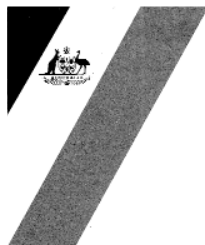


FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT

To the President of the Senate and the Speaker of the House of Representatives

Scope

The financial statements comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Parliamentary Services for the period ended 30 June 2004.

The Department's Secretary is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial*

FINANCIAL STATEMENTS

Management and Accountability Act 1997, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department of Parliamentary Services' financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Department of Parliamentary Services as at 30 June 2004, and its financial performance and cash flows for the period then ended.

Australian National Audit Office



Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
31 August 2004

FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT

To the President of the Senate and Speaker of the House of Representatives

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial statements published in both the annual report and on the website of the Department of Parliamentary Services for the period ended 30 June 2004. The Department's Secretary is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department of Parliamentary Services' annual report.

Scope

The financial statements comprise:

- Statement by the Chief Executive and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Parliamentary Services for the period ended 30 June 2004.

The Department's Secretary is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent

FINANCIAL STATEMENTS

limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department of Parliamentary Services' financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Department of Parliamentary Services as at 30 June 2004, and its financial performance and cash flows for the period then ended.

Australian National Audit Office



Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
31 August 2004

FINANCIAL STATEMENTS

**DEPARTMENT OF PARLIAMENTARY SERVICES
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

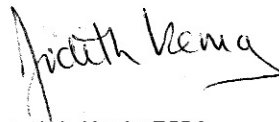
CERTIFICATION

In our opinion, the attached financial statements for the year ended 30 June 2004 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*.



Hilary Penfold QC
Secretary

31 August 2004



Judith Konig FCPA
Chief Finance Officer

31 August 2004

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
STATEMENT OF FINANCIAL PERFORMANCE

for the five months ended 30 June 2004

	Notes	2004 \$'000
Revenues from ordinary activities		
Revenues from Government	4A	38,904
Goods and services	4B	6,746
Revenue from sale of assets	4C	28
Other revenues		191
Total revenues from ordinary activities		45,869
Expenses from ordinary activities (excluding borrowing cost expense)		
Employees	5A	25,032
Suppliers	5B	15,448
Depreciation and amortisation	5C	6,271
Write down of assets	5D	711
Value of assets sold	4C	159
Expenses from ordinary activities (excluding borrowing costs expense)		47,621
Borrowing costs expense	6	22
Net (deficit) from ordinary activities		(1,774)
Total revenues, expenses and valuation adjustments recognised directly in equity		-
Total changes in equity other than those resulting from transactions with the Australian Government as owner		(1,774)

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
STATEMENT OF FINANCIAL POSITION

as at 30 June 2004

	Notes	2004 \$'000
ASSETS		
Financial assets		
Cash	7A	3,701
Receivables	7B	21,203
Total financial assets		24,904
Non-financial assets		
Property, plant and equipment	8A,B	41,468
Intangibles	8C	13,395
Inventories	8D	190
Other non-financial assets	8E	731
Total non-financial assets		55,784
Total Assets		80,688
LIABILITIES		
Interest bearing liabilities		
Leases	9	742
Total interest bearing liabilities		742
Provisions		
Employees	10	18,413
Total provisions		18,413
Payables		
Suppliers	11A	3,153
Other	11B	1,815
Total payables		4,968
Total Liabilities		24,123
NET ASSETS		56,565
EQUITY		
Contributed equity	12	58,339
Retained (Accumulated deficits)	12	(1,774)
TOTAL EQUITY	12	56,565
Current assets		25,824
Non-current assets		54,864
Current liabilities		11,540
Non-current liabilities		12,583

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
STATEMENT OF CASH FLOWS

for the five months ended 30 June 2004

	Notes	2004 \$'000
OPERATING ACTIVITIES		
Cash received		
Goods and services		8,737
Appropriations		35,240
Net GST received from ATO		1,038
Total cash received		<u>45,015</u>
Cash used		
Employees		22,659
Suppliers		16,066
Borrowing costs		22
Total cash used		<u>38,747</u>
Net cash from operating activities	14	<u>6,268</u>
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of property, plant and equipment		28
Total cash received		<u>28</u>
Cash used		
Purchase of property, plant and equipment		3,462
Purchase of intangibles		1,630
Total cash used		<u>5,092</u>
Net cash (used by) investing activities		<u>(5,064)</u>
Net increase in cash held		1,204
Cash at the beginning of the reporting period		2,497
Cash at the end of the reporting period	7A	<u>3,701</u>

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
SCHEDULE OF COMMITMENTS
as at 30 June 2004

BY TYPE	Notes	2004 \$'000
Capital commitments		
Property, Plant and Equipment ¹		<u>1,206</u>
Total capital commitments		<u>1,206</u>
Other commitments		
Operating leases ²		4,823
Other ³		24,699
Total other commitments		<u>29,522</u>
Commitments receivable		<u>4,977</u>
Net commitments		<u><u>25,751</u></u>
BY MATURITY		
Capital commitments		
One year or less		1,206
From one to five years		-
Over five years		-
Total capital commitments by maturity		<u>1,206</u>
Operating lease commitments		
One year or less		1,979
From one to five years		2,843
Total operating lease commitments by maturity		<u>4,822</u>
Other commitments		
One year or less		7,353
From one to five years		17,347
Over five years		-
Total other commitments by maturity		<u>24,700</u>
Commitments Receivable		<u>4,977</u>
Net commitments by maturity		<u><u>25,751</u></u>

NB : Commitments are GST inclusive where relevant.

- 1 Plant and equipment commitments are primarily for purchase of equipment and services for IT system assets and furniture and fittings.
- 2 Operating leases included are effectively non-cancellable and comprise agreements for the provision of motor vehicles. DPS also has a 4 year agreement to lease computer equipment.
- 3 Other commitments are contracts for the purchase of services, including the provision of bureau services for a human resources system.

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Office accommodation	Lease payments to the Commonwealth, are subject to annual increases in accordance with movements in the CPI. The lease agreement is for a period of ten years.
Storage facilities	Lease payments are subject to annual increases in accordance with movement in the Consumer Price Index(CPI) The sub-lease agreement is for a period of five years.
Provision of motor vehicles	Lease periods vary from 18 to 60 months, depending on the type of vehicles leased. Ownership never passes to DPS. There are no renewal or purchase options at the end of the leases.
Computer equipment	Four year lease to provide computer equipment for the LAN

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
SCHEDULE OF CONTINGENCIES

as at 30 June 2004

	Notes	2004 \$'000
Contingent liabilities		
Claims for damages/costs	15	17
Total Contingent Liabilities		<u>17</u>
Contingent assets		
Claims for damages/costs	15	0
Total Contingent Assets		<u>0</u>

Details of contingent liabilities including any not included above as they cannot be quantified or are considered remote, are disclosed in:
 Note 15 Contingent Liabilities and Assets.

