Contents

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the President of the Senate

I have audited the accompanying financial statements of the Department of the Senate for the year ended 30 June 2013, which comprise: a Statement by the Chief Executive and Chief Finance Officer; Statement of comprehensive income; Balance sheet; Statement of changes in equity; Cash flow statement; Schedule of commitments; and Notes to and forming part of the Financial Statements, including a Summary of significant accounting policies.

The Responsibility of the Clerk of the Senate for the Financial Statements

The Clerk of the Senate is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the Department of the Senate's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of the Senate's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Clerk of the Senate, as well as evaluating the overall presentation of the financial statements.

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

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

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

Opinion

In my opinion, the financial statements of the Department of the Senate:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of the Senate's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
14 October 2013

AUSTRALIAN SENATE

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2013 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.

Richard Pye
(Acting Clerk)

14 October 2013

Michelle Crowther
(Chief Finance Officer)

14 October 2013

Department of the Senate

Statement of comprehensive income

for the period ended 30 June 2013

	Notes	**2013 $'000**	2012 $'000
EXPENSES			
Employee benefits	3A	**16,505**	17,747
Supplier	3B	**5,029**	6,625
Depreciation and amortisation	3C	**684**	808
Write-down and impairment of assets	3D	**44**	4
Losses from asset sales	3E	**21**	8
TOTAL EXPENSES		**22,283**	25,192
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**422**	548
Total own-source revenue		**422**	548
Gains			
Resources received free of charge	4B	**1,881**	2,882
Total gains		**1,881**	2,882
Total own-source income		**2,303**	3,430
Net cost of services		**19,980**	21,762
Revenue from government	4C	**20,484**	20,424
Surplus/(Deficit)		**504**	(1,338)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit or loss			
Changes in asset revaluation surplus		**-**	869
Total other comprehensive income		**-**	869
Total comprehensive income/(loss)		**504**	(469)

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

Department of the Senate
Balance sheet
as at 30 June 2013

	Notes	2013 $'000	2012 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	**352**	251
Trade and other receivables	5B	**12,862**	12,204
Total financial assets		**13,214**	12,455
Non-financial Assets			
Property, plant and equipment	6A, 6C	**1,671**	2,244
Intangibles	6B, 6C	**1,518**	542
Inventories	6D	**35**	36
Other non-financial assets	6E	**135**	218
Total non-financial assets		**3,359**	3,040
TOTAL ASSETS		**16,573**	15,495
LIABILITIES			
Payables			
Suppliers	7A	**589**	561
Other payables	7B	**506**	475
Total payables		**1,095**	1,036
Provisions			
Employee provisions	7C	**5,099**	5,241
Total provisions		**5,099**	5,241
TOTAL LIABILITIES		**6,194**	6,277
NET ASSETS		**10,379**	9,218
EQUITY			
Contributed equity		**2,282**	1,625
Reserves		**11,038**	11,038
Retained surplus (accumulated deficit)		**(2,941)**	(3,445)
TOTAL EQUITY		**10,379**	9,218

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

Department of the Senate

Statement of changes in equity

for the period ended 30 June 2013

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Opening balance								
Balance carried forward from previous period	**(3,445)**	(2,107)	**11,038**	10,169	**1,625**	810	**9,218**	8,872
Adjusted opening balance	**(3,445)**	(2,107)	**11,038**	10,169	**1,625**	810	**9,218**	8,872
Comprehensive income								
Other comprehensive income	**-**	-	**-**	869	**-**	-	**-**	869
Surplus/(Deficit) for the period	**504**	(1,338)					**504**	(1,338)
Total Comprehensive income	**504**	(1,338)	**-**	869	**-**	-	**504**	(469)
of which:								
Attributable to the Australian Government	**504**	(1,338)	**-**	869	**-**	-	**504**	(469)
Transactions with owners								
Distribution to owners								
Other - Return of prior year appropriations	**-**	-	**-**	-	**-**	-	**-**	-
Contribution by owners								
Equity injection - Appropriation	**-**	-	**-**	-	**657**	815	**657**	815
Subtotal transactions with owners	**-**	-	**-**	-	**657**	815	**657**	815
Transfers between equity components	**-**	-	**-**	-	**-**	-	**-**	-
Closing balance as at 30 June	**(2,941)**	(3,445)	**11,038**	11,038	**657**	815	**10,379**	9,218
Closing balance attributable to the Australian Government	**(2,941)**	(3,445)	**11,038**	11,038	**2,282**	1,625	**10,379**	9,218

