COURT SERVICES VICTORIA

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

## Contents

[Responsible Body, Accountable Officer's and Chief Finance and Accounting Officer's declaration 4](#_Toc467245973)

[Comprehensive operating statement for the financial year ended 30 June 2016 5](#_Toc467245974)

[Balance Sheet as at 30 June 2016 6](#_Toc467245975)

[Statement of changes in equity for the financial year ended 30 June 2016 7](#_Toc467245976)

[Cash flow statement for the financial year ended 30 June 2016 7](#_Toc467245977)

[Note 1. Summary of significant accounting policies 8](#_Toc467245978)

[Note 2. Controlled outputs 30](#_Toc467245979)

[Note 3. Administered (non-controlled) items 31](#_Toc467245980)

[Note 4. Income from transactions 33](#_Toc467245981)

[Note 5. Expenses from transactions 34](#_Toc467245982)

[Note 6. Other economic flows included in net result 35](#_Toc467245983)

[Note 7. Restructuring of administrative arrangements 36](#_Toc467245984)

[Note 8. Receivables 37](#_Toc467245985)

[Note 9. Non-Financial physical assets classified as held for sale including disposal group and directly associated liabilities 38](#_Toc467245986)

[Note 10. Property, plant and equipment 39](#_Toc467245987)

[Note 11. Intangible Assets 45](#_Toc467245988)

[Note 12. Payables 46](#_Toc467245989)

[Note 13. Borrowings 47](#_Toc467245990)

[Note 14. Provisions 48](#_Toc467245991)

[Note 15. Superannuation 50](#_Toc467245992)

[Note 16. Leases 51](#_Toc467245993)

[Note 17. Commitments for expenditure 52](#_Toc467245994)

[Note 18. Contingent liabilities 53](#_Toc467245995)

[Note 19. Financial instruments 54](#_Toc467245996)

[Note 20. Cash flow information 59](#_Toc467245997)

[Note 21. Summary of compliance with annual parliamentary and special appropriations 60](#_Toc467245998)

[Note 22. Annotated income agreements 62](#_Toc467245999)

[Note 23. Trust account balances 63](#_Toc467246000)

[Note 24. Responsible person 66](#_Toc467246001)

[Note 25. Remuneration of executives and payments to other personnel 67](#_Toc467246002)

[Note 26. Remuneration of auditors 68](#_Toc467246003)

[Note 27. Glossary or terms and style conventions 69](#_Toc467246004)

[Appendix 1 73](#_Toc467246005)

# Responsible Body, Accountable Officer's and Chief Finance and Accounting Officer's declaration

The attached financial statements for Court Services Victoria have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Court Services Victoria at 30 June 2016.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 5 October, 2016

|  |  |  |
| --- | --- | --- |
| The Hon. Chief Justice  Marilyn Warren AC  Chair of the Courts Council  Court Services Victoria  Melbourne  5 October 2016 | Kerry Osborne  Chief Executive Officer  Court Services Victoria  Melbourne  5 October 2016 | Lisa Wills  Chief Financial Officer  Court Services Victoria  Melbourne  5 October 2016 |

# Comprehensive operating statement for the financial year ended 30 June 2016

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note | 2016 $'000 | 2015 $'000 |
|  |  |  |  |
| **Continuing Operations** |  |  |  |
| **Income from transactions** |  |  |  |
| Output appropriations | 21(a) | 309,603 | 297,238 |
| Special appropriations | 21(b) | 123,098 | 115,151 |
| Grants | 4(a) | 21,870 | 35,339 |
| Other income |  | 3,248 | 1,604 |
| **Total income from transactions** |  | **457,819** | **449,332** |
|  |  |  |  |
| **Expenses from transactions** |  |  |  |
| Employee expenses | 5(a) | 264,574 | 251,570 |
| Depreciation and amortisation | 5(b) | 30,489 | 30,141 |
| Interest expense | 5(c) | 8,201 | 9,140 |
| Grants and other transfers | 5(d) | 3,760 | 5,053 |
| Capital asset charge | 1(g) | 40,612 | 40,600 |
| Supplies and services | 5(e) | 110,655 | 106,655 |
| **Total expenses from transactions** |  | **458,291** | **443,160** |
| **Net result from transactions (net operating balance)** |  | **(472)** | **6,172** |
|  |  |  |  |
| **Other economic flows included in net result** |  |  |  |
| Net gain/(loss) on non-financial assets | 6(a) | 530 | (1,058) |
| Net gain/(loss) on financial instruments | 6(b) | 8 | (14) |
| Other gains/(losses) from other economic flows | 6(c) | (4,593) | (1,007) |
| **Total other economic flows included in net result** |  | **(4,054)** | **(2,080)** |
| **Net Result** |  | **(4,527)** | **4,092** |
|  |  |  |  |
| **Other economic flows - other comprehensive income** |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |
| Changes in physical asset revaluation reserve |  | 182,874 | 0 |
| **Total other economic flows - other comprehensive income** |  | **182,874** | **0** |
| **Comprehensive result** |  | **178,347** | **4,092** |

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

# Balance Sheet as at 30 June 2016

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2016 $'000** | **2015 $'000** |
|  |  |  |  |
| **Financial assets** |  |  |  |
| Cash and deposits | 20 | 8,379 | 7,631 |
| Receivables | 8 | 64,785 | 61,041 |
| **Total financial assets** |  | **73,165** | **68,672** |
|  |  |  |  |
| **Non-financial assets** |  |  |  |
| Non-financial physical assets classified as held for sale | 9 | 153 | 514 |
| Property, plant and equipment | 10 | 964,545 | 726,571 |
| Intangible assets | 11 | 25,235 | 31,962 |
| Prepayments |  | 1,736 | 1,202 |
| **Total non-financial assets** |  | **991,668** | **760,250** |
| **Total assets** |  | **1,064,833** | **828,921** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Payables | 12 | 22,894 | 26,260 |
| Borrowings | 13 | 90,807 | 100,301 |
| Provisions | 14 | 76,555 | 69,689 |
| **Total liabilities** |  | **190,256** | **196,250** |
| **Net assets** |  | **874,577** | **632,672** |
|  |  |  |  |
| **Equity** |  |  |  |
| Accumulated surplus/(deficit) |  | (434) | 4,092 |
| Contributed capital |  | 692,137 | 628,579 |
| Physical asset revaluation surplus |  | 182,874 | 0 |
| **Net worth** |  | **874,577** | **632,672** |
|  |  |  |  |
|  |  |  |  |
| Commitment for expenditure | 17 |  |  |
| Contingent assets and contingent liabilities | 18 |  |  |

The balance sheet should be read in conjunction with the notes to the financial statements.

# Statement of changes in equity for the financial year ended 30 June 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2015** |  | **Physical asset revaluation surplus** | **Accumulated Surplus/ (Deficit)** | **Contributed Capital** | **Total** |
|  | **Note** |  | **$’000** | **$’000** | **$’000** |
|  |  |  |  |  |  |
| **Balance as at 1 July 2014** |  |  |  |  |  |
| Net result for the year |  |  | 4,092 |  | 4,092 |
| Other comprehensive income |  |  |  |  |  |
| Transactions with the State in its capacity as owners |  |  |  | 2,085 | 2,085 |
| Administrative restructure - net assets received | 7 |  |  | 626,494 | 626,494 |
| **Balance at 30 June 2015** |  | **0** | **4,092** | **628,579** | **632,672** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **2016** |  |  |  |  |  |
| **Balance as at 1 July 2015** |  |  | **4,092** | **628,579** | **632,672** |
| Net result for the year |  |  | (4,527) |  | (4,527) |
| Other comprehensive income |  | 182,874 |  |  | 182,874 |
| Administrative restructure - net assets received | 7 |  |  | 53,436 | 53,436 |
| Transactions with the State in its capacity as owners |  |  |  | 10,122 | 10,122 |
| **Balance at 30 June 2016** |  | **182,874** | **(434)** | **692,137** | **874,577** |

