

part
four

financial
statements



INDEPENDENT AUDIT REPORT

To the Parliamentary Secretary to the Treasurer

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Australian Competition and Consumer Commission for the year ended 30 June 2003 included on the Australian Competition and Consumer Commission's web site. The Australian Competition and Consumer Commission's Chief Executive is responsible for the integrity of the Australian Competition and Consumer Commission's web site.

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

If the 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 report to confirm the information included in the audited financial report presented on this web site.

Scope

I have audited the financial statements of the Australian Competition and Consumer Commission for the year ended 30 June 2003. The financial statements comprise:

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

The Australian Competition and Consumer Commission's Chief Executive is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Australian Competition and Consumer Commission's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of Australian Competition and Consumer Commission as at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Mashelle Parrett
Executive Director

Delegate of the Auditor-General

Canberra
26 August 2003

**AUSTRALIAN COMPETITION & CONSUMER COMMISSION
STATEMENT BY THE CHIEF EXECUTIVES**

In my opinion, the attached financial statements for the year ended 30 June 2003 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*.

Signed:



Graeme Samuel
Chairman

Dated: 26-8-03

Signed:



Brian Cassidy
Chief Executive Officer

Dated: 26-8-03

Australian Competition and Consumer Commission

statement of financial performance

for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Revenues from ordinary activities			
Revenues from government	3(a)	62 560	83 460
Sales of goods and services	3(b)	530	390
Interest	3(c)	54	730
Revenue from sale of assets	3(d)	3	9
<i>Revenues from ordinary activities</i>		63 147	84 589
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	4(a)	35 132	33 859
Suppliers	4(b)	35 969	35 991
Depreciation and amortisation	4(c)	2 126	2 011
Write-down of assets	4(d)	26	-
Value of assets sold	3(d)	17	324
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>		73 270	72 185
<i>Borrowing costs expense</i>	4(e)	80	110
Net surplus / (deficit)		(10 203)	12 294
Net credit to asset revaluation reserve	10(a)	-	284
Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity		-	284
Total changes in equity other than those resulting from transactions with owners as owners		(10 203)	12 578

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

Australian Competition and Consumer Commission

statement of financial position

as at 30 June 2003

	Notes	2003 \$'000	2002 \$'000
ASSETS			
Financial assets			
Cash	5(a)	2 186	16 378
Receivables	5(b)	8 234	989
<i>Total financial assets</i>		10 420	17 367
Non-financial assets			
Land and buildings	6(a)	1 999	2 462
Infrastructure, plant and equipment	6(b)	1 734	1 743
Intangibles	6(c)	978	787
Inventories	6(e)	87	103
Other	6(f)	768	1 335
<i>Total non-financial assets</i>		5 566	6 430
TOTAL ASSETS		15 986	23 797
LIABILITIES			
Interest bearing liabilities			
Leases	7	562	995
<i>Total interest bearing liabilities</i>		562	995
Provisions			
Employees	8	10 386	9 703
<i>Total provisions</i>		10 386	9 703
Payables			
Suppliers	9(a)	9 070	6 510
Other	9(b)	468	593
<i>Total payables</i>		9 538	7 103
TOTAL LIABILITIES		20 486	17 801
NET ASSETS		(4 500)	5 996
EQUITY			
Contributed equity		3 100	3 100
Reserves		1 052	1 052
Retained surpluses or (accumulated deficits)		(8 652)	1 844
TOTAL EQUITY	10(a)	(4 500)	5 996
Current assets		11 182	18 700
Non-current assets		4 804	5 097
Current liabilities		14 803	12 545
Non-current liabilities		5 683	5 256

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

Australian Competition and Consumer Commission statement of cash flows

for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		62 500	83 400
Goods and services		708	979
Interest		68	724
GST received from ATO		3 537	3 933
<i>Total cash received</i>		66 813	89 036
Cash used			
Cash returned to OPA		7 439	-
Employees		34 450	32 765
Suppliers		36 424	38 834
Borrowing costs		80	109
<i>Total cash used</i>		78 393	71 708
Net cash from / (used by) operating activities	11	(11 580)	17 328
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		3	9
<i>Total cash received</i>		3	9
Cash used			
Purchase of property, plant and equipment		1 451	1 586
Purchase of intangibles		438	296
<i>Total cash used</i>		1 889	1 882
Net cash (used by) investing activities		(1 886)	(1 873)
FINANCING ACTIVITIES			
Cash used			
Lease payments		433	477
Other		293	-
<i>Total cash used</i>		726	477
Net cash (used by) financing activities		(726)	(477)
<i>Net increase / (decrease) in cash held</i>		(14 192)	14 978
Cash at the beginning of the reporting period		16 378	1 400
<i>Cash at the end of the reporting period</i>	5(a)	2 186	16 378

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

Australian Competition and Consumer Commission schedule of commitments

as at 30 June 2003

	2003 \$'000	2002 \$'000
BY TYPE		
Other commitments		
Operating leases ¹	13 753	16 127
Contract for IT services ²	1 308	2 378
Other commitments ³	2 024	708
<i>Total other commitments</i>	17 085	19 213
Commitments receivable	1 547	1 708
Net commitments	15 538	17 505

BY MATURITY

All net commitments

One year or less	5 855	4 879
From one to five years	8 018	10 265
Over five years	1 665	2 361
Net commitments	15 538	17 505

Operating lease commitments

One year or less	3 288	3 099
From one to five years	7 548	9 239
Over five years	1 665	2 361
Net commitments by maturity	12 501	14 699

NB: All commitments are GST inclusive where relevant.