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES		
SCHEDULE OF ADMINISTERED ITEMS		
	Notes	2004 \$'000
Revenues Administered on Behalf of Government <i>for the five months ended 30 June 2004</i>		
Non-taxation revenue		
Other sources of non-taxation revenue	20	16
Total Revenues Administered on Behalf of Government		16
Expenses Administered on Behalf of Government <i>for the five months ended 30 June 2004</i>		
Depreciation and amortisation	21	16,595
Value of assets sold	21	166
Total Expenses Administered on Behalf of Government		16,761
Assets Administered on Behalf of Government <i>as at 30 June 2004</i>		
Financial assets		
Receivables	22	224
Total financial assets		224
Non-financial assets		
Land & Buildings	23A, 23D	1,314,144
Property, Plant & Equipment	23B, 23D	31,278
Heritage and Cultural Assets	23C, 23D	84,327
Total non-financial assets		1,429,749
Total Assets Administered on Behalf of Government		1,429,973
Liabilities Administered on Behalf of Government <i>as at 30 June 2004</i>		
Payables		
Suppliers	24	336
Total payables		336
Total Liabilities Administered on Behalf of Government		336
Net Assets Administered on Behalf of Government	25	1,429,637
Current Assets		224
Non-current Assets		1,429,749
Current Liabilities		336
Non-current Liabilities		0

This schedule should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES		2004
SCHEDULE OF ADMINISTERED ITEMS (continued)		\$'000
	Notes	
Administered Cash Flows		
<i>for the five months ended 30 June 2004</i>		
Operating Activities		
Cash received		
GST received from ATO		<u>512</u>
Total cash received		<u>512</u>
Cash used		
GST paid to Suppliers		<u>(517)</u>
Total cash used		<u>(517)</u>
Net cash (used in) operating activities		<u>(5)</u>
Investing Activities		
Cash received		
Proceeds from sales of property, plant and equipment		<u>4</u>
Total cash received		<u>4</u>
Cash used		
Purchase of property, plant and equipment		<u>(5,189)</u>
Total cash used		<u>(5,189)</u>
Net cash (used in) investing activities		<u>(5,185)</u>
Net (decrease) in cash held		(5,190)
Cash at the beginning of the reporting period		10
Cash from Official Public Account for:		
- Appropriations		5,179
GST Annotations Appropriation under S30A		<u>517</u>
		<u>5,696</u>
Cash to Official Public Account for:		
-GST Returned		(511)
-Other		<u>(5)</u>
		<u>(516)</u>
Cash at the end of the reporting period		<u>0</u>

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
SCHEDULE OF ADMINISTERED ITEMS (continued)

Notes	2004 \$'000
Administered Commitments <i>as at 30 June 2004</i>	
BY TYPE	
Capital Commitments	
Property, plant and equipment	11,219
Total capital commitments	<u>11,219</u>
Commitments Receivable	
GST Component	(1,020)
Total commitments receivable	<u>(1,020)</u>
Net administered commitments	<u><u>10,199</u></u>
BY MATURITY	
Capital commitments	
One year or less	10,199
From one to five years	0
Over five years	0
Net Administered Commitments	<u><u>10,199</u></u>

NB : Commitments are GST inclusive where relevant.

Administered Contingencies

as at 30 June 2004

There were no contingencies or remote or unquantifiable contingencies at balance date.

Statement of Activities Administered on behalf of Government

The major administered activity of the Department of Parliamentary Services is directed towards achieving the outcome described in Note 1 to the Financial Statements. That outcome being "Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public."

Details of planned activities can be found in the Portfolio Budget Statements for the three former departments for 2003-04, which have been tabled in Parliament.

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

FINANCIAL STATEMENTS

DEPARTMENT OF PARLIAMENTARY SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the five months ended 30 June 2004

Note Description

- 1 Summary of Significant Accounting Policies
- 2 Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-06
- 3 Events Occurring after Balance Date
- 4 Operating Revenues
- 5 Operating Expenses
- 6 Borrowing Cost Expense
- 7 Financial Assets
- 8 Non-financial Assets
- 9 Interest Bearing Liabilities
- 10 Provisions
- 11 Payables
- 12 Equity
- 13 Restructuring
- 14 Cash Flow Reconciliation
- 15 Contingent Liabilities and Assets
- 16 Executive Remuneration
- 17 Remuneration of Auditors
- 18 Average Staffing Levels
- 19 Financial Instruments
- 20 Revenues Administered on behalf of Government
- 21 Expenses Administered on behalf of Government
- 22 Financial Assets Administered on behalf of Government
- 23 Non-Financial Assets Administered on behalf of Government
- 24 Liabilities Administered on behalf of Government
- 25 Administered Reconciliation Table
- 26 Administered-Restructuring
- 27 Administered Financial Instruments
- 28 Appropriations
- 29 Specific Payment Disclosures
- 30 Reporting of Outcome

FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

1.1 Objectives of the Department of Parliamentary Services(DPS)

By resolution of both Houses in August 2003 (the House of Representatives on 14 August and the Senate on 18 August), the Department of Parliamentary Services (DPS) was established from 1 February 2004. The new department fulfils the functions of the former Department of the Parliamentary Reporting Staff (DPRS), Department of the Parliamentary Library (DPL) and Joint House Department (JHD).

DPS is structured to meet one outcome. This outcome is:

Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public.

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

The department's outcome is measured by the following outputs:

OUTPUT 1 Information and Research Services

An effective knowledge centre for the Parliament through the provision of information, analysis and advice.

- 1.1 Information, analysis and advice services to meet clients' needs.
- 1.2 Access to collection sources for the use of Parliament

OUTPUT 2 Client and Technical Services

Provision of client support, broadcasting, Hansard, and information and communication technology services.

- 2.1 Client support broadcasting and Hansard services
- 2.2 Information and communication technology and broadcasting support.

OUTPUT 3 Building and Occupant Services

An efficiently functioning, safe and secure environment for Senators, Members, other building occupants and visitors.

- 3.1 Occupant services.
- 3.2 Visitor services.
- 3.3 Asset management services.

The Administered activity is identified as one item:

WORKS PROGRAM

Preservation of the heritage value of Parliament House and surrounds.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements**1.2 Basis of Accounting**

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

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2004)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies

Revenues and expenses are recognised in the Statement of Financial Performance 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 Agency items, except where otherwise stated at Note 1.19.

1.3 Changes in Accounting Policy

DPS commenced operations on 1 February 2004. DPS took over the functions previously undertaken by the three joint Parliamentary departments, namely the Department of the Parliamentary Reporting Staff, Department of the Parliamentary Library and Joint House Department. These financial statements are the first for DPS.