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

# Cash flow statement for the financial year ended 30 June 2016

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2016 $'000** | **2015 $'000** |
| **Cash flows from operating activities** |  |  |  |
| **Receipts** |  |  |  |
| Receipts from Government |  | 430,131 | 412,389 |
| Receipts from Other Entities |  | 22,085 | 20,603 |
| Goods and services tax recovered from the Australian Taxation Office |  | 14,170 | 12,724 |
| **Total receipts** |  | **466,386** | **445,716** |
|  |  |  |  |
| **Payments** |  |  |  |
| Payments to suppliers and employees |  | (389,955) | (355,512) |
| Payments of grants and other transfers |  | (1,661) | (4,355) |
| Capital assets charge payments |  | (40,612) | (40,600) |
| Interest and other costs of finance paid |  | (8,201) | (9,140) |
| **Total payments** |  | **(440,429)** | **(409,608)** |
| **Net cash provided by/(used in) operating activities** | **20** | **25,957** | **36,108** |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Purchases of non-financial assets |  | (28,275) | (23,252) |
| Proceed from sales of non-financial assets |  | 2,549 | 2,055 |
| **Net cash provided by/(used in) investing activities** |  | **(25,726)** | **(21,196)** |
|  |  |  |  |
| **Cash flows from financing activities** |  |  |  |
| Owner contributions by State Government |  | 10,012 | 2,088 |
| Cash received from activity transferred in Machinery of Government changes |  |  | 1,933 |
| Payment of borrowing and finance leases |  | (9,495) | (11,302) |
| **Net cash provided by/(used in) financing activities** |  | **517** | **(7,281)** |
|  |  |  |  |
| **Net increase (decrease) in cash held** |  | **748** | **7,631** |
| Cash and cash equivalents at the beginning of the financial year |  | 7,631 | 0 |
| **Cash and cash equivalents at the end of the financial year** | **20** | **8,379** | **7,631** |

The above cash flow statement should be read in conjunction with the notes to the financial statements.

# Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Court Services Victoria (CSV) for the year ended 30 June 2016. The report provides users with information about the entity's stewardship of resources entrusted to CSV.

## A. Statement of compliance

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Where appropriate, those AASs paragraphs applicable to not‑for‑profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in these financial statements, a glossary of terms and style conventions can be found in Note 27.

These annual financial statements were authorised for issue by the Courts Council of CSV on 5 October 2016.

## B Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

* the fair value of land, buildings, plant and equipment (refer to Note 1(L));
* superannuation expense (refer to Note 1(G); and
* actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1 (M)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

* non‑financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with AASB 13 Fair Value Measurement , CSV determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments, and for non‑recurring fair value measurements such as non‑financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
* Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
* Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, CSV has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, CSV determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer‑General Victoria (VGV), is CSV’s independent valuation agency.

CSV, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

## C. Reporting entity

Court Services Victoria was established on 1 July 2014 under the Court Services Victoria Act 2014 as an independent statutory body corporate to provide administrative services and facilities to support Victorian courts and the Judicial College of Victoria. Court Services Victoria supports the performance of the judicial, quasi-judicial and administrative functions of the Supreme Court of Victoria, the County Court of Victoria, the Magistrates’ Court of Victoria, the Children’s Court of Victoria, the Coroners Court of Victoria and the Victorian Civil and Administrative Tribunal (VCAT).

Its status as a statutory body corporate allows the courts to operate independently of the direction of the executive branch of government and supports the independence of the judiciary.

Court Services Victoria’s work includes overseeing the court facilities and providing the people, information technology and financial management to deliver enhanced administrative services to Victorian courts, VCAT and the Judicial College of Victoria.

The Courts Council is Court Services Victoria’s governing body and comprises the Head of each court Jurisdiction and VCAT and up to two independent members. There are seven committees that inform the work of the Courts Council.

Its principal address is:

Court Services Victoria

223 William Street

Melbourne 3000

The financial statements include all transactions and balances arising from the controlled activities of CSV and therefore include the transactions and balances arising from the judicial, quasi-judicial and administrative functions of:

* Supreme Court of Victoria;
* County Court of Victoria;
* Magistrates’ Court of Victoria;
* Children’s Court of Victoria;
* Coroners Court of Victoria; and
* Victorian Civil and Administrative Tribunal.

The Judicial College of Victoria is established under separate legislation and prepares and publishes its own financial statements.

A description of the nature of CSV operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

### Objectives and funding

CSV’s overall objective is the fair, timely and efficient dispensing of justice.

CSV’s role is to support the courts and tribunal in the fair, timely and efficient dispensing of justice.

### Outputs of the entity

Information about CSV output activities, and the expenses, income, assets and liabilities which are reliably attributable to those output activities, is set out in the output activities schedule (Note 2). Information about expenses, income, assets and liabilities administered by CSV are given in the schedule of administered expenses and income and the schedule of administered assets and liabilities (see Note 3).

### Administered items

Certain resources are administered by CSV on behalf of the State. While CSV is accountable for the transactions involving administered items, it does not have the discretion to deploy the resources for its own benefit or the achievement of its objectives. Accordingly, transactions and balances relating to administered items are not recognised as CSV income, expenses, assets or liabilities in the body of the financial statements.

Administered income includes fines, fees and regulatory fees which are accounted for on a cash basis, the only exception being VCAT fees collected on behalf of Consumer Affairs Victoria and County Court which are recognised on an accruals basis. Both controlled and administered items of CSV are consolidated into the financial statements of the State.

Disclosures related to administered items can be found in Note 3

### Funds held in trust

#### Other trust activities on behalf of parties external to the Victorian Government

CSV has responsibility for transactions and balances relating to trust funds on behalf of third parties external to the Victorian Government. Income, expenses, assets and liabilities managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore are not controlled by CSV and are administrated by separate legislation of the Victorian Government. Funds under management are reported in Note 23.

## D. Basis of consolidation

The application of Australian Accounting Standard AASB 10 Consolidated Financial Statements has been assessed for the financial year ended 30 June 2016. The financial statements for CSV have been prepared on the basis that there are no controlled subsidiary entities to be consolidated into the accounts of CSV

## E. Scope and presentation of financial statements

### Comprehensive operating statement

The comprehensive operating statement comprises three components, being ‘net result from transactions’ (termed as ‘net operating balance’), ‘other economic flows included in net result’, as well as ‘other economic flows – other comprehensive income’

The net result is equivalent to profit or loss derived in accordance with AASs.

‘Other economic flows’ are changes arising from market remeasurements. They include:

* gains and losses from disposals of non‑financial assets;
* revaluations and impairments of non‑financial physical and intangible assets;
* remeasurement arising from defined benefit superannuation plans; and
* fair value changes of financial instruments.

This classification is consistent with the whole of government reporting format under AASB 101 Presentation of Financial Statements.

### Balance Sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non‑financial assets.

Current and non‑current assets and liabilities are disclosed in the notes, where relevant. In general, non‑current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if CSV does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

### Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows .

### Statement of changes in equity

The statement of changes in equity presents reconciliations of non‑owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the ‘Comprehensive result’ and amounts related to ‘Transactions with owner in its capacity as owner’.

### Rounding

Amounts in the financial statements have been rounded to the nearest $1 000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 27 for a style convention for explanations of minor discrepancies resulting from rounding.

## F. Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

### Appropriation income

Appropriated income becomes controlled and is recognised by CSV when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant appropriations Act. Additionally, CSV is permitted under section 29 of the Financial Management Act 1994 to have certain income annotated to the annual appropriation. The income which forms part of a section 29 agreement is recognised by CSV and the receipts paid into the consolidated fund as an administered item. At the point of income recognition, section 29 provides for an equivalent amount to be added to the annual appropriation. Examples of receipts which can form part of a section 29 agreement are Commonwealth specific purpose grants and proceeds from the sale of assets, and income from the sale of services.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which CSV does not have control are disclosed as administered income in the schedule of administered income and expenses (see Note 3). Income is recognised for each of CSV major activities as follows:

#### Output appropriations

Income from the outputs CSV provides to the Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

#### Special appropriations

Special appropriation revenue is recognised on a cash basis when the amount appropriated for a specific purpose is received by CSV. Refer to Note 21 for a listing of special appropriation funding received by CSV and an outline of their special purpose.