- Operating leases included are effectively non-cancellable and comprise:
 - leases for office accommodation
 - motor vehicle leases
- A contract for services and future finance lease commitments for IT equipment.
- Other commitments included are for contracts entered into for various services to be performed over the next 12 months.

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

Australian Competition and Consumer Commission schedule of contingencies

as at 30 June 2003

	2003 \$'000	2002 \$'000
Contingent liabilities		
Claims for damages/costs	8 090	3 243
Contingent assets		
Claims for damages/costs	-	-
Net contingent liabilities	(8 090)	(3 243)

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 12: Contingent Liabilities and Assets.

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

Australian Competition and Consumer Commission schedule of administered items

	Notes	2003 \$'000	2002 \$'000
Revenues administered on behalf of government for the year ended 30 June 2003			
Taxation revenue			
Other taxes, fees and fines	18	7 912	7 152
Total revenues administered on behalf of government		7 912	7 152
Expenses administered on behalf of government for the year ended 30 June 2003			
Total expenses administered on behalf of government	19	-	-
Assets administered on behalf of government as at 30 June 2003			
Financial assets			
Cash	20(a)	10	3
Receivables	20(b)	3 981	6 807
Total assets administered on behalf of government		3 991	6 810
Liabilities administered on behalf of government as at 30 June 2003			
Total liabilities administered on behalf of government	21	-	-
Net assets administered on behalf of government		3 991	6 810
Current liabilities		-	-
Non-current liabilities		-	-
Current assets		3 563	6 200
Non-current assets		428	610

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

Australian Competition and Consumer Commission schedule of administered items

continued

	Notes	2003 \$'000	2002 \$'000
Administered cash flows			
for the year ended 30 June 2003			
Operating activities			
Cash received			
Other taxes, fees and revenue			
- Fines and costs		10 382	3 445
- Authorisation fees		352	361
- Other		4	11
<i>Total cash received</i>		10 738	3 817
Cash used			
Cash to OPA		10 731	3 814
<i>Total cash used</i>		10 731	3 814
Net cash from operating activities		7	3
<i>Net increase in cash held</i>		7	3
Cash at the beginning of the reporting period		3	-
<i>Cash at the end of the reporting period</i>	20(a)	10	3
Administered commitments			
as at 30 June 2003			
BY TYPE			
Capital commitments		-	-
Other commitments		-	-
Commitments receivable		-	-
Net administered commitments		-	-
BY MATURITY			
All net commitments			
One year or less		-	-
From one to five years		-	-
One year or less		-	-
Net administered commitments		-	-

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

Australian Competition and Consumer Commission schedule of administered items

continued

	Notes	2003 \$'000	2002 \$'000
Administered contingencies as at 30 June 2003	23		
Administered contingent liabilities		-	-
Administered contingent assets			
Fines and costs		11 476	17 022
<i>Total contingent assets</i>		11 476	17 022
Net contingent assets		11 476	17 022

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 23: Administered contingent liabilities and assets.

Statement of activities administered on behalf of government

The major administered activities of the Commission are directed towards achieving the outcome described in Note 1 to the financial statements. The major financial activities are the recognition of fines and costs which have been applied by the courts or by agreement between the Commission and the defendant. These fines and costs are recognised when awarded by the courts, or when agreement has been executed. Authorisation and notification fees and other revenue are also applied when required under the relevant legislation, and are recognised upon payment.

Details of planned activities for the year can be found in Treasury's Portfolio Budget and Portfolio Additional Estimates Statements for 2002-03 which have been tabled in Parliament.

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

Australian Competition and Consumer Commission
notes to and forming part of the financial statements

for the year ended 30 June 2003

Note	Description
1	Summary of significant accounting policies
2	Events occurring after reporting date
3	Operating revenues
4	Operating expenses
5	Financial assets
6	Non-financial assets
7	Interest bearing liabilities
8	Provisions
9	Payables
10	Equity
11	Cash flow reconciliation
12	Contingencies liabilities and assets
13	Executive remuneration
14	Remuneration of auditors
15	Average staffing levels
16	Acts of grace payments, waivers and defective administration scheme
17	Financial instruments
18	Revenues administered on behalf of government
19	Expenses administered on behalf of government
20	Assets administered on behalf of government
21	Liabilities administered on behalf of government
22	Administered reconciliation table
23	Administered contingent liabilities and assets
24	Administered financial instruments
25	Appropriations
26	Assets held in trust
27	Reporting of outcomes

Note 1 Summary of significant accounting policies

1.1 Objectives of the Commission

The objectives of the Commission are to:

- promote effective competition and informed markets
- encourage fair trading and protect consumers
- regulate infrastructure services market and other markets where competition is restricted.

The Commission's outcome is to enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets.

Commission activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right. Administered activities involve the management or oversight by the Commission on behalf of the government of items controlled or incurred by the government.