These financial statements are for the 5 months ended 30 June 2004.

1.4 Revenue*Revenues from Government*

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings and reductions) are recognised as revenue, except for certain

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable is recognised at the nominal amount.

Resources Received Free of Charge

Services received free of charge are recognised in the Statement of Financial Performance as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

Other Revenue

Revenue from the sale of goods is recognised upon delivery of goods and services to customers.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

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

1.5 Transactions by the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up on Portfolio Additional Estimates) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

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

The creation of DPS from the three former joint departments effective 1 February 2004 has been treated as a restructure. Notes 1.1 and 13 refer.

1.6 Employee Benefits

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

Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

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 department 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 Department'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 provision for long service leave was calculated using the shorthand method provided by the Australian Government Actuary. The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees as at 30 June 2004. In determining the present value of the liability, the Department has taken into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy payments in circumstances where the Department has made an offer of Voluntary Redundancy which has been accepted by a staff member and a reliable estimate of the total amount of the payment can be determined.

Superannuation

DPS staff are members of the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

DPS makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of DPS's employees.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay accrual of the reporting period, plus the anticipated superannuation contributions when staff take recreation and long service leave.

1.7 Leases

A distinction is made between:

- finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and
- operating leases, under which the lessor effectively retains substantially all such risks and benefits.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in the reporting period does not exceed the amounts of costs incurred in the period. Refer to Note 6.

1.9 Cash

Cash includes notes and coins held and the balances of DPS's bank accounts. Cash is recognised at its nominal amount.

1.10 Other Financial Instruments

Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received.

Contingent Liabilities

Contingent Liabilities are not recognised in the Statement of Financial Position but are detailed in the Schedule of Contingencies and at Note 15. They may arise from uncertainty as to the existence of a liability, or represent an existing liability in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability would be recognised. A liability is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.11 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.

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 administrative arrangements as outlined in Note 1.5 above. In the latter case, assets are initially recognised in the transferor agency's accounts immediately prior to the restructuring.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements**1.12 Property, Plant and Equipment***Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than the recognition threshold (\$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).

Definition of Assets

In these statements, except for office equipment, technical equipment and furniture which are recorded as individual items, a reportable asset is a functional system in which component parts do not retain a separate identity and are not expected to be used by the department after the asset is disposed of.

All non-current depreciable assets are recognised in the financial statements if they belong to a class of assets which is represented by:

- complete functional systems valued at cost or independent valuation,
- work in progress valued at cost, and
- individual items at cost of acquisition or valuation of at least \$2,000.

The department has identified and records all assets individually for fraud control and management purposes.

All monographs added to the Library Collection are capitalised regardless of their individual value as they are regarded as part of a group of similar items significant in total.

Accounting for System Assets

System assets are carried in the financial statements at their valuation less accumulated depreciation. Except where expenditure on system assets replaces or improves the system, the expenditure will be regarded as maintenance as there is no change in intrinsic value. Additions or extensions to a system asset which enhances the asset by increasing its functionality and becomes an integral part of that asset, increase the reportable value of that system by the cost of the acquisition or extension and are depreciated over the remaining useful life of the asset. Where action is taken to decommission a materially whole system by replacement or by recognising obsolescence, the entire system is subject to disposal action.

*Revaluations**Basis*

Property, plant and equipment and heritage and cultural assets are carried at valuation in accordance with *Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets*. Since DPS is an amalgamation of the three former joint departments, the revaluation dates and methods have varied for the different classes of assets transferred as follows:

- Land and buildings were revalued at 30 June 2003 using the fair value method.
- The system assets are revalued on a progressive basis and as a result, a portion were revalued up to 30 June 2002 using the deprival method and others were revalued in 2003-04 using the fair value method.
- The furniture and equipment assets are revalued on a progressive basis and as a result, a portion were revalued up to 30 June 2002 using the deprival method and others were revalued at 30 June 2003 using the fair value method.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

- The library collection was revalued 1 January 2004 using the fair value method.
- Heritage and cultural assets were revalued in June 2002 using the deprival method.

Fair and deprival values for each class of asset were determined as shown below.

Asset class	Fair value measured at:	Deprival value measured at:
Land	Market selling price subject to restricted use clause.	Not Applicable.
Buildings	Current replacement cost.	Not Applicable.
System assets	Current market value, or Current replacement cost.	Depreciated replacement cost.
Furniture & Equipment	Current market value, or Current replacement cost, or Current reproduction cost.	Depreciated replacement cost
Library Collection	Market selling price and Depreciated replacement cost	Not Applicable
Heritage and Cultural Assets	Not Applicable.	Current market value, or Current replacement cost.

The financial effect of the change in policy to reflect assets at fair value was recorded in the former joint departments with the contra entry going to their respective asset revaluation reserves. The total of the asset revaluation reserves were transferred to DPS as "Contributed Equity - Restructuring". Notes 12 and 13 refer.

Under both deprival and fair value, assets which are surplus to the requirements are valued at their net realisable value.

Conduct

All valuations are conducted by an independent qualified valuer.

Frequency

Property, plant and equipment and heritage and cultural assets were transferred into DPS as at 1 February 2004 at the book values of the three transferring departments. Table 8A notes all asset groups and the method of revaluation. The assets listed on table 8A that are still at deprival value will be revalued to fair value by 30 June 2005 in accordance with the Finance Minister's Orders requiring all property, plant and equipment assets to be measured at up-to-date fair values from 30 June 2005 onwards. There will therefore be no progressive revaluations.

Assets capitalised under finance leases have not been revalued and are accounted for under Australian Accounting Standard AASB 17 Accounting for Leases.

Work-in-progress

If, at 30 June 2004, an asset is not fully constructed, the expenditure will be disclosed separately as 'work in progress'. Depreciation will not be set until the project has been completed to a stage where it can provide a service to the department.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements*Depreciation and Amortisation Policy*

An asset is depreciated from the time it is first put into or held ready for use. When an asset is a complex structure made up of interdependent substructures which require installation at successive stages, it is considered as being ready for use only after installation has been completed to a stage where it can provide a service to the department.

All depreciable non-current assets are written off to their estimated residual values over their estimated useful life to the department. Depreciation is calculated using the straight-line method that is consistent with the pattern of usage.

Estimated useful lives and depreciation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in price only when assets are revalued.

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

Building	20 to 200 years
Furniture and equipment	2 to 10 years
Plant and equipment	3 to 50 years
Library collection	3 to 30 years
System assets	3 to 24 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

1.13 Impairment of Non-Current Assets

Non-current assets carried at up to date fair values at the reporting date are not subject to impairment testing.

The non-current assets carried at cost or deprival value have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater.