#### Grants

Income from grants (other than contribution by owners) is recognised when CSV obtains control over the contribution.

Where such grants are payable into the consolidated fund, they are reported as administered income (refer to Note 1 (C) and (I)). For reciprocal grants (i.e. equal value is given back by CSV to the provider), CSV is deemed to have assumed control when CSV has satisfied its performance obligations under the terms of the grant. For non‑reciprocal grants, CSV is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

#### Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

### Other income

Other income includes fair value of assets received free of charge or for nominal consideration.

## G. Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

### Employee expenses

Refer to the section in Note 1(M) regarding employee benefits.

These expenses include all forms of consideration (other than superannuation which is accounted for separately) given by CSV in exchange for service rendered by employees or for the termination of employment. This includes wages and salaries, fringe benefits tax, leave entitlements, termination payments and Workcover premiums.

### Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF), in its annual financial statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF’s annual financial statements for more detailed disclosures in relation to these plans.

### Depreciation

All buildings, plant and equipment and other non‑financial physical assets (excluding items under operating leases and assets held for sale) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight‑line basis, at rates that allocate the asset’s value, less any estimated residual value, over its estimated useful life. Refer to Note 1 (L) for the depreciation policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

|  |  |
| --- | --- |
| **Asset** | **Useful life** |
| Cultural assets | Indefinite |
| Buildings | 2 to 44 years |
| Leasehold improvements | 2 to 37 years |
| Leasehold buildings | 1 to 38 years |
| Plant and equipment | 1 to 10 years |
| Computer and telecommunication equipment | 1 to 10 years |
| Intangible assets | 3 to 7 years |
| Antique furniture & artefacts | 80 years |

Land and core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a systematic (typically straight-line) basis over the asset’s useful life. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

On the other hand, the consumption of intangible non‑produced assets with finite useful lives is not classified as a transaction, but as amortisation. Consequently, the amortisation is included as another economic flow in the net result.

All intangible assets with indefinite useful lives are not depreciated or amortised, but are tested for impairment by comparing their recoverable amount with their carrying amount:

(a) annually; and

(b) whenever there is an indication that the intangible asset may be impaired (refer to Note 1(H)).

### Interest expense

Interest expense represents the interest component of finance lease repayments.

Interest expense is recognised in the period in which it is incurred. Refer to Note 27 for an explanation of interest expense items.

### Grants and other transfers

Grants and other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals; other transfer payments made to State‑owned agencies, local government, non‑government schools, and community groups. Refer to Note 27 for an explanation of grants and other transfers.

### Capital asset charge

The capital asset charge is calculated on the budgeted carrying amount of applicable non‑financial physical

assets.

### Other operating expenses

Other operating expenses generally represent the day‑to‑day running costs incurred in normal operations and include:

### Supplies and services

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred.

### Bad and doubtful debts

Refer to Note 1(K) Impairment of financial assets .

### Fair value of assets and services provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

Contributions in the form of services provided are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

### Borrowing costs of qualifying assets

In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not‑for‑profit public sector entities, CSV continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

## H. Other economic flows included in the net result

Other economic flows are changes in the volume or value of an asset or liability that does not result from transactions.

### Net gain/ (loss) on non-financial assets

Net gain/ (loss) on non‑financial assets and liabilities includes realised and unrealised gains and losses as

follows:

#### Revaluation gains/ (losses) of non-financial physical assets

Refer to Note 1(L) Revaluations of non‑financial physical assets .

#### Net gain/ (loss) on disposal of non‑financial assets

Any gain or loss on the disposal of non‑financial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at the time.

#### Impairment of non-financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment, except for non-financial physical assets held for sale, and assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset’s carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Refer to Note 1(L) in relation to the recognition and measurement of non-financial assets.

### Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:

* realised and unrealised gains and losses from revaluations of financial instruments at fair value;
* impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(J); and
* disposals of financial assets and derecognition of financial liabilities.

### Revaluations of financial instruments at fair value

Refer to Note 1(J) Financial instruments .

### Other gains/ (losses) from other economic flows

Other gains/ (losses) from other economic flows include the gains or losses from:

* the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
* reclassified amounts relating to available for sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfer' of assets.

## I. Administered income

### Fines and regulatory fees

CSV does not gain control over assets arising from fines and regulatory fees; consequently, no income is recognised in CSV’s financial statements.

CSV collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income in the schedule of Administered Items (see Note 3). All fines, fees and regulatory fees are accounted for on a cash basis, the only exception being VCAT fees collected on behalf of Consumer Affairs Victoria and County Court.

## J. Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of CSV’s activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation for example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of CSV are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

### Categories of non‑derivative financial instruments

#### Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(K), trade receivables, loans and other receivables, but not statutory receivables.

#### Financial assets and liabilities at fair value through profit and loss

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

#### Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest‑bearing liability, using the effective interest rate method (refer to Note 27).

Financial instrument liabilities measured at amortised cost include all of CSV’s contractual payables, deposits held and advances received, and interest‑bearing arrangements other than those designated at fair value through profit or loss.

#### Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, CSV concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non‑derivative financial instrument assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

## K. Financial assets

### Cash and deposits

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts.

### Receivables

Receivables consist of:

* contractual receivables, such as debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables (refer to Note 1(N) Leases ); and
* statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(J) Financial Instruments for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(J).

### Investments and other financial assets

Investments are classified in the following categories:

* financial assets at fair value through profit or loss;
* loans and receivables;
* held‑to‑maturity; and
* available‑for‑sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

* the rights to receive cash flows from the asset have expired; or
* CSV retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in
* full without material delay to a third party under a ‘pass through’ arrangement; or
* CSV has transferred its rights to receive cash flows from the asset and either:

(a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where CSV has neither transferred nor retained substantially all the risks and rewards or transferred control,

the asset is recognised to the extent of CSV’s continuing involvement in the asset.

### Impairment of financial assets

At the end of each reporting period, CSV assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non‑contractual) financial assets, which are not financial instruments,

professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets .

## L. Non-financial assets

### Non-financial physical assets classified as held for sale, including disposal group assets.

Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

* the asset is available for immediate use in the current conditions; and
* the sale is highly probable and the asset's sale is expected to be completed in 12 months from date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

### Property, plant and equipment

All non‑financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The initial cost for non‑financial physical assets under a finance lease (refer to Note 1(N)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Non‑financial physical assets such as Crown land and heritage assets are measured at fair value with regard to the property’s highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non‑financial physical assets will be their highest and best use.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset’s depreciated replacement cost.

Certain assets are acquired under finance leases including assets which form part of a public private partnership (PPP). Refer to Notes 1(N) Leases and 1(P) Commitments for more information.

The cost of constructed non‑financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

For the accounting policy on impairment of non‑financial physical assets, refer to impairment of non‑financial assets under Note 1(H) Impairment of non‑financial assets .

More details about the valuation techniques and inputs used in determining the fair value of non‑financial physical assets are discussed in Note 10 Property, plant and equipment .

### Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

### Restrictive nature of cultural and heritage assets and Crown land

During the reporting period, CSV also held cultural assets, heritage assets, and other non‑financial physical assets (including Crown land) that CSV intends to preserve because of their unique historical, cultural or environmental attributes.

In general, the fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets’ service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets’ use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined.

### Revaluations of non-financial physical assets

Non‑financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset’s government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset’s carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in ‘other economic flows – other comprehensive income’, and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in ‘other economic flows – other comprehensive income’ to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in ‘other economic flows – other comprehensive income’ reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment are offset against one another in that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

### Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to CSV.