The Commission's outcome is separated into two output groups as follows:

Output Group 1	Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed.
Output Group 2	Competitive market structures and informed behaviour.

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 statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders)
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board
- Consensus Views of the Urgent Issues Group.

The Commission's Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the 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, which are unrecognised, are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

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.

The continued existence of the Commission in its present form, and with its present outcome and outputs, is dependent on government policy and on continuing appropriations by Parliament for the Commission's administration, outcome and outputs.

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 1.20.

1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001–02, except in respect of:

- the accounting for output appropriations (refer to Note 1.4)
- recognition of equity injections (refer to Note 1.5)
- measurement of certain employee benefits at nominal amounts (refer to Note 1.6)
- the initial revaluation of property, infrastructure, plant and equipment on a fair value basis (refer to Note 1.12)
- the imposition of an impairment test for non-current assets carried at cost (refer to Note 1.13).

1.4 Revenue

Revenues from government

Departmental outputs appropriations for the year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised as revenue, 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 appropriation for the 2001–02 year includes an amount of \$10,000,000 which was for the creation of a Litigation Reserve Fund (LRF). The funds are to be used primarily to meet court costs awarded against the Commission.

Resources received free of charge

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition.

Other revenue

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

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

1.5 Transaction with the government as owner

Equity injections

From 1 July 2002 the FMOs require that amounts of appropriations designated as 'equity injections' (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity as at 1 July or later date of effect of the appropriation.

This is a change of accounting policy from 2001–02 to the extent any part of an equity injection that was dependent on specific future events occurring was not recognised until that appropriation was drawn down.

The change in policy has no financial effect in 2002–03 because the full amounts of the equity injections for 2001–02 were recognised in that year.

1.6 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 wages and salaries (including non-monetary benefits), annual leave, 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.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required on initial application of a new Accounting Standard AASB 1028 from 1 July 2002. The Commission's Certified Agreement is due to expire on 30 November 2003 and is under negotiation at reporting date. As a pay increase was provided to all staff in January 2003, and the current certified agreement does not provide for any further increases, the amounts provided for equate to amounts that would be payable on settlement.

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 Commission 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 Commission's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The non-current portion of the provision 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 2003. The estimate of present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

Staff of the Commission are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The Commission makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Commission's employees. Employer contributions in relation to the two schemes amounting to \$3,400,523 in 2002–03 (\$3,072,190 in 2001–02) have been expended in these financial statements.

Employer Superannuation Productivity Benefit contributions totalled \$750,518 in 2002–03 (\$641,763 in 2001–02).

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

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.

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 inception of the lease and a liability recognised for the same amount. 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. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

The Commission entered into a sale and leaseback of certain IT assets on 1 July 1999. The carrying amount of these assets was written down to fair value at that date and the consequent loss on sale was amortised over the period of the lease (Refer Note 4(d)).

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability. Lease liabilities are amortised using a straight-line method over the term of the lease.

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 a reporting period does not exceed the amount of costs incurred in that period.

The Commission did not have any qualifying assets for which funds were borrowed during the 2002–03 financial year.

1.9 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.10 Financial instruments

Accounting policies for financial instruments are stated at Note 17.

1.11 Acquisition of assets

Assets are recorded at cost of 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.

1.12 Property, infrastructure, plant and equipment

Asset recognition threshold

Purchases of property, infrastructure, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Basis

Property, infrastructure, plant and equipment are carried at valuation. The Commission revalues all of its assets in three-year cycles. Revaluations have been undertaken up to 30 June 2002 on a deprival basis. These revaluations being for the cycle which finishes on 30 June 2005.

Future revaluations by the Commission are to be undertaken at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2003 the Commission had no assets in this situation.

Buildings (leasehold improvements) were revalued as at 30 June 2002 at depreciated replacement cost.

Infrastructure, plant and equipment (P&E) assets were revalued as at 30 June 2002 at deprival value.

Frequency

The Commission revalues all of its assets in three-year cycles. Revaluations have been undertaken up to 30 June 2002 on a deprival basis. These revaluations being for the cycle which finishes on 30 June 2005.

Conduct

All valuations are conducted by an independent qualified valuer (refer to Note 6(b)).

Depreciation and amortisation

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

Depreciation/amortisation 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 class of depreciable asset are based on the useful lives in the table below. These rates apply to each item in that class except where the useful life of the item has been reassessed following revaluation.

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4(c).

Asset class	2003 Total useful life	2002 Total useful life
Fitout	Lesser of the term of the lease or 10 years	lesser of the term of the lease or 10 years
Furniture and fittings	10 years	10 years
Office equipment	5 years	5 years
Computer hardware	3 years	3 years
Computer software	3 to 7 years	3 to 7 years

Recoverable amount test

From 1 July 2002, Schedule 1 of the FMOs (Schedule 1) no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS10 *Recoverable Amount of Non-Current Assets* (AAS10) to the assets of agencies where the primary purpose of the asset is not the generation of net cash inflows.

No infrastructure, plant and equipment assets have been written down to recoverable amount per AAS10. Accordingly, the change in policy has had no financial effect.

1.13 Intangibles

Intangibles comprise software that has been externally acquired for internal use. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in AAS10 to the assets of agencies where the primary purpose of the asset is not the generation of net cash inflows.

However, Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 30 June 2003. An impairment writedown has been booked at 30 June 2003 for software that was no longer functional.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Commission's software is 3 to 7 years (2001–02: 3 to 7 years).

1.14 Inventories

Inventories (publications) held for resale are valued at the lower of cost or 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.

1.15 Taxation

The Commission is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

Revenues, expenses and assets are recognised net of GST:

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

1.16 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.

1.17 Insurance

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

1.18 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.19 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers
- remuneration of executives
- remuneration of auditors
- appropriations.

1.20 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application to the greatest extent possible of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

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

These transfers of cash are reported as administered (operating) cash flows in the administered reconciliation table in Note 22.

Accounting policies which are relevant to administered activities only of the Commission are disclosed below.

Revenue

All administered revenues are revenues relating to the core operating activities performed by the Commission on behalf of the Commonwealth.

Fines and costs are applied by the courts or by agreement between the Commission and the defendant, and are recognised when awarded by the courts, or when agreement has been executed.

Court costs awarded against the Commission are recorded as a departmental expense.

Authorisation and notification fees and other revenue are applied when required under the relevant legislation, and are recognised upon payment.

Note 2 Events occurring after reporting date

There are no events that have occurred after balance date which affect the amounts brought to account in the financial statements for the year ended 30 June 2003.

2003	2002
\$'000	\$'000

Note 3 Operating revenues

3(a) Revenues from government

Appropriations for outputs	62 500	83 400
Resources received free of charge	60	60
Total revenues from government	62 560	83 460

3(b) Goods and services

Goods	56	45
Services	474	345
Total sales of goods and services	530	390

Provision of goods to:

Related entities	-	-
External entities	56	45
Total sales of goods	56	45

Provision of services to:

Related entities	51	23
External entities	423	322
Total rendering of services	474	345

3(c) Interest revenue

Litigation Reserve Fund	44	467
Interest on deposits	10	263
Total interest	54	730

	2003 \$'000	2002 \$'000
3(d) Net loss from sale of assets		
Buildings (leasehold improvements):		
Write-offs	(12)	(31)
<i>Net loss on disposal of buildings (leasehold improvements)</i>	(12)	(31)
Infrastructure, plant and equipment:		
Proceeds from disposal	3	9
Net book value of assets disposed	(5)	(15)
Amortised loss on sale of assets	-	(278)
<i>Net loss on disposal of infrastructure, plant and equipment</i>	(2)	(284)
TOTAL proceeds from disposals	3	9
TOTAL value of assets disposed	(17)	(324)
TOTAL net loss from disposal of assets	(14)	(315)

Note 4 Operating expenses

4(a) Employee expenses

Wages and salary	26 779	25 629
Superannuation	4 151	3 714
Leave and other entitlements	3 312	3 225
Separation and redundancies	245	137
Other employee expenses	558	942
<i>Total employee benefits expense</i>	35 045	33 647
Workers compensation premiums	87	212
Total employee expenses	35 132	33 859

4(b) Suppliers expenses

Goods from related entities	6	6
Goods from external entities	823	899
Services from related entities	14 646	13 967
Services from external entities	17 305	18 494
Operating lease rentals*	3 189	2 625
Total supplier expenses	35 969	35 991

* These comprise minimum lease payments only.

4(c) Depreciation and amortisation

Depreciation		
Infrastructure, plant and equipment	363	243
<i>Total depreciation</i>	363	243
Amortisation		
Leasehold improvements	522	471
Leased assets	1 019	948
Intangibles—computer software	222	349
<i>Total amortisation</i>	1 763	1 768
Total depreciation and amortisation	2 126	2 011

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

Leasehold improvements	522	471
Plant and equipment	1 382	1 191
Intangibles—computer software	222	349
Total depreciation and amortisation	2 126	2 011

	2003 \$'000	2002 \$'000
4(d) Write-down of assets		
Non-financial assets		
Software	26	-
Total write-down of assets	26	-

4(e) Borrowing costs expense

Leases—finance charge	80	110
Total borrowing costs expense	80	110

Note 5 Financial assets

5(a) Cash

Cash at bank and on hand	2 186	3 707
Cash on deposit ¹	-	12 671
Total	2 186	16 378

¹ Cash on deposit as at 30 June 2002 includes the Litigation Reserve Fund appropriated to the Commission in 2001–02 (refer Note 1.4).

Refer to Note 5(b) under Funds returned to OPA for the Litigation Reserve Fund balance as at 30 June 2003.

5(b) Receivables

Funds returned to OPA ¹	7 439	-
Goods and services	58	185
Less: Provision for doubtful debts	(7)	(31)
	7 490	154
GST receivable from the Australian Taxation Office	744	835
Total receivables (net)	8 234	989

All receivables are current assets.

¹ Funds returned to OPA represents the return of cash balances above the agreed level of working cash capital, effective on or before 30 June 2003, as a result of the Budget Estimates and Framework Review (BEFR) implementation. This figure represents the balance of the Litigation Reserve Fund as at 30 June 2003. As at 30 June 2002 this balance was reflected in cash on deposit (Refer Notes 1.4 and 5(a)).