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

Department of the Senate

Cash flow statement

for the period ended 30 June 2013

	Notes	2013 $'000	2012 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**20,399**	20,430
Sale of goods and rendering of services		**451**	669
Net GST received		**317**	357
Total cash received		**21,167**	21,456
Cash used			
Employees		**16,615**	17,013
Suppliers		**3,392**	4,111
Total cash used		**20,007**	21,124
Net cash from or (used by) operating activities	8	**1,160**	332
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**12**	8
Total cash received		**12**	8
Cash used			
Purchase of property, plant and equipment		**53**	409
Purchase of intangibles		**1,111**	419
Total cash used		**1,164**	828
Net cash from (used by) investing activities		**(1,152)**	(820)
FINANCING ACTIVITIES			
Cash received		**93**	655
Total cash received		**93**	655
Cash used		**-**	-
Total cash used		**-**	-
Net cash from (used by) financing activities		**93**	655
Net increase (decrease) in cash held		**101**	167
Cash and cash equivalents at the beginning of the reporting period		**251**	84
Cash and cash equivalents at the end of the reporting period	5A	**352**	251

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

Department of the Senate

Schedule of commitments

as at 30 June 2013

BY TYPE	**2013 $'000**	2012 $'000
Commitments receivable		
GST recoverable on commitments	**(79)**	(159)
Total commitments receivable	**(79)**	(159)
Commitments payable		
Other commitments		
Operating leases [1]	**58**	97
Goods and services [2 3]	**1,089**	1,656
Total other commitments	**1,147**	1,753
Net commitments by type	**1,068**	1,594
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	**(67)**	(104)
From one to five years	**(12)**	(55)
Total other commitments receivable	**(79)**	(159)
Commitments payable		
Operating lease commitments		
One year or less	**38**	38
From one to five years	**20**	59
Total operating lease commitments	**58**	97
Goods and services commitments [3]		
One year or less	**979**	1,107
From one to five years	**110**	549
Total goods and services commitments	**1,089**	1,656
Net commitments by maturity	**1,068**	1,594

NB: Commitments are GST inclusive where relevant.

[1] Operating leases included are effectively non-cancellable and comprise agreements for the provision of motor vehicles to the Clerk and the Presiding Officers and there are no renewal or purchase options available.

[2] Goods and services relate to contracts (including purchase orders) lodged with suppliers.

[3] This amount excludes the following arrangements of $1,046,948 that relate to the following: co-ordinated procurements for accommodation and stationery, internal audit arrangements, and digitisation of parliamentary records.

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Note 1: Summary of significant accounting policies

1.1 Objectives of the Department of the Senate

The Department of the Senate (the department) is structured to meet the following outcome:

- Advisory and administrative support services to enable the Senate and senators to fulfil their representative and legislative duties.

The department's not-for-profit activities contributing towards this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the department in its own right. Further details of the department's activities are outlined at page 10.

1.2 Basis of preparation of the financial report

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

The financial statements and notes have been prepared in accordance with:

(a) Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2011, and

(b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are 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 statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or 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 department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard.

Liabilities and assets that are unrecognised are reported in the schedule of commitments (other than unquantifiable or remote contingencies, which are reported at Note 9).

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

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

1.3 Significant accounting judgements and estimates

No accounting judgements, assumptions or estimates have been identified that have a significant risk of causing a material impact on the amounts recorded in the financial statements.

1.4 Changes in Australian accounting standards

Adoption of new Australian Accounting Standard requirements

No accounting standard have been adopted earlier than the application date as specified in the standard. Accounting standards that were issued prior to the signing of the statement by the Clerk and Chief Financial Officer, and were applicable to the current reporting period did not have any financial impact, and are not expected to have a future financial impact.