When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(G) Depreciation and Note 1(H) Impairment of non‑financial assets.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally‑generated intangible asset arising from development (or from the development phase of an

internal project) is recognised if, and only if, all of the following are demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) an intention to complete the intangible asset and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Other non‑financial assets

#### Prepayments

Other non‑financial assets include prepayments which represent payments in advance of receipt of goods or

services or that part of expenditure made in one accounting period covering a term extending beyond that

period.

## M. Liabilities

### Payables

Payables consist of:

* contractual payables, such as accounts payable, which represent liabilities for goods and services provided to CSV prior to the end of the financial year that are unpaid, and arise when CSV becomes obliged to make future payments in respect of the purchase of those goods and services; and
* statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(J)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

### Borrowings

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(N) Leases ). The measurement basis subsequent to initial recognition depends on whether CSV has categorised its interest‑bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The above classification depends on the nature and purpose of the interest bearing liabilities. CSV determines the classification of its interest bearing liabilities at initial recognition.

### Provisions

Provisions are recognised when CSV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date.

#### i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non‑monetary benefits, annual leave and accumulating sick leave, are all recognised in the provision for employee benefits as ‘current liabilities’, because CSV does not have an unconditional right to defer settlements of these liabilities.

Liabilities for wages and salaries, annual leave and sick leave are measured at nominal value.

#### ii. Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where CSV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

* nominal value‑ if CSV expects to wholly settle within 12 months; and
* present value‑if CSV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non‑current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non‑current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non‑current LSL liability is recognised in the ‘net result from transactions’, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the net result as an other economic flow (refer to Note 1(H).

#### iii. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. CSV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### On-costs related to employee expenses

Employee benefits on‑costs such as payroll tax and workers compensation are recognised separately from the provision for employee benefits.

### Onerous contracts

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

### Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to CSV in the event of default.

### Derecognition of financial liabilities

A financial liability is derecognition when the obligation under the liability is discharged, cancelled or expires.

## N. Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. For service concession arrangements (see Note 1(R)), the commencement of the lease term is deemed to be the date the asset is commissioned. All other leases are classified as operating leases.

### Finance leases

#### CSV as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non‑financial physical asset. If there is certainty that CSV will obtain the ownership of the leased asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

### Operating leases

#### CSV as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight‑line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive’s nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives is recognised as a reduction of rental expense over the lease term on a straight‑line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## O. Equity

### Contribution by owners

Consistent with the requirements of AASB 1004 Contributions , contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CSV.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

## P. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 17 Commitments for expenditure ) at their nominal value and inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

## Q. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 18 Contingent assets and contingent liabilities ) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

## R. Public Private Partnership

CSV sometimes enters into certain arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either public private partnerships or service concession arrangements (SCAs).

These SCAs usually take one of two main forms. In the more common form, CSV pays the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease policy (see Note 1(N)). The remaining components are accounted for as commitments (see Note 1(P) for operating costs which are expensed in the comprehensive operating statement as they are incurred.

CSV has entered into this type of SCA for the design, construction and management of the County Court. Details of the County Court SCA can be found at Note 16.

The other, less common form of SCA is one in which CSV grants to an operator, for a specified period of time, the right to collect fees from users of the SCA asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. These private sector entities typically lease land, and sometimes state works, from CSV and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, are returned to the grantor CSV. CSV has not entered into this type of concession arrangement.

## S. Accounting for the goods and services tax

Income, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(P) and Note 1(Q)).

## T. Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between CSV and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

## U. Australian Accounting Standards issued that are not effective

Certain new Australian Accounting Standards (AASs) have been published that are not mandatory for the 30

June 2016 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises CSV of their applicability and early adoption where applicable. As at 30 June 2016, the following standards and interpretations that are applicable to CSV had been issued but were not mandatory for the financial year ended 30 June 2016. Standards and Interpretations that are not applicable to CSV have been omitted. CSV has not adopted these standards early.

| **Standard/ Interpretation** | **Summary** | **Applicable for annual reporting periods beginning after** | **Impact on CSV financial statements** |
| --- | --- | --- | --- |
| AASB 9 Financial Instruments | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1-Jan-18 | The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed. |
| *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* | The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:   * The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and * The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and * Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. | 1-Jan-18 | The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.  Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income |
| AASB 15 Revenue from Contracts with Customers | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. | 1-Jan-18 | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. |
|
| *AASB 16 Leases* | The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet. | 1-Jan-19 | The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.  Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.  The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.  No change for lessors. |
| *AASB 2014‑4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]* | Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:   * establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; * prohibit the use of revenue‑based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. | 1-Jan-16 | The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation. |
| *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]* | Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations.  Amends AASB 7 Financial Instruments by including further guidance on servicing contracts. | 1-Jan-16 | The assessment has indicated that when an asset (or disposal group) is reclassified from ‘held to sale’ to ‘held for distribution’, or vice versa, the asset does not have to be reinstated in the financial statements.  Entities will be required to disclose all types of continuing involvement the entity still has when transferring a financial asset to a third party under conditions which allow it to derecognise the asset. |
| *AASB 2015‑6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]* | The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities. | 1-Jan-16 | The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions. |
| *AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* | The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities. | 1 Jan 2017 | The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136. |

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

* AASB 1057 Application of Australian Accounting Standards
* AASB 2015‑2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
* AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
* AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Notes:

1 For the current year, given the number of consequential amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

2 This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

# Note 2. Controlled outputs

A description of CSV outputs performed during the year ended 30 June 2016 and the objectives of these outputs are provided below:

## Outputs

CSV provides administrative services and facilities to support the Victorian Courts and Statutory Tribunals in the dispensation of criminal and civil matters.

CSV includes: Supreme Court of Victoria, County Court of Victoria, Magistrates’ Court of Victoria, Children’s Court of Victoria, Coroners Court of Victoria, Victorian Civil and Administrative Tribunal, and Jurisdiction Services, which provides corporate support to the Courts and the Tribunal, the cost of which is reflected in the Court's and Tribunal total output cost.

## Objectives

CSV overall objective is the fair, timely and efficient dispensing of justice.

# Note 3. Administered (non-controlled) items

In addition to the specific CSV operations which are included in the financial statements (comprehensive operating statement, balance sheet, statement of changes on equity and cash flow statement), CSV administers or manages other activities and resources on behalf of the State. The transactions relating to these activities are reported as administered items (refer to Note 1(C) and (I)) in this note.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Supreme Court of Victoria** | | **County Court of Victoria** | | **Magistrates' Court of Victoria** | | **Children's Court of Victoria** | | **Victorian Civil & Administrative Tribunal** | | **Jurisdiction Services** | | **Total** | |
|  | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** |
| **Administered income from transactions** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Special appropriations applied | 0 | 0 | 0 | 0 | 36,157 | 38,650 | 0 | 0 | 0 | 0 | 0 | 0 | **36,157** | **38,650** |
| Fines | 25 | 19 | 516 | 2,581 | 26,434 | 24,279 | 0 | 0 | 10 | 0 | 0 | 56 | **26,986** | **26,936** |
| Sales of goods and services (including fees) | 19,853 | 20,742 | 10,833 | 11,385 | 19,725 | 21,251 | 1 | 3 | 7,687 | 7,190 | 55 | 60 | **58,155** | **60,631** |
| Other income | 62 | 59 | 145 | 79 | 1,925 | 1,984 | 0 | 0 | 0 | 0 | 783 | 854 | **2,916** | **2,976** |
| **Total administered income from transactions** | **19,940** | **20,820** | **11,495** | **14,046** | **84,241** | **86,164** | **1** | **3** | **7,697** | **7,190** | **838** | **969** | **124,213** | **129,192** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Administered expenses from transactions** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payments into the Consolidated Fund | (19,853) | (21,330) | (10,833) | (11,385) | (19,687) | (21,214) | 0 | 0 | (7,687) | (7,190) | (29,819) | (26,218)(i) | **(87,880)** | **(87,337)** |
| Criminal injuries compensation | 0 | 0 | 0 | 0 | (36,157) | (39,426) | 0 | 0 | 0 | 0 | 0 | 0 | **(36,157)** | **(39,426)** |
| Other expenses | 0 | 0 | 783 | (1,260) | (57) | (73) | 0 | 0 | 0 | 0 | (690) | (804) | **36** | **(2,137)** |
| **Total administered expenses from transactions** | **(19,853)** | **(21,330)** | **(10,050)** | **(12,645)** | **(55,901)** | **(60,712)** | **0** | **0** | **(7,687)** | **(7,190)** | **(30,509)** | **(27,023)** | **(124,001)** | **(128,899)** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total administered net result from transactions (net operating balance)** | **87** | **(510)** | **1,444** | **1,401** | **28,341** | **25,452** | **1** | **3** | **10** | **0** | **(29,671)** | **(26,053)** | **212** | **293** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Administered other economic flows included in administered net result** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net gain/(loss) on non-financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net gain/(loss) on financial instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other gains/(losses) from other economic flows | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total administered other economic flows** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total administered net result** | **87** | **(510)** | **1,444** | **1,401** | **28,341** | **25,452** | **1** | **3** | **10** | **0** | **(29,671)** | **(26,053)** | **212** | **293** |