1.14 Intangibles

Intangibles comprise internally developed software for own use and capital works-in-progress. These assets are carried at cost, and are assessed for indications of impairment. The carrying amount of the impaired asset is written down to reflect its remaining service potential.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is between 3 to 10 years.

At balance date the ORACLE Financial Management Information Systems from the former Department of the Parliamentary Reporting Staff and the Department of the Parliamentary Library were written down to an expected useful life of three months. This action reflects that DPS has selected the SAP financial management information system from 1 July 2004.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

1.15 Inventories

The Parliament Shop inventories are held for resale and are valued at the lower of cost or net realisable value. Costs are assigned to stock on a first-in-first-out basis.

1.16 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax 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.

1.17 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.18 Insurance

The Department has insured for risks through the Government's insurable risk managed fund called 'Comcover'. Workers compensation is insured through Comcare Australia.

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 reported on the same bases and using the same policies as for Departmental items, including the application to the greatest extent possible of Accounting Standards, Accounting Interpretations and Urgent Issues Group Consensus Views.

Administered appropriations received or receivable from the Official Public Account (OPA) are not reported as administered revenues and assets respectively. Similarly, administered receipts transferred or transferable to the OPA are not reported as administered expenses or payables. These transactions and balances are internal to the Administered entity.

These transfers of cash are reported as administered (operating) cash flows and in the administered reconciliation table in Note 25.

Accounting policies that are relevant to the administered activities of DPS are disclosed below.

Revenue

DPS has negotiated an Administered Funding agreement with the Department of Finance and Administration. The agreement is supported by a Funding Proposal, which is

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

reviewed every five years. The Funding Proposal contains a schedule of Projects based upon a 200-year life cycle planning model, prepared by an independent engineering consultant. It utilises a 'criticality' methodology to rank projects into a series of five-year plans for rolling upgrades, which are designed to keep Parliament House in a fully operational state, commensurate with its status as a 'nationally significant building'.

This funding will be used for:

- ongoing administered asset replacement, modification and upgrade;
- construction of new minor works; and
- purchases of artworks for the Historic Memorials Collection (HMC) and Parliament House Art Collection (PHAC).

Note 2 Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-06.

The Australian Accounting Standards Board (AASB) has issued replacement Accounting Standards to apply from 2005-06. The new standards are the AASB Equivalents to International Financial Reporting Standards (IFRS) which are issued by the International Accounting Standards Board.

The purpose of issuing AASB Equivalents to IFRSs is to enable Australian entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

It is expected that the Minister for Finance will continue to require compliance with the Accounting Standards issued by the AASB, in his Orders for the Preparation of Agency financial statements for 2005-06 and beyond. Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular *AAS 29 Financial Reporting by Government Departments*.

Australian Accounting Standard AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards requires that the financial statements for 2003-04 disclose:

- An explanation of how the transition to the AASB Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

Management of the transition to AASB Equivalents to IFRSs

DPS has taken the following steps in preparation for the implementation of AASB Equivalents:

- The DPS Audit Committee will oversight the transition to and implementation of AASB Equivalents to IFRSs. The Chief Finance Officer is formally responsible for the project and will report regularly to the Audit Committee on progress against

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

the formal plan which is under development and will be approved by the Committee.

- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - Identification of all expected major accounting policy differences between current AASB standards and the AASB Equivalents to IFRSs as at 30 June 2004 by 30 August 2004.
 - Identification of systems changes if any necessary to be able to report under the AASB Equivalents, including those necessary to enable capture of data under both sets of rules for 2004-05, and the testing and implementation of those changes.
 - Preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents by 30 August 2004.
 - Preparation of a AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are being prepared.
 - Meeting reporting deadlines set by the Department of Finance and Administration for the 2005-06 balance sheet under AASB Equivalent standards.

- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on schedule to meet all deadlines.

- To date the identification of accounting and disclosure differences has been done and consideration is being given to engaging a consultant to assist with some of the steps in the plan.

Major changes in accounting policy

Identification to date of major expected changes in accounting policy is based upon a comparison of the current applicable AASB standards with the new AASB standards.

Changes in accounting policies under AASB equivalents are applied retrospectively ie. As if the new policy had always applied. This means that a balance sheet prepared under the AASB Equivalents must be made as at 1 July 2004 to enable the 2005-06 financial statements to report comparatives under the AASB Equivalents.

Changes to major accounting policies are discussed in the following paragraphs.

Property, plant and equipment

The Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. The transitional provisions in *Australian Accounting Standard AASB1* will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance which will be prepared as at 1 July 2004. During 2004-05 assets which are currently carried at deprival value will be revalued to fair value.

Borrowing costs related to qualifying assets are currently capitalised. It is understood that the FMOs for 2005-06 will elect to expense all borrowing costs under the new AASB Equivalent standard. Accordingly, borrowing costs will be derecognised.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements*Impairment of Non-Current Assets*

DPS's policy on impairment of non-current assets is at note 1.13

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of the impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of a) its fair value less costs to sell and b) its value in use. 'Value in use' is 'depreciated replacement cost' for assets which would be replaced if DPS were deprived of them.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting dates on national government bonds.

Under the new AASB Equivalent Standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

Note 3 Events Occurring after Balance Date

Effective from 1 July 2004 the funding and assets associated with the security function of Parliament House were formally transferred from the Department of the Senate and the Department of the House of Representatives to the Department of Parliamentary Services.

2004
\$'000

Note 4 Operating RevenuesNote 4A Revenues from Government

Appropriations for outputs	38,323
Resources received free of charge	581
Total revenues from government	38,904

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 4 Operating Revenues (continued)

	2004 \$'000
<u>Note 4B Goods and Services</u>	
Goods	521
Services	6,225
Total sales of goods and services	6,746
Provision of goods to:	
Related entities	2
External entities	519
Total sales of goods	521
Rendering of services to:	
Related entities	5,212
External entities	1,013
Total rendering of services	6,225
Cost of goods sold	291
<u>Note 4C Net Gains/(Loss) from Sales of Assets</u>	
Property, plant and equipment and intangibles	
Proceeds from disposal	28
Net book value of assets disposed	159
Write down	(711)
Total net gain/(loss) from disposal of assets	(524)

Note 5 Operating Expenses

<u>Note 5A Employee Expenses</u>	
Wages and salary	18,445
Superannuation	3,483
Leave and other entitlements	2,295
Separation and redundancies	279
Total employee benefits expense	24,502
Worker compensation premiums	530
Total employee expenses	25,032

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 5 Operating Expenses (continued)

	2004
	\$'000
<u>Note 5B Supplier Expenses</u>	
Goods from related entities	4
Goods from external entities	2,971
Services from related entities	1,753
Services from external entities	10,104
Operating lease rentals *	616
Total supplier expenses	15,448

* These comprise the minimum lease payments only.