Future Australian Accounting Standard requirements

Accounting standards that were issued prior to the signing of the statement by the Clerk and Chief Financial Officer, and applicable to future reporting periods, did not have any financial impact, and are not expected to have a future financial impact.

1.5 Revenue

Revenue from government

Amounts appropriated for departmental appropriation for the financial year (adjusted for any formal additions and reductions) are recognised as revenue from government when the department gains control of the appropriation, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. The department does not currently participate in any reciprocal activities.

Appropriations receivable are recognised at their nominal amounts.

Other types of revenue

Revenue from the sale of goods is recognised when:

(a) the risks and rewards of ownership have been transferred to the buyer

(b) the department retains no managerial involvement nor effective control over the goods

(c) the revenue and transaction costs incurred can be reliably measured, and

(d) it is probable that the economic benefits associated with the transaction will flow to the department.

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

(a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and

(b) the probable economic benefits from the transaction will flow to the department.

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

Paid Parental Leave Scheme

Amounts received under the Paid Parental Leave Scheme by the department and not yet paid to employees would be presented gross as cash and a liability (payable).

1.6 Gains

Resources received free of charge

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

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

Other gains

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) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

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

Other distributions to owners

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

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 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

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

All other 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/purchased leave and long service leave. No provision has been made for personal/carer’s leave, as all personal/carer’s leave is non-vesting and the average personal/carer’s leave taken in future years by employees of the department is estimated to be less than the annual entitlement for personal/carer’s leave.

The leave liabilities are generally 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 liability for long service leave is recognised and measured at the estimated present value of future cash flows to be made in respect of all employees at 30 June 2013. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

In 2012–13, the department has made no provision for future separation and redundancy benefit payments.

Superannuation

Employees of the department are generally members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and PSS accumulation plan (PSSap). Where an eligible employee chooses a superannuation fund other than the department's nominated default fund, the PSSap, the department makes employer's contributions equal to those payable to the default fund.

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The department makes employer contributions to the relevant employee superannuation scheme (the CSS and PSS) at rates determined by an actuary to be sufficient to meet the current cost to the government. The department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2013 represents outstanding contributions for the final pay fortnight of the year.

1.9 Leases

No finance leases were in existence at any time during the year or at balance date.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. The department's operating leases relate to vehicles leased from LeasePlan.

1.10 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

(a) cash on hand

(b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value

(c) cash held by outsiders, and

(d) cash in special accounts.

1.11 Financial assets

Financial assets are classified in the following categories:

(a) at fair value through profit or loss

(b) held-to-maturity investments

(c) available-for-sale financial assets, and

(d) loans and receivables.

The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Financial assets are recognised and derecognised on trade date.

Effective interest method

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

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

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

- *Available-for-sale financial assets* – If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

- *Financial assets held at cost* – If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are recognised and derecognised on trade date.

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Supplier and other payables

Trade creditors and accruals are recognised at the amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent liabilities and contingent assets

Contingent liabilities and assets are not recognised in the balance sheet but are discussed 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 the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Acquisition of assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructured 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 before the restructuring.

1.15 Property, plant and equipment (PP&E)

Asset recognition threshold

Property, plant and equipment assets are represented by two separate asset classes, infrastructure, plant and equipment (IPE) and intangibles. All purchases are initially recognised at cost in the balance sheet, unless their cost is below the recognition threshold, in which case they are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Asset class	Recognition threshold	Asset category
Infrastructure, plant and equipment	$1,000	– Furniture and fittings – Office machines
	$2,000	– Plant and equipment
Intangibles	$2,000	– Intangibles

Revaluations

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

Asset class	Fair value measured at:
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly in the surplus/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 plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the department, using the straight-line method of depreciation in all cases.

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. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	2013	2012
Plant equipment	5 to 15 years	5 to 15 years
Computer equipment	2 to 10 years	2 to 10 years
Furniture and fittings	5 to 100 years	5 to 100 years
Office machines and equipment	4 to 30 years	4 to 30 years
Intangibles (software)	3 to 7 years	3 to 7 years

Impairment

All assets were assessed for impairment at 30 June 2013. 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 department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.16 Intangibles

The department's intangibles comprise software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is 3 to 7 years (2012: 3 to 7 years).