Note

(i) Payments into the Consolidated Fund by Jurisdiction Services relates to fines and other income paid on behalf of the jurisdictions.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Supreme Court of Victoria** | | **County Court of Victoria** | | **Magistrates' Court of Victoria** | | **Children's Court of Victoria** | | **Victorian Civil & Administrative Tribunal** | | **Jurisdiction Services** | | **Total** | |
|  | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** | **2016 $'000** | **2015 $'000** |
| **Administered financial assets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and deposits | 136 | 292 | 2,594 | 2,641 | 2,542 | 3,108 | 0 | 0 | 145 | 84 | 0 | 0 | 5,418 | 6,125 |
| Receivables | 177 | 85 | 2,893 | 2,297 | 942 | (322) | 0 | 0 | 650 | 0 | 1,879 | 1,713 | 6,541 | 3,773 |
| **Total administered financial assets** | **313** | **377** | **5,488** | **4,937** | **3,484** | **2,786** | **0** | **0** | **795** | **84** | **1,879** | **1,713** | **11,959** | **9,898** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Administered liabilities** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Creditors and accruals | 0 | 0 | 0 | 0 | (376) | (376) | 0 | 0 | (751) | 0 | 276 | 375 | (850) | (1) |
| Deposits payable | (27) | (183) | (1,715) | (1,759) | (5,080) | (4,433) | 0 | 0 | 607 | 567 | (1,492) | (1,570) | (7,708) | (7,378) |
| Provisions | 0 | 0 | 0 | 0 | (2,500) | (2,500) | 0 | 0 | 0 | 0 | 0 | 0 | (2,500) | (2,500) |
| **Total administered liabilities** | **(27)** | **(183)** | **(1,715)** | **(1,759)** | **(7,956)** | **(7,309)** | **0** | **0** | **(144)** | **567** | **(1,216)** | **(1,195)** | **(11,058)** | **(9,879)** |
| **Total administered net assets** | **286** | **194** | **3,772** | **3,178** | **(4,472)** | **(4,523)** | **0** | **0** | **651** | **651** | **663** | **518** | **900** | **19** |

# Note 4. Income from transactions

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2016** | **2015** |
|  |  | **$'000** | **$'000** |
| **(a)** | **Grants** |  |  |
|  | **Other specific purpose grants from:** |  |  |
|  | General government outside portfolio | 21,703 | 35,303 |
|  | Other | 168 | 36 |
|  | **Total grants** | **21,870** | **35,339** |
|  |  |  |  |
| **(b)** | **Grant Details** |  |  |
|  | **General government outside portfolio** |  |  |
|  | Department of Justice and Regulation | 20,701 | **34,823** |
|  | Department of Environment, Land, Water and Planning | 133 | **45** |
|  | Victoria Police | 115 | 0 |
|  | Victoria Legal Aid | 50 | 0 |
|  | Victorian Legal Services Board | 14 | 0 |
|  | Department of Premier and Cabinet | 290 | 0 |
|  | Department of Health and Human Services | 399 | **435** |
|  |  | **21,703** | **35,303** |
|  |  |  |  |
|  | **Other** |  |  |
|  | VMIA | 100 | 0 |
|  | Victorian Law Foundation | 68 | 36 |
|  |  | **168** | **36** |
|  | **Total** | **21,870** | **35,339** |

# Note 5. Expenses from transactions

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2016 $'000** | **2015 $'000** |
|  |  |  |  |
| **(a)** | **Employee expenses** |  |  |
|  | Defined contribution superannuation expense (Note15) | 14,818 | 13,800 |
|  | Defined benefit superannuation expense (Note 15) | 2,213 | 2,310 |
|  | Termination benefits | 723 | 647 |
|  | Salaries and wages | 203,395 | 194,652 |
|  | Leave expenses (annual leave and long service leave) | 24,626 | 23,228 |
|  | Other on-costs (fringe benefits tax, payroll tax, training and WorkCover levy) | 18,799 | 16,933 |
|  | **Total employee expenses** | **264,574** | **251,570** |
|  |  |  |  |
| **(b)** | **Depreciation and amortisation** |  |  |
|  | Buildings | 10,893 | 10,924 |
|  | Buildings leasehold | 5,723 | 5,723 |
|  | Leasehold improvements | 2,198 | 2,098 |
|  | Plant and equipment | 1,320 | 1,211 |
|  | Leased plant and equipment | 2,699 | 2,772 |
|  | Software | 7,657 | 7,412 |
|  | **Total depreciation and amortisation** | **30,489** | **30,141** |
|  |  |  |  |
| **(c)** | **Interest expense** |  |  |
|  | Interest on finance leases (i) | 8,201 | 9,140 |
|  | **Total interest expense** | **8,201** | **9,140** |
|  |  |  |  |
| **(d)** | **Grants and other transfers** |  |  |
|  | Payments for specific purposes to: |  |  |
|  | Judicial College of Victoria | 2,099 | 2,157 |
|  | Corrections Victoria Housing Program | 167 | 1,139 |
|  | Supreme Court Library | 350 | 950 |
|  | Other | 1,144 | 808 |
|  | **Total grants and other transfers** | **3,760** | **5,053** |
|  |  |  |  |
| **(e)** | **Supplies and services** |  |  |
|  | Accommodation and property services | 25,356 | 25,277 |
|  | Outsourced contracts | 20,579 | 20,030 |
|  | Contractors, professional services and consultants | 16,630 | 15,411 |
|  | Printing, stationery and other office expenses | 11,223 | 10,836 |
|  | Technology services | 16,309 | 13,331 |
|  | Juror payments | 3,511 | 3,608 |
|  | Repairs and maintenance | 4,432 | 4,755 |
|  | Deceased removals and transfer costs (Coroners Court) | 4,262 | 3,866 |
|  | Interpreter and translation services | 2,445 | 2,296 |
|  | Other | 5,908 | 7,243 |
|  | **Total supplies and services** | **110,655** | **106,655** |

(i) Interest on finance leases comprises interest relating to the County Court Facility Public Private Partnership (PPP) arrangement of $8.05 million (2015: $6.8 million) and motor vehicles of $0.15 million (2015: $2.3 million).