Note 5C Depreciation and Amortisation

Depreciation of property, plant and equipment	4,402
Amortisation of intangibles —Computer software	1,869
Total depreciation and amortisation	6,271

The aggregate amounts of depreciation/amortisation expensed during the reporting period for each class of asset are as follows:

System assets	3,013
Furniture and equipment	1,019
Library collection	370
Total depreciation	4,402
Intangibles-Software	1,869
Total amortisation	1,869
Total depreciation and amortisation	6,271

Note 5D Write Down of Assets

Non-financial assets	
Plant and equipment (Write down of assets transferred from the Department of Parliamentary Library which did not meet the DPS Asset threshold).	371
Intangibles-Software	340
Total write-down of assets	711

Note 6 Borrowing Cost Expense

Leases	22
Total borrowing expense	22

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

	2004
	\$'000
Note 7 Financial Assets	
<u>Note 7A Cash</u>	
Cash on hand	6
Cash at bank	3,695
Total cash	3,701
<u>Note 7B Receivables</u>	
Goods & services	2,384
Less: Provision for doubtful debts	(10)
	2,374
GST receivable from the Australian Taxation Office (net)	259
Appropriations receivable	18,570
Total receivables (net)	21,203
All receivables are current assets.	
Receivables(gross) are aged as follows:	
Not overdue	20,760
Overdue by:	
less than 30 days	216
30 days to 60 days	208
60 days to 90 days	4
more than 90 days	25
Total receivables(gross)	21,213

The provision for doubtful debts is aged as: Overdue by more than 90 days.

Note 8 – Non-Financial AssetsNote 8A – Property, plant and equipment

	2004	2004	2004
	\$000	\$000	\$000
	Gross Value	Accumulated Depreciation	Net Book Value
<i>System assets</i>			
At cost	8,401	1,135	7,266
At deprival value	20,541	10,140	10,401
At fair value	60,182	47,870	12,312
Total system assets	89,124	59,145	29,979

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 8 – Non-Financial Assets (continued)

Note 8A – Property, plant and equipment (continued)

	2004 \$000	2004 \$000	2004 \$000
	Gross Value	Accumulated Depreciation	Net Book Value
<i>Furniture and equipment</i>			
At cost	8,501	4,737	3,764
At deprival	4,094	2,958	1,136
At fair value	1,980	962	1,018
Total Furniture and equipment	14,575	8,657	5,918
<i>Library collection</i>			
At cost	475	143	332
At fair value	5,642	403	5,239
Total library collection	6,117	546	5,571
Total Property, plant and equipment	109,816	68,348	41,468

Note 8B Analysis of Property and Plant and Equipment

Table A Reconciliation of the opening and closing balances of Property, plant and equipment (Including Library Collection)

Item	Property, Plant and Equipment \$'000
As at 1 February 2004 transferred in on restructure	
Gross book value	107,925
Accumulated depreciation/amortisation	(65,079)
<i>Net book value</i>	42,846
Additions by purchase	3,462
Depreciation	(4,402)
Disposals	(67)
Writedowns	(371)
As at 30 June 2004	

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Gross value	109,816
Accumulated Depreciation	(68,348)
Net book value	41,468

Table B Assets at valuation

Item	Property, Plant and Equipment \$'000
As at 30 June 2004	
Gross Value	92,438
Accumulated depreciation/amortisation	(62,333)
Net book value	30,105
As at 1 February 2004	
Gross Value	93,815
Accumulated depreciation/amortisation	(58,635)
Net book value	35,180

Table C Assets held under finance lease

Item	Property, Plant and Equipment \$000
As at 30 June 2004	
Gross Value	1,137
Accumulated depreciation/amortisation	(420)
Net book value	717
As at 1 February 2004	
Gross Value	1,137
Accumulated depreciation/amortisation	(270)
Net book value	867

Table D Assets under construction

Item	Property, Plant and Equipment \$'000
Gross Value as at 30 June 2004	4,268
Gross Value as at 1 February 2004	1,607

FINANCIAL STATEMENTS

Notes to and forming part of the Financial StatementsNote 8C Intangibles

	2004
	\$'000
Computer software	
—Internally developed—in progress (non-current)	2,030
—Internally developed—in use (non-current)	22,266
Accumulated amortisation	(10,901)
Total intangibles	13,395

Note 8C Intangibles continued**TABLE A – Reconciliation of the opening and closing balances of intangibles**

Item	Computer Software \$'000
As at 1 February 2004 upon restructure	
Gross book value	30,027
Accumulated amortisation	(15,961)
Net book value	14,066
Additions	1,630
Amortisation expense	(1,869)
Writedown	(340)
Disposals	(92)
As at 30 June 2004	
Gross book value	24,296
Accumulated amortisation	(10,901)
Net book value	13,395

Note 8D Inventories

Inventories held for sale—The Parliament Shop	190
Total inventories	190

All Departmental inventories are current assets.

Note 8E Other Non-financial Assets

Prepayments	731
Total other non-financial assets	731

All other non-financial assets are current assets.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

	2004
	\$'000
Note 9 Interest Bearing Liabilities	
Finance lease commitments payable:	
within one year	393
in one to five years	402
greater than five years	-
Minimum lease payments	795
Deduct: future finance charges	53
Net lease liability	742

Lease liability is represented by:

Current	356
Non-current	386
Net lease liability	742

Rental contracts for the hire of computer equipment, peripherals and other equipment have been treated as finance leases. The hire contracts are effectively non-cancellable. While ownership will never pass to DPS, all the risks and benefits of ownership do pass to DPS for the duration of the rental period. The agreement periods range from three to five years. There are no contingent rentals.

Note 10 Provisions

Employee provisions:

Salaries and wages	2,087
Leave	14,232
Superannuation	1,482
Separations and redundancies	494
Aggregate employee entitlement liability	18,295
Workers' compensation	118
Aggregate employee benefit liability and related on-costs	18,413

Provisions are represented by:

Current	7,013
Non-current	11,400
Total provisions	18,413

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

2004
\$'000

Note 11 PayablesNote 11A Suppliers Payables

Trade creditors

3,153

Total Supplier Payables

3,153

Payables are all current liabilities.