All software assets were assessed for impairment as at 30 June 2013.

1.17 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

1.18 Taxation

The department 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:

(a) except where the amount of GST incurred is not recoverable from the Australian Taxation Office, and

(b) except for receivables and payables.

The FBT for senators is paid by the Department of Finance and Deregulation. The department pays FBT on benefits it provides to office-holders of the Senate.

1.19 Constitutional and other legal requirements

The department, and the Australian Government more broadly, continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the department and Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Note 2: Events occurring after the balance sheet date

There have been no significant events occur after balance date that may have an impact on the department's operations.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	2013 $'000	2012 $'000
Note 3: Expenses		
Note 3A: Employee benefits		
Wages and salaries	**12,203**	12,612
Superannuation:		
Defined contribution plans	**741**	744
Defined benefit plans	**1,637**	1,485
Leave and other entitlements	**1,889**	2,780
Separation and redundancies	**35**	126
Total employee benefits	**16,505**	17,747
Note 3B: Supplier		
Goods and services		
Professional and financial fees	**683**	557
Facilities and infrastructure	**495**	595
Recruitment and staff development	**61**	90
Hire charges and hospitality	**139**	157
Travel	**637**	720
Media and communications	**277**	568
General office expenses	**437**	481
Printing	**292**	467
Resources received free of charge	**1,881**	2,882
Total goods and services	**4,902**	6,517
Goods and services are made up of:		
Provision of goods - related entities	**19**	87
Provision of goods - external entities	**986**	1,429
Rendering of services - related entities *	**2,432**	3,423
Rendering of services - external entities	**1,465**	1,578
Total goods and services	**4,902**	6,517

* Services from related entities included $1.881m of resources received free of charge from other Commonwealth agencies. (2012: $2.882m)

	2013 $'000	2012 $'000
Other supplier expenses		
Workers compensation expenses	**127**	108
Total other supplier expenses	**127**	108
Total supplier expenses	**5,029**	6,625

Notes to and forming part of the Financial Statements

for the year ended 30 June 2013

	2013 $'000	2012 $'000
Note 3C: Depreciation and amortisation		
Depreciation:		
Property, plant and equipment	**590**	719
Amortisation:		
Intangibles - computer software	**94**	89
Total depreciation and amortisation	**684**	808
Note 3D: Write-down and impairment of assets		
Non-financial assets		
Property, plant and equipment - write-downs	**4**	4
Intangibles - write-downs	**40**	-
Total write-down and impairment of assets	**44**	4
Note 3E: Losses from asset sales		
Property, plant and equipment:		
Proceeds from sale	**(12)**	(8)
Carrying value of assets sold	**33**	16
Selling expenses	**-**	-
Total losses from asset sales	**21**	8

Note 4: Income

Revenue

Note 4A: Sale of goods and rendering of services

	2013 $'000	2012 $'000
Provision of goods - related entities	**19**	2
Provision of goods - external parties	**77**	58
Rendering of services - related entities	**312**	464
Rendering of services - external parties	**14**	24
Total sale of goods and rendering of services	**422**	548

Gains

Note 4B: Other gains

	2013 $'000	2012 $'000
Resources received free of charge	**1,881**	2,882
Total other gains	**1,881**	2,882

Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	2013 $'000	2012 $'000
Revenue from government		
Note 4C: Revenue from government		
Departmental appropriation	**20,484**	20,424
Total revenue from government	**20,484**	20,424

Note 5: Financial assets

	2013 $'000	2012 $'000
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	**352**	251
Total cash and cash equivalents	**352**	251
Note 5B: Trade and other receivables		
Goods and services - related entities	**8**	84
Goods and services - external parties	**2**	3
Total receivables for goods and services	**10**	87
Appropriations receivable for existing program	**12,727**	12,078
Other receivables:		
GST receivable from the Australian Taxation Office	**45**	39
Other	**80**	-
Total other receivables	**125**	39
Total trade and other receivables (net)	**12,862**	12,204
Receivables are aged as follows:		
Not overdue	**12,859**	12,199
Overdue by:		
0 to 30 days	**2**	2
31 to 60 days	**1**	2
61 to 90 days	**-**	1
More than 90 days	**-**	-
Total receivables (gross)	**12,862**	12,204

All receivables are expected to be recovered in no more than 12 months.

