - ineffective s31</i>	(46)	–	–	–	(46)	–
Adjusted Balance carried for previous period	251	41	13,808	7,310	14,059	7,351
Appropriations Act:						
Appropriation Act (No.1)	757	727	38,000	28,605	38,757	29,332
Appropriation Act (No.3)	–	–	1,084	1,819	1,084	1,819
Appropriation Act (No.5)	–	–	–	1,100	–	1,100
FMA Act:						
Refunds credited (FMAA s30)	–	–	10	10	10	10
Sub-total Annual Appropriation	757	727	39,094	31,534	39,851	32,261
Appropriations to take account of recoverable GST (FMAA s30A)	35	38	1,258	1,343	1,293	1,381
Annotations to 'net appropriations' (FMAA s31)	–	–	300	5	300	5
Total Appropriations available for payments	1,043	806	54,460	40,192	55,503	40,998
Cash payments made during the year (GST inclusive)	650	509	37,042	26,384	37,692	26,893
Appropriations credited to Special Accounts (excluding GST)	–	–	–	–	–	–
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	393	297	17,418	13,808	17,811	14,105
<i>Represented by:</i>						
Cash at bank and on hand	61	–	552	573	613	573
Receivables - departmental appropriations	–	–	16,709	12,895	16,709	12,895
Receivables - GST receivable from the ATO	4	9	157	340	161	349
Undrawn, unlapsd administered appropriations	328	288	–	–	328	288
Total	393	297	17,418	13,808	17,811	14,105

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Departmental Outputs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance carried from previous year	4,742	3,928	4,742	3,928
Adjusted balance carried from previous period	4,742	3,928	4,742	3,928
Appropriation Act:				
Appropriation Act (No.2)	1,222	285	1,222	285
Appropriation Act (No.4)	–	1,409	–	1,409
Sub-total 2006 - 07 Annual Appropriation	1,222	1,694	1,222	1,694
Appropriations to take account of recoverable GST (FMAA s30A)	157	22	157	22
Total appropriations available for payments	6,121	5,644	6,121	5,644
Cash payments made during the year (GST inclusive)	1,182	902	1,182	902
Appropriations credited to Special Accounts (GST exclusive)	–	–	–	–
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	4,939	4,742	4,939	4,742
Represented by:				
Departmental appropriation receivable	4,910	4,742	4,910	4,742
GST receivable from the ATO	29	–	29	–
Total	4,939	4,742	4,939	4,742

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Unlimited Amount)

Financial Management and Accountability Act 1997s20(1)	2007	2006
	Outcome 1	
	\$'000	\$'000
<i>Purpose:</i> To hold and disburse money paid into Court in accordance with an order made by the Federal Magistrates Court or a Federal Magistrate under s.15 of the <i>Federal Magistrates Act 1999</i> ; or in any other case in accordance with an order of the Federal Magistrates Court or a Federal Magistrate.		
Payments made	64	87
Total charged to appropriation	64	87
Budget estimate	200	200

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Reporting of Outcomes

The Federal Magistrates Court is structured to meet one outcome and one output.

Outcome: To provide the Australian community with a simple and accessible forum for the resolution of less complex disputes within the jurisdiction of the Federal Magistrates Court.

Output: Provision of a Federal Magistrates Court.

Note 22A: Net Cost of Outcome Delivery

Particulars	Outcome 1		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Expenses				
Administered expenses	388	619	388	619
Departmental expenses	61,862	49,376	61,862	49,376
Total expenses	62,250	49,995	62,250	49,995
Costs recovered from provision of goods and services to the non-government sector				
Administered	–	–	–	–
Departmental	10	1	10	1
Total costs recovered	10	1	10	1
Fees and fines	15,707	13,424	15,707	13,424
<i>Total Administered</i>	<i>15,707</i>	<i>13,424</i>	<i>15,707</i>	<i>13,424</i>
Departmental				
Goods and Services Income from Related Entities	300	83	300	83
<i>Total Departmental</i>	<i>300</i>	<i>83</i>	<i>300</i>	<i>83</i>
Total other external income	16,007	13,507	16,007	13,507
Net cost/(contribution) of outcome	46,233	36,487	46,233	36,487

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22B: Major Classes of Departmental Income and Expenses by Output Groups and Outputs

Outcome I	Output Group I.1		Output I Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Departmental expenses				
Employees	23,668	16,624	23,668	16,624
Suppliers	37,614	32,502	37,614	32,502
Depreciation and amortisation	580	250	580	250
Total departmental expenses	61,862	49,376	61,862	49,376
Funded by:				
Income from government	63,539	54,645	63,539	54,645
Sale of goods and services	310	84	310	84
Total departmental income	63,849	54,729	63,849	54,729

Note 22C: Major Classes of Administered Income and Expenses by Outcomes

	Outcome I		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Administered Income				
Non-taxation revenues	15,707	13,424	15,707	13,424
Total Administered Income	15,707	13,424	15,707	13,424
Administered Expenses				
Suppliers	350	590	350	590
Other	38	29	38	29
Total Administered Expenses	388	619	388	619

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Special Accounts - Exempt Special Public Money

Federal Magistrates Court Litigants Fund Special Account	2007	2006
	\$'000	\$'000
<i>Legal Authority: Section 20 of the FMA Act</i>		
<i>Legal Authority: Section 20(1) of the Financial Management and Accountability Act 1997</i>		
<i>Purpose: To hold and disburse money paid into Court in accordance with an order made by the Federal Magistrates Court or a Federal Magistrate under s.15 of the Federal Magistrates Act 1999; or in any other case in accordance with an order of the Federal Magistrates Court or a Federal Magistrate.</i>		
Balance carried from previous year	35	25
Receipts during the year	172	97
Available for payments	207	122
Payments made	64	87
Balance carried to next year	143	35