Receivables (gross) are aged as follows:

Not overdue	8 221	927
Overdue by:		
Less than 30 days	-	8
30 to 60 days	2	27
60 to 90 days	6	24
More than 90 days	12	34
	20	93
Total receivables (gross)	8 241	1 020

The provision for doubtful debts is aged as follows:

Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	(7)	(31)
Total provision for doubtful debts	(7)	(31)

Note 6 Non-financial assets

6(a) Land and buildings

Leasehold improvements

At cost	67	-
Less: Accumulated depreciation	(5)	-
	62	-
At 2002–2005 valuation (deprival)	3 891	3 900
Less: Accumulated depreciation	(1 954)	(1 438)
	1 937	2 462
<i>Total leasehold improvements</i>	1 999	2 462
Total land and buildings (non-current)	1 999	2 462

6(b) Infrastructure, plant and equipment

Infrastructure, plant and equipment (not under finance lease)

At cost	912	208
Less: Accumulated depreciation	(221)	(19)
Work in progress	18	-
	709	189
At 2002–2005 valuation (deprival)	1 143	1 155
Less: Accumulated depreciation	(650)	(497)
	493	658
<i>Total infrastructure, plant and equipment (not under finance lease)</i>	1 202	847
Plant and equipment under finance lease		
At cost	3 086	2 431
Less: Accumulated amortisation	(2 599)	(1 616)
	487	815
At 2002–2005 valuation (deprival)	153	153
Less: Accumulated amortisation	(108)	(72)
	45	81
<i>Total plant and equipment under finance lease</i>	532	896
Total infrastructure, plant and equipment (non-current)	1 734	1 743

All revaluations are independent and in accordance with the revaluation policy stated at Note 1.12. In 2001–02 the revaluations were completed by an independent valuer, Chris Tuttle (Australian Valuation Office). No revaluations were undertaken in 2002–03.

6(c) Intangibles

Computer software at cost	1 230	1 541
Work in progress	630	208
Less: Accumulated amortisation	(882)	(962)
Total intangibles (non-current)	978	787

6(d) Analysis of property, plant, equipment and intangibles

Table A—Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Item	Leasehold improvements	Infrastructure plant and equipment	Intangibles (computer software)	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2002				
Gross book value	3 900	3 948	1 749	9 597
Accumulated depreciation/amortisation	(1 438)	(2 205)	(962)	(4 605)
Net book value	2 462	1 743	787	4 992
Additions by purchase	71	1 378	439	1 888
Depreciation/amortisation expense	(522)	(1 382)	(222)	(2 126)
Disposals				
Other disposals	(12)	(5)	(26)	(43)
As at 30 June 2003				
Gross book value	3 958	5 312	1 860	11 130
Accumulated depreciation/amortisation	(1 959)	(3 578)	(882)	(6 419)
Net book value	1 999	1 734	978	4 711

Table B—Assets at valuation

Item	Leasehold improvements	Infrastructure plant and equipment	Intangibles (computer software)	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2003				
Gross value	3 891	1 296	-	5 187
Accumulated depreciation/amortisation	(1 954)	(758)	-	(2 712)
Net book value	1 937	538	-	2 475
As at 30 June 2002				
Gross book value	3 900	1 308	-	5 208
Accumulated depreciation/amortisation	(1 438)	(569)	-	(2 007)
Net book value	2 462	739	-	3 201

Table C—Assets held under finance lease

Item	Leasehold improvements	Infrastructure plant and equipment	Intangibles (computer software)	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2003				
Gross value	-	3 239	-	3 239
Accumulated depreciation/amortisation	-	(2 707)	-	(2 707)
Net book value	-	532	-	532
As at 30 June 2002				
Gross book value	-	2 584	-	2 584
Accumulated depreciation/amortisation	-	(1 688)	-	(1 688)
Net book value	-	896	-	896

Table D—Assets under construction (work in progress)

Item	Leasehold improvements	Infrastructure plant and equipment	Intangibles (computer software)	TOTAL
	\$'000	\$'000	\$'000	\$'000
Gross value at 30 June 2003		18	630	648
Gross value at 30 June 2002	-	-	208	208

2003
\$'000

2002
\$'000

6(e) Inventories

Publications held for sale	87	103
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All inventories are current assets.

6(f) Other non-financial assets

Leasehold rights	105	156
Prepayments	663	1 179
Total other non-financial assets	768	1 335

Other non-financial assets are represented by:

Current	675	1 230
Non-current	93	105
Total other non-financial assets	768	1 335

Note 7 Interest bearing liabilities

Leases

Finance lease commitments:

Payable:

Within one year	594	831
In one to five years	-	238
In more than five years	-	-

Minimum lease payments 594 1 069

Deduct: future finance charges (32) (74)

Net lease liability	562	995
----------------------------	------------	------------

Lease liability is represented by:

Current	562	770
Non-current	-	225
Net lease liability	562	995

Finance leases exist in relation to certain major computer, communication and office equipment assets. The leases are non-cancellable and for fixed terms averaging three years, with a maximum of five years. The existing leases entered into by the Commission will expire on or before 30 June 2004.