No indicators of impairment were noted for receivables.

	2013 $'000	2012 $'000

Note 6: Non-financial assets

Note 6A: Property, plant and equipment

	2013 $'000	2012 $'000
Property, plant and equipment		
Fair value	**2,278**	2,285
Accumulated depreciation	**(607)**	(41)
Total property, plant and equipment	**1,671**	2,244

At 30 June, no indicators of impairment were found for infrastructure, plant and equipment.

Property, plant and equipment that is information and communication technology (ICT) related is expected to be transferred to the Department of Parliamentary Services within the next 12 months. This forms part of an agreed transfer of ICT service responsibilities from both Parliamentary Chamber departments to the Department of Parliamentary Services.

Revaluations of non-financial assets

The department's non-current assets have not significantly changed since the revaluation at 30 June 2012 and there has been no discernable volatility of their fair value. Therefore, the department's assets were not revalued in 2012-13.

Note 6B: Intangibles

	2013 $'000	2012 $'000
Computer software		
Purchased	**2,209**	1,916
Accumulated amortisation	**(691)**	(1,374)
Total intangibles	**1,518**	542

At 30 June, no indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Note 6C: Analysis of property, plant and equipment and intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2012–13)

	PP&E $'000	Intangibles $'000	TOTAL $'000
As at 1 July 2012			
Gross book value	2,285	1,916	**4,201**
Accumulated depreciation/amortisation	(41)	(1,374)	**(1,415)**
Net book value 1 July 2012	**2,244**	**542**	**2,786**
Additions by purchase	54	1,110	**1,164**
Revaluation and impairments through equity	-	-	**-**
Reclassifications	-	-	**-**
Depreciation/amortisation expense	(590)	(94)	**(684)**
Impairments recognised in the operating result	(4)	(40)	**(44)**
Other movements - Derecognition of assets	-	-	**-**
Disposals	(33)	-	**(33)**
Net book value 30 June 2013	**1,671**	**1,518**	**3,189**

Net book value 30 June 2013 represented by:			
Gross book value	2,278	2,209	**4,487**
Accumulated depreciation/amortisation	(607)	(691)	**(1,298)**
Net book value 30 June 2013	**1,671**	**1,518**	**3,189**

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2011–12)

	PP&E $'000	Intangibles $'000	TOTAL $'000
As at 1 July 2011			
Gross book value	3,295	1,500	**4,795**
Accumulated depreciation/amortisation	(1,593)	(1,285)	**(2,878)**
Net book value 1 July 2011	**1,702**	**215**	**1,917**
Additions by purchase	412	416	**828**
Revaluation and impairments through equity	869	-	**869**
Reclassifications	-	-	**-**
Depreciation/amortisation expense	(719)	(89)	**(808)**
Impairments recognised in the operating result	(4)	-	**(4)**
Other movements - Derecognition of assets	-	-	**-**
Disposals	(16)	-	**(16)**
Net book value 30 June 2012	**2,244**	**542**	**2,786**

Net book value 30 June 2012 represented by:			
Gross book value	2,285	1,916	**4,201**
Accumulated depreciation/amortisation	(41)	(1,374)	**(1,415)**
Net book value 30 June 2012 represented by:	**2,244**	**542**	**2,786**

	2013 $'000	2012 $'000
Note 6D: Inventories		
Inventories held for sale	**35**	36
Total inventories	**35**	36

All departmental inventory is expected to be sold in the next 12 months.

	2013 $'000	2012 $'000
Note 6E: Other non-financial assets		
Prepayments	**135**	218
Total other non-financial assets	**135**	218

All other non-financial assets are current assets.

Note 7: Payables and provisions

	2013 $'000	2012 $'000
Note 7A: Suppliers		
Trade creditors and accruals	**589**	561
Total supplier payables	**589**	561

Supplier payables expected to be settled within 12 months:

	2013 $'000	2012 $'000
Related entities	**290**	169
External parties	**299**	392
Total supplier payables	**589**	561

	2013 $'000	2012 $'000
Note 7B: Other payables		
Wages and Salaries	**439**	413
Superannuation	**67**	62
Total other payables	**506**	475

All other payables recognised are expected to be settled within 12 months.