Note 11B Other Payables

Revenue received in advance

1,815

Total Other Payables

1,815

Other payables are represented by:

Current

1,018

Non-current

797

Total other payables

1,815

Note 12 Equity

Item	Accumulated Results	Asset Revaluation Reserve	Contributed Equity	TOTAL EQUITY
	2004	2004	2004	2004
	\$'000	\$'000	\$'000	\$'000
Balance as at 01 February	-	-	-	-
Net surplus / (deficit)	(1,774)	-	-	(1,774)
Net revaluation increments/(decrement)	-	-	-	-
Transactions with owner:				
Contributions by owner:				
Restructuring	-	-	58,339	58,339
Transfers to/(from) between reserves	-	-	-	-
Closing balance as at 30 June	(1,774)	-	58,339	56,565

Note: Upon creation of the Department of Parliamentary Services on 1 February 2004, the following reserves were transferred from the three former departments: Accumulated Results \$7.752m; Asset Revaluation Reserves \$48.489m; Equity \$2.098m.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements**Note 13 Restructuring**

As a result of the creation of the Department of Parliamentary Services on 1 February 2004, the department assumed responsibility for the functions performed by the three former joint departments: Joint House Department, Department of the Parliamentary Library and the Department of the Parliamentary Reporting Staff. Refer to Note 1.1 for further information about these functions. All commitments, assets, liabilities and contingencies have been transferred to DPS with effect from 1 February, 2004.

In respect of functions assumed, the net book values of assets and liabilities transferred to DPS and recognised as at 1 February 2004 were:

	\$'000
Total assets recognised	79,705
Total liabilities recognised	21,366
Net assets assumed	58,339
Net contribution by Government as owner during the period	58,339

Revenues and expenses for the full year for the functions assumed by DPS are as follows:

	\$'000
Revenues	
<i>For the period 1 July 2003 to 31 January 2004:</i>	
Recognised by the Department of the Parliamentary Library, Department of the Parliamentary Reporting Staff and Joint House Department	67,612
<i>For the period 1 February 2004 to 30 June 2004:</i>	
Recognised by the Department of Parliamentary Services	45,869
Total revenues	113,481
Expenses	
<i>For the period 1 July 2003 to 31 January 2004:</i>	
Recognised by the Department of the Parliamentary Library, Department of the Parliamentary Reporting Staff and Joint House Department	68,677
<i>For the period 1 February 2004 to 30 June 2004:</i>	
Recognised by the Department of Parliamentary Services	47,643
Total expenses	116,320

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

2004
\$'000**Note 14 Cash Flow Reconciliation****Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows**

Cash at year end per Statement of Cash Flows	3,701
Statement of Financial Position items comprising above cash: 'Financial Asset—Cash'	3,701

Reconciliation of net surplus to net cash from operating activities:

Net (deficit)	(1,774)
Depreciation/amortisation	6,271
Write down of non-financial assets	711
Loss on disposal of assets	131
(Increase) in net receivables	(1,991)
Decrease in inventories	2
Decrease in prepayments	305
(Increase) in GST receivable	(145)
Increase in employee provisions	2,374
Increase in supplier payables	384
Net cash from operating activities	6,268

As a result of the creation of DPS from the three former joint departments on 1 February 2004, certain assets and liabilities were assumed. Note 13 refers. Movements in balance sheet items reflected above, were calculated with reference to the closing balances of the three former departments.

At that date, DPS assumed Property, Plant and Equipment and Intangibles with a gross value of \$137.952m and accumulated depreciation of \$81.040m.

Note 15 Contingent Liabilities and Assets*Quantifiable Contingencies*

The Schedule of Contingencies reports a contingent liability as at 30 June 2004 in respect of claims for damages/costs of \$17,000. This is an estimate of DPS's liability based on precedent cases. DPS has determined a position in each matter in accordance with, and consistent with, the Legal Services Directions promulgated by the Attorney-General. In order to reduce exposure, costs and damages to the Commonwealth, DPS uses the services of a panel of legal service providers, under contractual arrangements.

Unquantifiable Contingencies

As at 30 June 2004 the Department had no unquantifiable contingencies.

Remote Contingencies

As at 30 June 2004 the Department had no remote contingencies.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements**2004****Note 16 Executive Remuneration**

The number of executives who received or were due to receive total remuneration of \$100,000 or more:

\$100,000 to \$109,999	1
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The aggregate amount of total remuneration of the executive shown above is:	\$103,440
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No separation or redundancy payments were made to the executive officer.

The calculation of executive remuneration to 30 June 2004 was performed on the basis of remuneration provided to individuals and not on position. The aggregate amount of remuneration shown above includes salary, accrued recreation, long service leave and superannuation and other benefits. The amount is for the five month period from 1 February 2004 to 30 June 2004 and as a result, only one executive officer met the threshold. If the reporting period was for the full year, the total number of executives reported would be eight.

Note 17 Remuneration of Auditors

Financial statement audit services are provided free of charge to DPS.

The fair value of services provided was:	\$95,000
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No other services were provided by the Auditor-General.

Note 18 Average Staffing Levels

The average staffing levels for DPS for the period were	864
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FINANCIAL STATEMENTS

Note 19 Financial Instruments

Note 19A Interest Rate Risk

Financial Instruments	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In			Non-Interest Bearing	Total	Weighted Average Effective Interest Rate	
		2004 \$'000		1 Year or Less	1 to 5 Years	> 5 Years				2004 \$'000
		2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000				
Financial Assets										
Cash on Hand	7A	-	-	-	-	-	6	6	N/A	
Cash at bank	7A	-	-	-	-	-	3,695	3,695	N/A	
Receivables for goods and services (gross)	7B	-	-	-	-	-	2,384	2,384	N/A	
Appropriations Receivable	7B	-	-	-	-	-	18,570	18,570	N/A	
Total		-	-	-	-	-	24,655	24,655		
Total Assets								80,688		
Financial Liabilities										
Finance Lease Liabilities	9	-	356	386	-	-	-	742	6.57	
Trade Creditors	11A	-	-	-	-	-	3,153	3,153	N/A	
Total		-	-	-	-	-	3,153	3,895		
Total liabilities								24,123		

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 19 Financial Instruments (continued)Note 19B Net Fair Values of Financial Assets and Liabilities

		2004	
Departmental	Notes	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets			
Cash on hand	7A	6	6
Cash at bank	7A	3,695	3,695
Receivables for goods and services(net)	7B	2,374	2,374
Appropriations receivable	7B	18,570	18,570
Total Financial Assets		24,645	24,645
Financial Liabilities			
Lease creditor	9	742	742
Trade creditors	11A	3,153	3,153
Total Financial Liabilities		3,895	3,895

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

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

The net fair values of the finance lease liabilities are approximated by their carrying amount as current market rates are as per fixed rates.

Note 19C Credit Risk Exposures

DPS's maximum exposures 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 Statements of Financial Position.

DPS has no significant exposures to any concentrations of credit risk.

	2004 \$'000
Note 20 Revenues administered on behalf of Government	
Heritage and cultural assets donated to the Parliament of Australia	12
Proceeds on sale of assets	4
Total Revenues administered on behalf of Government	16

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

	2004 \$'000
Note 21 Expenses administered on behalf of Government	
Depreciation	
Buildings	15,635
Other Property, Plant and Equipment	960
Total Depreciation	16,595
Value of assets sold	
Other Property, Plant and Equipment	166
Total Expenses administered on behalf of Government	16,761

Note 22 Financial Assets administered on behalf of Government

Receivables	
GST receivable from ATO	224
Total Financial Assets administered on behalf of Government	224

All receivables are not overdue.