Note 8 Provisions

Employee provisions

Salaries and wages	842	750
Leave	9 413	8 850
Superannuation	131	103
Aggregate employee benefit liability and related on-costs	10 386	9 703

Employee benefit liability and related on-costs are represented by:

Current	4 946	4 999
Non-current	5 440	4 704
Aggregate employee benefit liability and related on-costs	10 386	9 703

2003
\$'000

2002
\$'000

Note 9 Payables

9(a) Suppliers

Trade creditors and accruals	9 070	6 510
Total supplier payables	9 070	6 510
Suppliers payables are represented by:		
Current	9 070	6 510
Non-current	-	-
Total supplier payables	9 070	6 510

9(b) Other payables

Lease incentives	327	411
Prepayments received	141	182
Total other payables	468	593
Other debt is represented by:		
Current	225	266
Non-current	243	327
Total other payables	468	593

Note 10 Equity

10(a) Analysis of equity

Item	Accumulated results		Asset revaluation reserve		Contributed equity		TOTAL EQUITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Opening balance as at 1 July	1 844	(10 450)	1 052	768	3 100	81	5 996	(9 601)
Net surplus/(deficit)	(10 203)	12 294	-	-	-	-	(10 203)	12 294
Net revaluation increment/(decrement)	-	-	-	284	-	-	-	284
Return of prior year interest received to OPA ¹	(293)	-	-	-	-	-	(293)	-
Transactions with owner:								
Contribution of equity ²	-	-	-	-	-	3 019	-	3 019
Closing balance as at 30 June	(8 652)	1 844	1 052	1 052	3 100	3 100	(4 500)	5 996
Less: outside equity interests	-	-	-	-	-	-	-	-
Total equity attributable to the Commonwealth	(8 652)	1 844	1 052	1 052	3 100	3 100	(4 500)	5 996

¹ The Commission was required to return \$293,000 to maintain the budget neutrality of the Australian Banking Incentive Scheme (ABIS). The amount represents the excess interest revenue earned by the Commission over the last three years from 1999–2000, following the government's decision to abolish ABIS.

² As a result of a funding review undertaken by the Commission and the Department of Finance and Administration, the Department of Finance and Administration converted a loan from the government of \$3,019,000 to capital effective 1 July 2001.

Note 11 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	2 186	16 378
Statement of Financial Position items comprising above cash: 'Financial Asset—Cash'	2 186	16 378
Reconciliation of net surplus (deficit) to net cash from operating activities:		
Net surplus (deficit)	(10 203)	12 294
Depreciation / amortisation	2 126	2 011
Net write down of non-financial assets	26	-
(Gain) / loss on disposal of assets	14	315
(Increase) / decrease in net receivables	(7 245)	104
(Increase) / decrease in inventories	16	(9)
(Increase) / decrease in prepayments	516	444
(Increase) / decrease in other assets	51	181
Increase / (decrease) in employee provisions	683	1 094
Increase / (decrease) in supplier payables	2 560	850
Increase / (decrease) in prepayments received	(41)	183
Increase / (decrease) in other liabilities	(83)	(139)
Net cash from / (used by) operating activities	(11 580)	17 328

Note 12 Contingent liabilities and assets

Quantifiable contingencies

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$8,090,000 (2002: \$3,243,000). The amount represents an estimate of the Commission's liability based on precedent cases. The Commission is defending the claims.

Unquantifiable contingencies

As at 30 June 2003 the Commission has 9 matters before the courts alleging breaches of the Trade Practices Act. In the event of unfavourable judgment by the court, the Commission stands to lose by way of penalties or costs awarded. It is not possible to determine the amount in relation to these matters. The Commission is defending the claims.

Remote contingencies

As at 30 June 2003 the Commission has 1 matter before the courts alleging breaches of the Trade Practices Act in respect of which it has received legal advice that there is a remote chance of unfavourable judgments by the court. The Commission stands to lose by way of costs awarded. It is not possible to determine the amounts in relation to these matters. The Commission is defending the claims.

Note 13 Executive remuneration

The number of executives who received or were due to receive total remuneration¹ of \$100 000 or more:

	Number	Number
\$100 000 to \$110 000	1	1
\$110 001 to \$120 000	-	2
\$120 001 to \$130 000	-	5
\$130 001 to \$140 000	6	1
\$140 001 to \$150 000	3	2
\$150 001 to \$160 000	1	-
\$160 001 to \$170 000	-	2
\$170 001 to \$180 000	1	1
\$180 001 to \$190 000	-	-
\$190 001 to \$200 000	2	2
\$200 001 to \$210 000	2	1
\$210 001 to \$220 000	-	1
\$220 001 to \$230 000	2	1
\$230 001 to \$240 000	1	-
\$320 001 to \$330 000	-	1
\$370 001 to \$380 000	1	-

The aggregate amount of total remuneration of executives shown above.

\$3 560 252

\$3 293 046

The aggregate amount of separation payments during the year to executives shown above.

-

-

¹ Total remuneration includes salary and wages, accrued leave, performance pay, superannuation entitlements, motor vehicles and other fringe benefits and fringe benefits tax.

Note 14 Remuneration of auditors

Financial statement audit services are provided free of charge to the Commission by the Australian National Audit Office (ANAO).
The fair value of the services provided was:

60 000

60 000

No other services were provided by ANAO.