	2013 $'000	2012 $'000
Note 7C: Employee provisions		
Leave	**5,099**	5,241
Total employee provisions	**5,099**	5,241

Employee provisions are expected to be settled in:

	2013 $'000	2012 $'000
No more than 12 months	**4,043**	4,221
More than 12 months	**1,057**	1,020
Total employee provisions	**5,099**	5,241

Note 8: Cash flow reconciliation

	2013 $'000	2012 $'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	**352**	251
Balance sheet	**352**	251
Difference	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(19,980)**	(21,762)
Add revenue from government	**20,484**	20,424
Adjustments for non-cash items		
Depreciation/amortisation	**684**	808
Net write down of assets	**44**	4
Loss/(gain) on disposal of assets	**21**	8
Changes in assets/liabilities		
(Increase)/decrease in net receivables	**(96)**	26
(Increase)/decrease in inventories	**1**	(14)
(Increase)/decrease in prepayments	**85**	16
Increase/(decrease) in employee provisions	**(142)**	690
Increase/(decrease) in supplier payables	**28**	90
Increase/(decrease) in other payables	**31**	42
Net cash from operating activities	**1,160**	332

Note 9: Contingent liabilities and assets

Quantifiable contingencies

At 30 June 2013, the Department of the Senate has no quantifiable contingencies. (2012: Nil)

Unquantifiable contingencies

At 30 June 2013, the Department of the Senate has no unquantifiable contingencies.(2012: Nil)

Significant remote contingencies

At 30 June 2013, the Department of the Senate has no remote contingencies. (2012: Nil)

	2013	2012
	$'000	$'000

Note 10: Remuneration of auditors

Financial statement audit services were provided free of charge to the department by the Australian National Audit		
The fair value of audit services provided was:	**83**	80

No other services were provided by the auditors of the financial statements.

Note 11: Senior executive remuneration

Note 11A: Senior executive remuneration expense for the reporting period

	$	$
Short-term employee benefits		
Salary	**1,246,320**	1,229,914
Annual leave accrued	**93,054**	90,095
Total short-term employee benefits	**1,339,374**	1,320,009
Post-employee benefits		
Superannuation	**214,695**	190,833
Total post-employment benefits	**214,695**	190,833
Other long-term benefits		
Long-service leave	**30,243**	29,281
Total other long-term benefits	**30,243**	29,281
Total senior executive remuneration expense	**1,584,312**	1,540,123

Notes

1. Note 11A was prepared on an accrual basis.
2. Note 11A excludes acting arrangements and part-year service where remuneration for a senior executive was less than $180,000.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Note 11: Senior executive remuneration (continued)

Note 11B: Average annual reportable remuneration paid to substantive senior executives during the reporting period

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration[1]	Senior Executives No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowances[4] $	Bonus paid[5] $	Total reportable remuneration $
Total remuneration (including part-time arrangements):						
Less than 180,000	-	-	-	-	-	-
$210,000 to $239,999	4	194,368	31,100	-	-	225,468
$240,000 to $269,999	1	229,768	35,697	-	-	265,465
$390,000 to $409,999	1	340,779	54,421	-	-	395,200
Total number of substantive senior executives	6					

Average annual reportable remuneration paid to substantive senior executives in 2012

Average annual reportable remuneration[1]	Senior Executives No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowances[4] $	Bonus paid[5] $	Total reportable remuneration $
Total remuneration (including part-time arrangements):						
Less than 180,000	-	-	-	-	-	-
$180,000 to $209,999	5	175,666	21,982	-	-	197,648
$240,000 to $269,999	1	223,878	27,271	-	-	251,149
$360,000 to $389,999	1	318,130	55,213	-	-	373,343
Total	7					

Notes
1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
   a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
   c) exempt foreign employment income; and
   d) salary sacrificed benefits.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Note 12: Financial instruments

	2013 $'000	2012 $'000
Note 12A: Categories of financial instruments		
Financial assets		
Loans and receivables:		
Cash and cash equivalent	**352**	251
Trade receivables	**10**	87
Carrying amount of financial assets	**362**	338
Financial liabilities		
At amortised cost:		
Trade creditors	**136**	244
Other payables	**453**	317
Carrying amount of financial liabilities	**589**	561

Note 12B: Net income and expense from financial assets

The department had no net income or expense from financial instruments. (2012: Nil)

Note 12C: Fair values of financial instruments

The net fair value of each class of assets and liabilities equals the carrying amounts in both the 2012–13 and 2011–12 financial years.