Note 23 Non-financial Assets administered on behalf of government

Note 23A Land and Buildings

	2004 \$000	2004 \$000	2004 \$000
	Gross Value	Accumulated Depreciation	Net Book Value
<i>Land</i>			
at fair value	22,500	-	22,500
<i>Total land</i>	<u>22,500</u>	<u>-</u>	<u>22,500</u>
<i>Buildings</i>			
at fair value	1,308,496	37,183	1,271,313
at cost	6,356	204	6,152
Work in progress—at cost	14,179	-	14,179
<i>Total Buildings</i>	<u>1,329,031</u>	<u>37,387</u>	<u>1,291,644</u>
Total Land and Buildings	<u>1,351,531</u>	<u>37,387</u>	<u>1,314,144</u>

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 23 Non-financial Assets administered on behalf of government (continued)Note 23B Property, Plant and Equipment

	2004	2004	2004
	\$000	\$000	\$000
	Gross Value	Accumulated Depreciation	Net Book Value
<i>Furniture, Fittings and Equipment</i>			
at fair value	447	71	376
at cost	81	1	80
Total Furniture, Fittings and Equipment	528	72	456
<i>Plant and Equipment</i>			
at fair value	32,280	2,151	30,129
at cost	753	60	693
Total Plant and Equipment	33,033	2,211	30,822
Total Property, Plant and Equipment	33,561	2,283	31,278

	2004 \$'000
<u>Note 23C Heritage and Cultural Assets</u>	
Work in progress—at cost	245
at 2002 deprival value	83,972
at cost	110
Total heritage and cultural assets	84,327
Total non- Financial Assets administered on behalf of Government	1,429,749
Total Assets administered on behalf of Government	1,429,973

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 23D Analysis of Land and Buildings, Property, Plant and Equipment and Heritage and Cultural Assets					
Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000	
As at 1 February 2004 (from restructure)					
Gross book value	1,346,664	33,519	84,188	1,464,371	
Accumulated depreciation/amortisation	(21,752)	(1,372)	-	(23,124)	
Net book value	1,324,912	32,147	84,188	1,441,247	
Additions					
By donation	-	-	12	12	
By purchase	4,871	253	127	5,251	
Depreciation/amortisation expense	(15,635)	(960)	-	(16,595)	
Transfer between classes	(4)	4	-	-	
Disposals					
Other disposals	-	(166)	-	(166)	
As at 30 June 2004					
Gross book value	1,351,531	33,561	84,327	1,469,419	
Accumulated depreciation/amortisation	(37,387)	(2,283)	-	(39,670)	
Net book value	1,314,144	31,278	84,327	1,429,749	

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 23D Analysis of Land and Buildings, Property, Plant and Equipment, and Heritage and Cultural Assets

Table B Assets at valuation

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 30 June 2004				
Gross value	1,330,996	32,726	83,972	1,448,487
Accumulated depreciation/amortisation	(37,183)	(2,221)	-	(39,670)
Net book value	1,293,813	30,505	83,972	1,408,817
As at 1 February 2004 upon restructure				
Gross value	1,331,077	32,942	83,946	1,447,965
Accumulated depreciation/amortisation	(21,690)	(1,340)	-	(23,030)
Net book value	1,309,387	31,602	83,946	1,424,935

Table C Assets under construction

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Gross value at 30 June 2004	14,179	-	245	14,424
Gross value at 1 February 2004	11,999	-	143	12,142

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

	2004 \$'000
Note 24 Liabilities administered on behalf of Government	
Payables	
Suppliers—trade creditors	336
Total Liabilities Administered on behalf of Government	336

All payables are current.

	2004 \$'000
Note 25 Administered Reconciliation Table	
Transferred in from restructure on 1 February 2004	1,441,208
Add Administered revenues	16
Less Administered expenses	(16,761)
Administered transfers to/from Australian Government:	
Appropriation transfers from Official Public Account	5,179
Transfers to Official Public Account	(5)
Administered revaluations taken to/from reserves	
Closing administered assets less administered liabilities as at 30 June	1,429,637

Note 26 Administered Restructuring

As a result of the creation of the Department of Parliamentary Services on 1 February 2004, the Department assumed responsibility for the functions formerly performed by the three former departments: Joint House Department, Department of the Parliamentary Library and the Department of the Parliamentary Reporting Staff. Refer to Note 1 for further information about these functions. All commitments and contingencies have been transferred to DPS with effect from 01 February, 2004.

In respect of functions assumed, the net book values of administered assets and liabilities transferred to DPS for no consideration and recognised as at 1 February 2004 were:

	\$'000
Total assets recognised	1,441,476
Total liabilities recognised	268
Net assets assumed	1,441,208
Net increase in administered net assets during the reporting period.	1,441,208

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 26 Administered Restructuring (continued)

Administered revenues and expenses for the full year for the functions assumed by DPS are as follows:

	\$'000
Revenues	
<i>For the period 1 July 2003 to 31 January 2004</i>	
Recognised by the Joint House Department	76
<i>For the period 1 February 2004 to 30 June 2004</i>	
Recognised by the Department of Parliamentary Services	16
Total revenues	92
Expenses	
<i>For the period 1 July 2003 to 31 January 2004</i>	
Recognised by the Joint House Department	23,275
<i>For the period 1 February 2004 to 30 June 2004</i>	
Recognised by the Department of Parliamentary Services	16,761
Total expenses	40,036

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 27 Administered Financial Instruments

Note 27A Interest Rate Risk

Financial Instruments	Notes	Floating Interest Rate	Fixed Interest Rate Maturing In			Non-Interest Bearing	Total	Weighted Average Effective Interest Rate
			1 year or Less	1 to 5 Years	> 5 Years			
Financial Assets		2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000	
Cash at bank	22	-	-	-	-	-	N/A	
Total		-	-	-	-	-		
Total Assets							1,429,973	
Financial Liabilities								
Trade Creditors	24	-	-	-	-	336	N/A	
Total		-	-	-	-	336		
Total liabilities							336	

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 27 Administered Financial Instruments (continued)Note 27B Net Fair Values of Administered Financial Assets and Liabilities

	Note	2004	
		Total carrying amount \$'000	Aggregate net fair value \$'000
Financial Liabilities(Recognised)			
Trade creditors	24	336	336
Total Financial Liabilities (Recognised)		336	336

Financial Assets

The net fair values of non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors are short-term in nature and are approximated by their carrying amounts.

Note 27C Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

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

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 28 Appropriations

Note 28A Accrual of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) (Parliamentary Departments) Acts (No. 1 and 2).