# Note 6. Other economic flows included in net result

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2016 $'000** | **2015 $'000** |
|  |  |  |  |
| **(a)** | **Net gain/(loss) on non-financial assets** |  |  |
|  | Impairment of buildings | 0 | (1,528) |
|  | Net gain/(loss) on disposal of property, plant and equipment | 530 | 470 |
|  | **Total net gain/(loss) on non-financial assets** | **530** | **(1,058)** |
|  |  |  |  |
| **(b)** | **Net gain/(loss) on financial instruments** |  |  |
|  | Bad debts written off | 8 | (14) |
|  | **Total net gain/(loss) on financial instruments** | **8** | **(14)** |
|  |  |  |  |
| **(c)** | **Other gains/(losses) from other economic flows** |  |  |
|  | Net gain/(loss) arising from revaluation of long service leave liability | (4,593) | (1,007) |
|  | **Total other gains/(losses) from other economic flows** | **(4,593)** | **(1,007)** |

# Note 7. Restructuring of administrative arrangements

On 1 July 2014, Court Services Victoria commenced operations as a statutory public body under the Court Services Act 2014. On commencement, the responsibility for the administrative services and facilities that support the Victorian courts, Victorian Civil and Administrative Tribunal and Judicial College of Victoria, transferred from the Department of Justice and Regulation (DJR) to Court Services Victoria.

As part of this restructure of administrative arrangements, a number of employees and other net assets were transferred from DJR to Court Services Victoria.

The net assets transferred to Court Services Victoria as a result of the administrative restructure were recognised at the carrying amount of those assets in the balance sheet prior to the transfer.

The following net assets of the DJR became the net assets of CSV for the financial year 2015-16. The net assets transfer to CSV is treated as a contribution of capital by the Crown.

|  |  |  |
| --- | --- | --- |
|  | **Transferred  from DJR** | **Transferred  from DJR** |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Controlled** |  |  |
| Cash | 0 | 1,933 |
| Receivables | 0 | 41,183 |
| Prepayments | 0 | 1,305 |
| Property, plant and equipment - carrying value | 53,436 | 731,586 |
| Intangible assets |  | 35,489 |
|  |  |  |
| **Liabilities** |  |  |
| Employee provisions | 0 | ( 65,104) |
| Borrowings | 0 | ( 108,994) |
| Payables | 0 | ( 10,904) |
| **Controlled net assets transferred** | **53,436** | **626,494** |
| **Net capital contribution** | **53,436** | **626,494** |
|  |  |  |
| **Administered** |  |  |
| **Assets** |  |  |
| Cash | 0 | 6,801 |
| Receivables | 0 | 1,878 |
|  |  |  |
| **Liabilities** |  |  |
| Other liabilities | 0 | (8,956) |
| **Administered net assets transferred** | **0** | **(277)** |
| **Net Capital contribution** | **0** | **(277)** |
| **Net Capital contribution - controlled and administered** | **53,436** | **626,217** |

# Note 8. Receivables

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2016** | **2015** |
|  |  | **$'000** | **$'000** |
|  | **Current receivables** |  |  |
|  | **Contractual** |  |  |
|  | Other receivables (i) | 4,630 | 2,919 |
|  | Provision for doubtful contractual receivables (ii) | (4) | (11) |
|  |  | **4,626** | **2,908** |
|  | **Statutory** |  |  |
|  | Amounts owing from Victorian Government (iii) | 54,306 | 52,490 |
|  | GST input tax credit recoverable | 1,849 | 1,416 |
|  |  | 56,155 | 53,905 |
|  | **Total current receivables** | **60,781** | **56,813** |
|  |  |  |  |
|  | **Non-current receivables** |  |  |
|  | **Statutory** |  |  |
|  | Amounts owing from Victorian Government (iii) | 4,005 | **4,227** |
|  | **Total non-current receivables** |  |  |
|  |  | **64,785** | **61,041** |

Notes

(i) The average credit period for other receivables is 30 days.

(ii) A provision has been made for estimated irrecoverable amounts when there is objective evidence that an individual receivable is impaired. The increase was recognised in the net result for the current financial year.

(iii) The amounts owing from the Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due. (Appropriations are amounts owed by the Victorian Government as legislated in the Appropriations Act. Due to the existence of a legislative instrument, the appropriation receivable by an entity is statutory in nature, and hence not in the scope of the financial instrument standards.)

|  |  |  |  |
| --- | --- | --- | --- |
| **(a)** | **Nature and extent of risk arising from contractual receivables** |  |  |
|  |  | **2016** | **2015** |
|  |  | **$’000** | **$’000** |
|  | **Provision for doubtful debts** |  |  |
|  | Balance at beginning of the year | (11) | 0 |
|  | Reversal of unused provision recognised in the net result | 11 | 0 |
|  | Increase in provision recognised in the net result | (4) | (11) |
|  | Reversal of provision for receivables written off during the year as uncollectible | 0 | 0 |
|  | **Balance at end of the year** | **(4)** | **(11)** |

# Note 9. Non-Financial physical assets classified as held for sale including disposal group and directly associated liabilities

|  |  |  |  |
| --- | --- | --- | --- |
| **(a)** | **Non-financial physical assets classified as held for sale** |  |  |
|  |  | **2016** | **2015** |
|  |  | **$'000** | **$'000** |
|  | Finance lease motor vehicles held for sale (i) | 153 | 514 |
|  | **Total non-financial physical assets classified as held for sale** | **153** | **514** |

Note:

(i) Finance lease motor vehicles held for sale represent vehicles identified for immediate disposal in their current condition through the VicFleet disposal process. It is anticipated that these disposals will be completed within the next 12 months.

(ii) Classified in accordance with the fair value hierarchy, see note 1(B).

|  |  |  |  |
| --- | --- | --- | --- |
| **(b)** | **Liabilities directly associated with assets classified as held for sale including disposal groups** | |  |
|  |  | **2016** | **2015** |
|  |  | **$'000** | **$'000** |
|  | Finance lease vehicles liabilities | 153 | 514 |
|  | **Total liabilities directly associated with assets classified as held for sale** | **153** | **514** |

# Note 10. Property, plant and equipment

## Non - current assets

## Table 10.1: Classification by 'purpose group' - carrying amounts

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Gross carrying  amount** | | **Accumulated Depreciation** | | **Net carrying  amount** | |
|  |  | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** |
|  |  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Land at fair value (i) | | 343,911 | 163,016 | 0 | 0 | 343,911 | 163,016 |
| Buildings at fair value (i) | | 365,593 | 315,319 | (422) | (10,924) | 365,171 | 304,395 |
| Leasehold buildings at fair value subject to finance lease (ii) | | 202,099 | 213,545 | 0 | (5,723) | 202,099 | 207,822 |
| Leasehold improvements at fair value (ii) | | 20,110 | 19,614 | (4,296) | (2,098) | 15,814 | 17,516 |
| Plant and equipment at fair value (iii) | | 3,441 | 6,076 | (719) | (406) | 2,722 | 5,670 |
| Plant and equipment under finance lease at fair value (iii) | | 12,409 | 11,015 | (3,943) | (3,628) | 8,465 | 7,388 |
| Computer & telecommunication equipment at fair value (iii) | | 5,912 | 6,019 | (1,624) | (805) | 4,288 | 5,214 |
| Cultural assets at fair value (i) | | 866 | 826 | 0 | 0 | 866 | 826 |
| Assets under construction at cost | | 21,209 | 14,725 | 0 | 0 | 21,209 | 14,725 |
| **Total property, plant and equipment** | | **975,550** | **750,155** | **(11,005)** | **(23,583)** | **964,545** | **726,571** |

Notes:

i An independent revaluation of CSV land, buildings and cultural assets was performed by Valuer-General of Victoria as at 30 June 2016.

ii Fair value of finance leasehold buildings and improvements is depreciated replacement cost. Expenditure is depreciated over the life of the lease agreement, to reflect the consumption of economic resources over the period of the agreement.

iii The fair value of plant, equipment, computer and telecommunication assets is depreciated cost. This represents a reasonable approximation of fair value as there is no evidence of a reliable market-based fair value for this class of asset.

iv Property, plant, equipment, computer and telecommunication assets are classified primarily by the ‘purpose’ for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub - categorised according to the asset’s ‘nature’ (e.g. buildings, plant etc.), with each sub - category being classified as a separate class of asset for financial reporting purposes.