Note 12D: Credit risk

The department'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 balance sheet.

The department has no significant exposures to any concentrations of credit risk. No indications of impairment were found for financial assets. Assets past due but not impaired are disclosed at Note 5B.

Note 12E: Liquidity risk

All liabilities are at call (30 days). The department has no significant exposures to any liquidity risk. (2012: Nil)

Note 12F: Market risk

The department has no significant exposures to any market risk. (2012: Nil)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Note 13: Financial Assets Reconciliation

	2013 $'000	2012 $'000
Financial assets		
Total financial assets as per balance sheet	**13,214**	12,455
Less: non-financial instrument components		
Appropriation receivable	**12,727**	12,078
Other receivable - GST from ATO	**45**	39
Other receivable - Accrued Revenue	**80**	-
Total non-financial instrument components	**12,852**	12,117
Total financial assets as per financial instrument note	**362**	338

Notes to and forming part of the Financial Statements

for the year ended 30 June 2013

Note 14: Appropriations

Note 14A: Annual Appropriations (Recoverable GST exclusive)

	2013 Appropriations								
	Appropriation Act			FMA Act					
	Annual Appropriation $'000	Appropriations reduced $'000	AFM $'000	Section 30 $'000	Section 31 $'000	Section 32 $'000	Total appropriation $'000	Appropriation applied in 2013 (current and prior years) $'000	Variance[1] $'000
DEPARTMENTAL									
Ordinary annual services	21,141	-	-		1,845	-	22,986	22,337	649
Total departmental	21,141	-	-	-	1,845	-	22,986	22,337	649

Notes

[1]The variance is attributed to the appropriation carry over for 2012-13 ($2,116m) net of the prior year appropriations ($1,467m) used.

	2012 Appropriations								
	Appropriation Act			FMA Act[2]					
	Annual Appropriation $'000	Appropriations reduced $'000	AFM $'000	Section 30 $'000	Section 31 $'000	Section 32 $'000	Total appropriation $'000	Appropriation applied in 2012 (current and prior years) $'000	Variance $'000
DEPARTMENTAL									
Ordinary annual services	21,239	-	-	-	1,678	-	22,917	22,764	153
Total departmental	21,239	-	-	-	1,678	-	22,917	22,764	153

Notes

[2] For '2012 Appropriations' GST receivable was shown against 'Section 30'. In line with the Fimance Minister's Orders, this amount is now shown against Section 31.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2013

Note 14: Appropriations (continued)

Note 14B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2013 Capital Budget Appropriations				Capital Budget Appropriations applied in 2013 (current and prior years)			
	Appropriation Act		FMA Act					
	Annual Capital Budget	Appropriations reduced[2]	Section 32	Total Capital Budget Appropriations	Payments for non-financial assets[3]	Payments for other purposes	Total payments	Variance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	**657**	**-**	**-**	**657**	**93**	**-**	**93**	**564**

Notes

1 The Departmental Capital Budget is appropriated through Parliamentary Appropriation Acts (No.1,3,5). It forms part of ordinary annual services, and is not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 14A: Annual appropriations.

2 Appropriations reduced under Appropriation Acts (No.1,3,5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

3 Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

	2012 Capital Budget Appropriations				Capital Budget Appropriations applied in 2012 (current and prior years)			
	Appropriation Act		FMA Act					
	Annual Capital Budget	Appropriations reduced[2]	Section 32	Total Capital Budget Appropriations	Payments for non-financial assets[3 4]	Payments for other purposes	Total payments	Variance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	815	-	-	815	655	-	655	160

Notes

1 The Departmental Capital Budget is appropriated through Parliamentary Appropriation Acts (No.1,3,5). It forms part of ordinary annual services, and is not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 14A: Annual appropriations.