Particulars	Administered Expenses	Departmental Outputs	Total
Year ended 30 June 2004	Outcome 1		
Balance transferred from:	\$	\$	\$
Former Department of the Parliamentary Reporting Staff	-	12,103,075	12,103,075
Former Department of the Parliamentary Library	-	2,587,125	2,587,125
Former Joint House Department	10,134	3,526,643	3,536,777
Adjustment from prior periods for the former Joint House Department	10,333,256	-	10,333,256
Appropriation recognized in the Department of Parliamentary Services (section 54B of the Parliamentary Service Act 1999)	5,098,507	38,097,477	43,195,984
Appropriation (Parliamentary Departments) Act No. 2 2003-2004	-	275,000	275,000
Appropriations re-credited to the Advance to the Presiding Officers	-	(50,000)	(50,000)
GST credits (FMA s30A)	516,571	1,891,024	2,407,595
Annotations to "net appropriations" (FMA s 31)	-	8,057,401	8,057,401
Total Appropriations available for payments	15,958,468	66,487,745	82,446,213
Payments made (GST inclusive)	(5,705,154)	(43,838,525)	(49,543,679)
Balance carried to next year	10,253,314	22,649,220	32,902,534
Represented by:			
Cash at bank and on hand	-	3,700,627	3,700,627
Add: Appropriations not drawn from OPA	10,253,314	18,569,882	28,823,196
Add: Receivables—Goods and Services—GST receivable from customers	-	215,726	215,726
Add: Receivables—Net GST receivable from the ATO		259,904	259,904
Less: Payable—Suppliers—GST portion		(96,919)	(96,919)
Total	10,253,314	22,649,220	32,902,534

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 28 Appropriations (continued)

Note 28A Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) (Parliamentary Departments) Acts (No.1 and 2).

<i>Reconciliation of Appropriation (Parliamentary Departments Acts (No. 1 and 2)</i>			
Paid to the entity from the OPA	5,098,507	19,752,595	24,851,102
Add: Finance Minister reduction of Appropriations in current year	-	-	-
Add: Administered appropriation lapsed in current year	n/a	n/a	n/a
Not drawn from the OPA	-	18,569,882	18,569,882
Total Appropriation Acts	5,098,507	38,322,477	43,420,984

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements**Note 28 Appropriations (continued)**Note 28B Special Accounts**Services for Other Governments and Non-Agency Bodies Special Account**

This account was established under section 20 of the *Financial Management and Accountability Act 1997* for expenditure in connection with services performed on behalf of other Governments and bodies that are not agencies under the *Financial Management and Accountability Act 1997*. For the period ending 30 June 2004 this special account had a \$Nil balance and there were no transactions debited or credited for the purposes of the account.

However, this special account is considered to provide the legislative authority for the monies advanced by COMCARE and held by DPS and the payments made against accrued sick leave entitlements. Pending determination of an employee's claim, permission is obtained in writing from each individual to allow DPS to recover the payments from the monies in the account.

	2004
	\$
Comcare account	
<i>Legal Authority: Safety Rehabilitation and Compensation Act 1998</i>	
<i>Purpose: for the purpose of distributing compensating payments in accordance with this Act.</i>	
Balances transferred from the following three former departments to DPS as a result of restructure:	
Department of the Parliamentary Library	-
Joint House Department	29,688
Department of the Parliamentary Reporting Staff	5,110
Receipts	114,134
Available for payments	148,932
Payments made	(116,793)
Balance carried to next year held by DPS	32,139
<i>Represented by:</i>	
Cash – held by DPS	32,139

Note 29 Specific Payment Disclosures (Departmental and Administered)

No Act of Grace Payments were made during the reporting period or were outstanding at the end of the reporting period, pursuant to subsection 33(1) of the *Financial Management and Accountability Act 1997*.

No waivers were made during the reporting period or were owing to the Australian Government pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

No payments were made under the 'Scheme for Compensation for Detriment caused by Defective Administration' during the reporting period.

No ex-gratia payments were made during the reporting period.

No payments were made during the reporting period under section 66 of the *Parliamentary Service Act 1999*.

Note 30 Reporting of Outcome

The department uses an activity based costing system to attribute its shared items. This system is based on allocating shared items initially to cost centres. Personnel costs are allocated to cost centres based on the number of staff, other corporate costs are allocated based on budget allocations. Each group's executive costs are then allocated to cost centres under their control and finally cost centre overheads are allocated to activities.

Note 30A Net cost of Outcome Delivery

	Outcome 1
	2004
	\$'000
Administered expenses	16,761
Departmental expenses	47,643
Total expenses	64,404
<i>Costs recovered from provision of goods and services to the non-government sector</i>	
Departmental	1,532
Total costs recovered	1,532
<i>Other external revenues</i>	
Administered revenues	16
<i>Total Administered</i>	16
Departmental	
Revenue from disposal of assets	28
Other	191
Goods and Services from Related Entities	5,214
<i>Total Departmental</i>	5,433
Total other external revenues	5,449
Net cost of outcome	57,423

The outcome is described in Note 1.1. Net costs shown included intra-government costs that are eliminated in calculating the actual Budget outcome. Refer to the Outcome Resourcing Table in the Departmental Overview of this Annual Report.

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 30B Major Classes of Departmental Revenue and Expenses by Outputs

Outcome 1	Output 1		Output 2		Output 3			Total
	1.1	1.2	2.1	2.2	3.1	3.2	3.3	
	2004	2004	2004	2004	2004	2004	2004	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses								
Employees	4,072	1,074	6,440	2,287	5,689	931	4,539	25,032
Suppliers	1,590	847	2,618	3,321	3,024	570	3,478	15,448
Depreciation and amortisation								
Other expenses	701	374	1,598	2,856	310	52	380	6,271
Borrowing costs	341	182	126	125	48	9	39	870
	-	-	-	-	11	2	9	22
Total departmental expenses	6,704	2,477	10,782	8,589	9,082	1,564	8,445	47,643
Funded by:								
Revenues from government	6,458	2,553	9,910	6,558	4,058	1,026	8,341	38,904
Sale of goods and services	1	1	359	912	4,924	519	30	6,746
Other operating revenue	-	-	26	7	97	18	71	219
Total departmental revenues	6,459	2,554	10,295	7,477	9,079	1,563	8,442	45,869

FINANCIAL STATEMENTS

Notes to and forming part of the Financial StatementsNote 30C Major Classes of Administered Revenue and Expenses by Outcome

	Outcome 1
	2004
	\$'000
Administered Revenues	
Revenue from sale of assets	4
Heritage and cultural assets donated to the Parliament of Australia	12
Total Administered Revenues	16
Administered expenses	
Depreciation and amortisation	16,595
Loss on sale of assets	166
Total Administered Expenses	16,761

DPS's Outcome is described in Note 1.1.

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