Note 15 Average staffing levels

The average staffing levels for the Commission during the year were:

468.70

478.20

Note 16 Acts of grace payments, waivers and defective administration scheme

No acts of grace payments were made during the reporting period. (2001–02 : Nil)

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997*. (2001–02 : Nil)

No payments were made under the Defective Administration Scheme during the reporting period. (2001–02 : Nil)

No waivers of amounts were made pursuant to any other legislation. (2001–02 : Nil)

Note 17 Financial instruments

17(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
FINANCIAL ASSETS		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	5(a)	Deposits are recognised at their nominal amounts. Interest was credited to revenue as it accrues.	The Commission invested excess funds with the Reserve Bank during the year. However, due to the abolition of ABIS during the year (refer Note 10(a)), the Commission's last interest payment was received on 29 August 2002. Operational banking arrangements are managed by the Westpac Bank.
Receivables for goods and services	5(b)	These receivables 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 collection of the debt is judged to be less rather than more likely.	All receivables on 30 day terms (2001–02: 30 days).
FINANCIAL LIABILITIES		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance lease liabilities	7	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, the Commission had finance leases with fixed terms averaging three years, with a maximum of five years. The existing leases entered into by the Commission will expire on or before 30 June 2004. The interest rate implicit in the leases averaged 6.27% (2001–02: 6.54%). The lease assets secure the lease liabilities.
Trade creditors	9(a)	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 or services have been received (and irrespective of having been invoiced).	Trade creditors are normally settled on 30 day terms.
Lease incentives	9(b)	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line basis over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	The Commission has received rent-free period incentives on entering property operating leases. Lease payments are made monthly.

17(b) Interest rate risk

Financial instrument	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	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000		
Financial assets												
Cash at bank	5(a)	-	-	-	-	-	-	-	2 186	3 707	N/A	2.0%
Cash on deposit	5(a)	-	12 671	-	-	-	-	-	-	12 671	N/A	4.86%
Receivables for goods and services (net)	5(b)	-	-	-	-	-	-	989	8 234	989	N/A	N/A
Total		-	12 671	-	-	-	-	989	10 420	17 367		
Total assets									15 986	23 797		
Financial liabilities												
Finance lease liabilities	7	-	-	-	225	-	-	-	562	995	6.27%	6.54%
Trade creditors	9(a)	-	-	-	-	-	-	6 510	9 070	6 510	N/A	N/A
Lease incentive	9(b)	-	-	-	-	-	-	411	327	411	N/A	N/A
Total		-	-	770	225	-	-	6 921	9 959	7 916		
Total liabilities									20 486	17 801		

17(c) Net fair values of financial assets and liabilities

	Notes	2003		2002	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Departmental financial assets					
Cash at bank	5(a)	2 186	2 186	3 707	3 707
Cash on deposit	5(a)	-	-	12 671	12 671
Receivables for goods and services	5(b)	8 234	8 234	989	989
Total Financial assets		10 420	10 420	17 367	17 367
Departmental financial liabilities					
Finance lease liabilities	7	562	562	995	995
Trade creditors	9(a)	9 070	9 070	6 510	6 510
Lease incentives	9(b)	327	327	411	411
Total financial liabilities		9 959	9 959	7 916	7 916

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 of finance leases are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

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

17(d) Credit risk exposures

The Commission's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Commission does not have any significant exposures to any concentrations of credit risk.

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

2003
\$'000

2002
\$'000

Note 18 Revenues administered on behalf of government

Other taxes, fees and fines		
Fines and costs	7 556	6 780
Authorisation fees	352	361
Other	4	11
Total revenues administered on behalf of government	7 912	7 152

Note 19 Expenses administered on behalf of government

Total expenses administered on behalf of government	-	-
--	----------	----------

2003
\$'000

2002
\$'000

Note 20 Assets administered on behalf of government

Financial assets

(a) Cash

Cash at bank	10	3
Total cash	10	3

(b) Receivables

Fines and costs	4 312	7 138
Less: Provision for doubtful debts	(331)	(331)
Total receivables (net)	3 981	6 807

All receivables are current assets.

Receivables (gross) are aged as follows:

Not overdue	3 807	6 658
Overdue by:		
Less than 30 days	40	47
30 to 60 days	-	6
60 to 90 days	-	6
More than 90 days	465	421
Total receivables (gross)	4 312	7 138

The provision for doubtful debts is aged as follows:

Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	(331)	(331)
Total provision for doubtful debts	(331)	(331)

Total assets administered on behalf of government	3 991	6 810
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Note 21 Liabilities administered on behalf of government

Total liabilities administered on behalf of government	-	-
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Note 22 Administered reconciliation table

Administered assets less administered liabilities as at 1 July	6 810	3 472
Plus Administered revenues	7 912	7 152
Less: Administered expenses	-	-
Administered transfers to/from government transfers to OPA	(10 731)	(3 814)
Administered assets less administered liabilities as at 30 June	3 991	6 810

Note 23 Administered contingent liabilities and assets

Quantifiable administered contingencies

The Schedule of Administered Items reports contingent assets in respect of claims for damages/costs of \$11,475,500 (2002: \$17,022,000). The Commission is expecting to succeed in 14 alleged breaches of the Trade Practices Act, although the cases are continuing. The estimate is based on legal advice and the precedents in such cases.