2 Appropriations reduced under Parliamentary Appropriation Acts (No.1,3,5) 2010-11: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

3 Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

4 For 'Capital Budget Appropriations applied in 2012' the amount previously reported included appropriation from former years. In line with the Finance Minister's Orders, this amount has been adjusted to reflect only drawn amounts, for non-financial assets, funded by capital.

Note 14: Appropriations (continued)

Note14C: Unspent Annual Appropriations (Recoverable GST exclusive)

Authority	2013 $'000	2012 $'000
DEPARTMENTAL		
Parliamentary Appropriation Act (No. 1) 2006-07	-	5,964
Parliamentary Appropriation Act (No. 1) 2007-08	-	1,178
Parliamentary Appropriation Act (No. 1) 2008-09	-	246
Parliamentary Appropriation Act (No. 1) 2009-10	-	1,346
Parliamentary Appropriation Act (No. 1) 2010-11	**170**	1,077
Parliamentary Appropriation Act (No. 1) 2011-12	**10,441**	2,267
Parliamentary Appropriation Act (No. 1) 2012-13	**2,116**	-
Total	**12,727**	12,078

Notes to and forming part of the Financial Statements

for the year ended 30 June 2013

Note 14: Appropriations (continued)

Note 14D: Disclosure by agent in relation to annual and special appropriations (Recoverable GST exclusive)

	Department of Finance and Deregulation - *Parliamentary Entitlements Act 1990* (s. 11)	Department of Finance and Deregulation - *Parliamentary Superannuation Act 2004* (s. 18)	Department of Finance and Deregulation - Commonwealth of Australia Constitution (s. 66)	Australian Public Service Commission - *Remuneration Tribunal Act 1973* (s. 7)
2013	**$'000**	**$'000**	**$'000**	**$'000**
Total receipts	**-**	**-**	**-**	**-**
Total payments	**188**	**1,618**	**1,109**	**18,659**

	Department of Finance and Deregulation - *Parliamentary Entitlements Act 1990* (s. 11)	Department of Finance and Deregulation - *Parliamentary Superannuation Act 2004* (s. 18)	Department of Finance and Deregulation - Commonwealth of Australia Constitution (s. 66)	Australian Public Service Commission - *Remuneration Tribunal Act 1973* (s. 7)
2012	$'000	$'000	$'000	$'000
Total receipts	-	-	-	-
Total payments	199	1,221	653	15,395

The legislation establishing these special appropriations is administered by the Department of Finance and Deregulation and the Australian Public Service Commission. Arrangements have been entered into with these departments to allow the Department of the Senate to draw upon these appropriations.

Note 14: Appropriations (continued)

Note 14E: Compliance with statutory conditions for payment from the Consolidated Revenue Fund

During 2012-13, additional legal advice was received by the Department of Finance that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The department has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. The department has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department. The department is not aware of any specific breaches of Section 83 in respect of these items.

Note 15: Compensation and debt relief

No act of grace payments were expended during the reporting period. (2012: Nil)

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* during the reporting period. (2012:Nil)

No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2012: Nil)

No ex-gratia payments were provided for during the reporting period.
(2012: Nil)

No payments were provided under section 66 of the *Parliamentary Service Act 1999* during the reporting period. (2012: Nil)

Note 16: Reporting of outcomes

Note 16A: Net cost of outcome delivery

	Outcome 1		Total	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Departmental				
Expenses	**22,283**	25,192	**22,283**	25,192
Own-source income	**2,303**	3,430	**2,303**	3,430
Net cost of outcome delivery	**24,586**	28,622	**24,586**	28,622

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

Note 16B: Major classes of departmental expense, income, assets and liabilities by outcome

All departmental expense, income, assets and liabilities are attributable to the department's single outcome.

Note 17: Net cash appropriation arrangements

	2013	2012
	$'000	$'000
Total comprehensive income less depreciation/ amortisation expenses previously funded through revenue appropriations[1]	**1,188**	339
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(684)**	(808)
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	**504**	(469)

Notes

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