Unquantifiable administered contingencies

As at 30 June 2003 the Commission has 22 matters before the courts alleging breaches of the Trade Practices Act. In the event of favourable judgment by the court, the Commission stands to gain by way of penalties or costs awarded. It is not possible to determine the amounts in relation to these matters.

Remote administered contingencies

As at 30 June 2003 the Commission has 6 matters before the courts alleging breaches of the Trade Practices Act in respect of which it has received legal advice that there is a remote chance of favourable judgment by the court. The Commission stands to gain by way of penalties or costs awarded. It is not possible to determine the amounts in relation to these matters.

Note 24 Administered financial instruments

24(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Cash	20(a)	Deposits are recognised at their nominal amounts	Monies in the Commission's Administered Receipts bank account are swept into the OPA.
Administered receivables for fines and costs	20(b)	As for receivables for goods and services.	Fines and costs are payable as per judgment orders. Authorisation fees are payable on receipt of application.

24(c) Net fair values of financial assets and liabilities

	Notes	2003		2002	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		\$'000	\$'000	\$'000	\$'000
Administered financial assets					
Cash at bank	20(a)	10	10	3	3
Fines and costs receivable	20(b)	3 981	3 981	6 807	6 807
Total financial assets		3 991	3 991	6 810	6 810
Administered financial liabilities					
Total financial liabilities	21	-	-	-	-

Financial assets

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

2003
\$

2002
\$

Note 25 Appropriations

Cash basis acquittal of appropriations from Acts 1 and 3—Departmental outputs

Balance carried forward from previous year	16 378 181	1 507 710
Appropriation for reporting period (Act 1)	61 800 000	83 400 000
Appropriation for reporting period (Act 3)	700 000	-
GST credits (FMA s. 30A)	3 537 320	3 824 655
Annotations to net appropriations (FMA s. 31)	778 441	1 711 795
Available for payments	83 193 942	90 444 160
Payments made	(73 568 805)	(74 065 979)
Balance carried to next year	9 625 137	16 378 181
Represented by:		
Cash	2 185 940	16 378 181
Add: Receivables—Funds returned to OPA	7 439 197	-
Total	9 625 137	16 378 181

Note 26 Assets held in trust

Other trust monies (ACCC)

Legal authority—Financial management and accountability Act 1997; s. 20

Purpose—for the receipt of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth

Balance carried forward from previous period	252 588	4 384 703
Receipts during the period	138 299	690 995
Available for payments	390 887	5 075 698
Payments made	(9 475)	(4 823 110)
Balance carried forward to next period	381 412	252 588
Represented by:		
Funds on hand	-	252 588
Funds returned to OPA receivable	380 099	-
Funds on hand to be returned to OPA	1 313	-
Balance carried forward to next period	381 412	252 588

Note 27 Reporting of outcomes

The Commission attributes its outcome between its two output groups on the basis of identifiable actual costs. Shared costs incurred with respect to these output groups are apportioned according to these resulting actual costs. This basis of attribution is consistent with that used in the 2002–03 budget.

Note 27(a)—Net cost of outcome delivery

	Outcome 1		Total	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Administered expenses	-	-	-	-
Departmental expenses	73 350	72 293	73 350	72 293
<i>Total expenses</i>	73 350	72 293	73 350	72 293
Costs recovered from provision of goods and services to the non-government sector				
Administered	-	-	-	-
Departmental	478	367	478	367
<i>Total costs recovered</i>	478	367	478	367
Other external revenues				
Administered	7 912	7 152	7 912	7 152
<i>Total administered</i>	7 912	7 152	7 912	7 152
Departmental				
Interest on cash deposits	54	730	54	730
Revenue from disposal of assets	3	9	3	9
Other	60	60	60	60
Goods and services revenue from related entities	52	23	52	23
<i>Total departmental</i>	169	822	169	822
Total other external revenues	8 081	7 974	8 081	7 974
Net cost/(contribution) of outcome	64 791	63 952	64 791	63 952

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 27(b)—Major classes of departmental revenues and expenses by output groups and outputs

Outcome 1	Output group 1		Output group 2		Total	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<i>Departmental expenses</i>						
Employees	21 760	21 009	13 372	12 850	35 132	33 859
Suppliers	28 893	27 718	7 076	8 273	35 969	35 991
Depreciation & amortisation	1 557	1 504	569	507	2 126	2 011
Other	83	291	40	143	123	434
Total departmental expenses	52 293	50 522	21 057	21 773	73 350	72 295
<i>Funded by:</i>						
Revenue from government	41 290	57 716	21 270	25 744	62 560	83 460
Sale of goods and services	294	198	236	192	530	390
Other non-taxation revenues	38	487	19	252	57	739
Total departmental revenues	41 622	58 401	21 525	26 188	63 147	84 589

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 27(c)—Major classes of administered revenues and expenses by outcomes

	Outcome 1		Total	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Administered revenues				
Fines and costs	7 556	6 780	7 556	6 780
Authorisation fees	352	361	352	361
Other	4	11	4	11
Total administered revenues	7 912	7 152	7 912	7 152
Administered expenses				
Total administered expenses	-	-	-	-

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