## Table 10.2: Classification by 'public administration' purpose group - movements in carrying amounts

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Land at fair value** | **Buildings at fair value** | **Buildings leasehold at fair value** | **Leasehold improvements at fair value** | **Plant and equipment at fair value (i)** | **Computer & communication equipment** | **Leased plant & equipment at fair value** | **Cultural assets at fair value** | **Assets under construction at cost** | **Total** |
| **2016** | | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |
| Opening balance | | 163,016 | 304,395 | 207,822 | 17,516 | 5,670 | 5,214 | 7,387 | 826 | 14,725 | **726,571** |
| Additions | | 0 | 14 | 0 | 0 | 77 | 28 | 5,496 | 9 | 20,997 | **26,622** |
| Disposals | | 0 | 0 | 0 | 0 | (9) | 0 | (1,567) | 0 | 0 | **(1,576)** |
| Machinery of government transfer in | | 49,120 | 4,316 | 0 | 0 |  |  |  |  |  | **53,436** |
| Depreciation | | 0 | (10,893) | (5,723) | (2,198) | (500) | (819) | (2,699) | 0 | 0 | **(22,833)** |
| Revaluation of property | | 131,775 | 51,068 | 0 | 0 | 0 | 0 | 0 | 31 | 0 | **182,874** |
| Transfer between asset classes - refer note 11 | | 0 | 669 | 0 | 0 | (2,516) | (135) | 0 | 0 | 1,585 | **(396)** |
| Transfer to disposal group held for sale | | 0 | 0 | 0 | 0 | 0 | 0 | (153) | 0 | 0 | **(153)** |
| Transfer in/out of assets under construction | | 0 | 15,602 | 0 | 496 | 0 | 0 | 0 | 0 | (16,098) | **(0)** |
|  |  | **343,911** | **365,171** | **202,099** | **15,814** | **2,722** | **4,288** | **8,465** | **866** | **21,209** | **964,545** |
|  |  |  |  | . |  |  |  |  |  |  |  |
| **2015** | |  |  |  |  |  |  |  |  |  |  |
| Opening balance | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions | | 1,051 | 153 | 0 | 3,013 | 3,128 | 253 | 5,097 | 20 | 9,480 | **22,195** |
| Disposals | | 0 | 0 | 0 | 0 | 0 | 0 | (1,586) | 0 | 0 | **(1,586)** |
| Impairment of assets | | 0 | (1,528) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **(1,528)** |
| Machinery of government transfer in | | 161,965 | 316,694 | 213,545 | 16,601 | 2,948 | 5,766 | 8,017 | 806 | 5,245 | **731,587** |
| Depreciation | | 0 | (10,924) | (5,723) | (2,098) | (406) | (805) | (3,628) | 0 | 0 | **(23,584)** |
| Transfer to disposal group held for sale | | 0 | 0 | 0 | 0 | 0 | 0 | (514) | 0 | 0 | **(514)** |
| **Closing balance** | | **163,016** | **304,395** | **207,822** | **17,516** | **5,670** | **5,214** | **7,387** | **826** | **14,725** | **726,571** |

(i) Plant and equipment includes computer and telecommunications equipment

## 10.3: Fair value measurement hierarchy for assets as at 30 June 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **$'000** | | |
| **2016** | **Carrying amount as at 30 June 2016** | **Fair value measurement at end of reporting period using:** | | |
|  | **Level 1** | **Level 2** | **Level 3 (i)** |
| **Land at fair value** |  |  |  |  |
| Specialised land | 343,911 |  |  | 343,911 |
| **Total of land at fair value** | **343,911** | **0** | **0** | **343,911** |
|  |  |  |  |  |
| **Buildings at fair value** |  |  |  |  |
| Specialised buildings | 244,568 |  |  | 244,568 |
| Heritage assets | 120,603 |  |  | 120,603 |
| **Total of buildings at fair value** | **365,171** | **0** | **0** | **365,171** |
|  |  |  |  |  |
| **Plant, equipment and vehicles at fair value** |  |  |  |  |
| Plant and equipment | 2,722 |  |  | 2,722 |
| **Total of plant, equipment and vehicles at fair value** | **2,722** | **0** | **0** | **2,722** |
|  |  |  |  |  |
| **Computer & telecommunication equipment at fair value** |  |  |  |  |
| Computer & telecommunication equipment | 4,288 |  |  | 4,288 |
| **Total of computer& telecommunication equipment at fair value** | **4,288** | **0** | **0** | **4,288** |
|  |  |  |  |  |
| **Cultural assets at fair value** |  |  |  |  |
| Artworks | 866 |  | 866 |  |
| **Total of cultural assets at fair value** | **866** | **0** | **866** | **0** |
|  |  |  |  |  |
|  |  | **$'000** | | |
| **2015** | **Carrying amount as at 30 June 2015** | **Fair value measurement at end of reporting period using:** | | |
|  | **Level 1** | **Level 2** | **Level 3 (i)** |
| **Land at fair value** |  |  |  |  |
| Specialised land | 163,016 | 0 | 0 | 163,016 |
| **Total of land at fair value** | **163,016** | **0** | **0** | **163,016** |
|  |  |  |  |  |
| **Buildings at fair value** |  |  |  |  |
| Specialised buildings | 265,187 | 0 | 0 | 265,187 |
| Heritage assets | 39,208 | 0 | 0 | 39,208 |
| **Total of buildings at fair value** | **304,395** | **0** | **0** | **304,395** |
|  |  |  |  |  |
| **Plant, equipment and vehicles at fair value** |  |  |  |  |
| Plant and equipment | 10,884 |  |  | 10,884 |
| **Total of plant, equipment and vehicles at fair value** | **10,884** | **0** | **0** | **10,884** |
|  |  |  |  |  |
| **Cultural assets at fair value** |  |  |  |  |
| Artworks | 826 |  | 826 | 0 |
| **Total of cultural assets at fair value** | **826** | **0** | **826** | **0** |

Notes:

i Classified in accordance with the fair value hierarchy, see Note 1 (B).

ii CSV holds $120.6 million worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

iii There have been no transfers between levels during the period.

### Non‑specialised land, non‑specialised buildings and artworks

Non‑specialised land, non‑specialised buildings and artworks are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. For artwork, valuation of the assets is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years. Artwork was revalued by the Valuer General of Victoria as at 30 June 2016.

### Specialised land and specialised buildings

The market approach is also used for specialised land, although this is adjusted for any community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer’s assessment of the impact of restrictions associated with an asset to the extent those restrictions are also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments for CSO are considered significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of CSV’s specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of CSV specialised land and specialised buildings was performed by the Valuer‑General Victoria as at 30 June 2016. The valuation was performed using the market approach adjusted for CSO.

### Leasehold Buildings

An independent valuation of CSV leasehold building was performed by the Valuer‑General Victoria as at 30 June 2016. The valuation was performed using the depreciated replacement cost method.

### Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This represents the cost to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

## Table 10.4: Reconciliation of level 3 fair value

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2016** | **Specialised land** | **Specialised buildings** | **Heritage assets** | **Plant and equipment** | **Computer & communication equipment** | **Leased plant & equipment at fair value** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$’000** | **$’000** |
| **Opening balance** | **163,016** | **304,395** | **826** | **5,670** | **5,214** | **7,387** |
| Purchases (sales) | 49,120 | 4,330 | 9 | 77 | 28 | 5,496 |
| Transfers in (out) of level 3 | 0 | 669 | 0 | (2,516) | (135) | 0 |
| Disposal | 0 | 0 | 0 | (9) | 0 | (1,720) |
| Depreciation | 0 | (10,893) | 0 | (500) | (819) | (2,699) |
| Accumulated depreciation transferred to reduce the carrying value | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 131,775 | 51,068 | 31 | 0 | 0 | 0 |
| Transfer in/out of assets under construction | 0 | 15,602 | 0 | 0 | 0 | 0 |
| **Closing balance** | **343,911** | **365,171** | **866** | **2,722** | **4,288** | **8,465** |
|  |  |  |  |  |  |  |
| **2015** |  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Opening balance** | **0** | **0** | **0** | **0** | **0** | **0** |
| Purchases (sales) | 163,016 | 316,847 | 826 | 6,076 | 6,019 | 15,050 |
| Transfers in (out) of level 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposal | 0 | 0 | 0 | 0 | 0 | (4,035) |
| Depreciation | 0 | (10,924) | 0 | (406) | (805) | (3,628) |
| Impairment loss | 0 | (1,528) | 0 | 0 | 0 | 0 |
| **Closing balance** | **163,016** | **304,395** | **826** | **5,670** | **5,214** | **7,387** |

## Table 10.5: Description of significant unobservable inputs to Level 3 valuation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Details** | **Valuation technique** | **Significant unobservable inputs used in valuation** | **Range (weighted average)** | **Sensitivity of fair value measurement to changes in significant unobservable inputs** |
| Specialised land | Market approach | Community service obligation (CSO) adjustment | 25% | Significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value. |
| Specialised buildings | Depreciated replacement cost | Useful life | 2-44 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Heritage buildings | Depreciated replacement cost | Useful life | 2-44 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Leasehold improvements | Depreciated replacement cost | Term of lease | 2-37 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Plant and equipment | Depreciated replacement cost | Useful life | 1-10 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |

# Note 11. Intangible Assets

## a) Non-current intangible assets

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| Opening balance | **39,374** | 0 |
| Additions | 45 | 1,127 |
| Additions to work in progress | 488 | 0 |
| Machinery of Government transfer in | 0 | 35,488 |
| Transfer between asset classes | 396 | 0 |
| Assets under construction at cost | 0 | 2,759 |
| **Gross value at the end of the financial year** | **40,304** | **39,374** |
|  |  |  |
| **Accumulated depreciation, amortisation and impairment** |  |  |
| Opening balance | (7,412) | 0 |
| Depreciation | (7,657) | (7,412) |
| **Closing balance** | **(15,069)** | **(7,412)** |
| **Net book value at the end of the financial year** | **25,235** | **31,962** |

Notes:

i The consumption of intangible produced assets is included in the ‘depreciation and amortisation’ expense line item in note 5(B) and the comprehensive operating statement.

ii Intangible assets represent software development expenditure capitalised and amortised over the remaining economic life span of the asset. At year-end it was determined that the existing software will not be phased out over the next few years and as such, no provision has been made for impairment in the financial statements.

# Note 12. Payables

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Current Payables** |  |  |
| ***Contractual*** |  |  |
| Trade creditors and other payables (i)(ii) | 16,086 | 17,295 |
| Accrued capital works | 453 | 1,974 |
| Salaries and wages | 3,635 | 4,546 |
|  | **20,175** | **23,815** |
| ***Statutory*** |  |  |
| Payroll tax | 864 | 849 |
| Fringe benefits tax | 813 | 898 |
| Amounts payable to the Judicial College of Victoria | 989 | 648 |
|  | **2,666** | **2,395** |
| **Total current payables** | **22,841** | **26,209** |
|  |  |  |
| **Non-current Payables** |  |  |
| ***Statutory*** |  |  |
| Amounts payable to the Judicial College of Victoria | **53** | 50 |
| **Total non-current payables** | **53** | **50** |
| **Total payables** | **22,894** | **26,260** |

Notes:

i CSV policy on payment of invoices is 30 days from date received.

ii This amount includes accrued expenses and other payables.

### a) Maturity analysis of contractual payables

Refer to Table 19.5 in Note 19 for the maturity analysis of contractual payables.

### b) Nature and extent of risk arising from contractual payables

Refer to Note 19 for the nature and extent of risk from contractual payables.

# Note 13. Borrowings

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
| **Current borrowings** | **$'000** | **$'000** |
| Finance lease liabilities (i) (Note 16) |  |  |
| PPP related finance lease liabilities | 12,303 | 10,197 |
| Non-PPP related finance lease liabilities | 4,275 | 4,348 |
| **Total current borrowings** | **16,579** | **14,546** |
|  |  |  |
| **Non-current borrowings** |  |  |
| Finance lease liabilities (i) (Note 16) |  |  |
| PPP related finance lease liabilities | 69,840 | 82,144 |
| Non-PPP related finance lease liabilities | 4,388 | 3,612 |
| **Total non-current borrowings** | **74,228** | **85,756** |
| **Total borrowings** | **90,807** | **100,301** |

Note:

i Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets which revert to the lessor in the event of default.

### a) Maturity analysis of borrowings

Please refer to Table 19.5 in Note 19 for the maturity analysis of borrowings.

### b) Defaults and breaches

During the current year there were no defaults and breaches of any of finance lease liabilities.

# Note 14. Provisions

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Current provisions** |  |  |
| **Employee benefits (note 14(a)) (i)** |  |  |
| Annual leave (note 14(a)): |  |  |
| Unconditional and expected to be settled within 12 months (ii) | 8,325 | 8,002 |
| Unconditional and expected to be settled after 12 months (iii) | 1,921 | 1,970 |
| Long service leave (note 14(a)): |  |  |
| Unconditional and expected to be settled within 12 months (ii) | 4,761 | 4,477 |
| Unconditional and expected to be settled after 12 months (iii) | 43,475 | 37,837 |
|  | 58,482 | **52,285** |
| **Provisions for on-costs (notes 14(a) and (b))** |  |  |
| Unconditional and expected to be settled within 12 months (ii) | 3,468 | 3,484 |
| Unconditional and expected to be settled after 12 months (iii) | 5,204 | 4,993 |
|  | **8,672** | **8,477** |
| **Total current provisions** | **67,154** | **60,763** |
|  |  |  |
| **Non-current provisions** |  |  |
| Employee benefits (i) (Note 14(a)) | 8,396 | 7,958 |
| Provisions for on-costs (Note 14(a)) | 1,005 | 968 |
| **Total non-current provisions** | **9,402** | **8,926** |
| **Total provisions** | **76,555** | **69,689** |
| (a) Employee benefits and on-costs |  |  |
| **Current employee benefits** |  |  |
| Annual leave entitlements | 10,246 | 9,971 |
| Long service leave entitlements | 48,235 | 42,314 |
| **Non-current employee benefits** |  |  |
| Long service leave entitlements | 8,396 | 7,958 |
| **Total employee benefits** | **66,878** | **60,244** |
|  |  |  |
| Current on-costs | 8,672 | 8,477 |
| Non-current on-costs | 1,005 | 968 |
| **Total on-costs** | **9,677** | **9,445** |
| **Total employee benefits and related on-costs** | **76,555** | **69,689** |

Notes:

i Employee benefits consist of annual leave and long service leave accrued by employees. On‑costs such as payroll tax and workers’ compensation insurance are not employee benefits and are reflected as a separate provision.

ii Amounts are measured at nominal value

iii Amounts are measured at present value

## b) Movement in provisions

|  |  |  |
| --- | --- | --- |
|  | **Employee benefit on-costs** | **Employee benefit on-costs** |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Opening balance** | 9,445 | 0 |
| Additional provisions recognised | 5,137 | 5,227 |
| Machinery of Government transfer in | 0 | 8,667 |
| Reductions arising from payments/other sacrifices of future economic benefits | (4,905) | (4,449) |
| **Closing balance** | **9,677** | **9,445** |
|  |  |  |
| Current | 8,672 | 8,477 |
| Non-current | 1,005 | 968 |
| **Total** | **9,677** | **9,445** |

# Note 15. Superannuation

Employees of CSV are entitled to receive superannuation benefits and CSV contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary

CSV does not recognise any defined benefit liability in respect of these plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State’s defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of CSV.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by CSV are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fund** | **Paid contribution for the year** | | **Contribution outstanding at year end** | |
|  | **2016** | **2015** | **2016** | **2015** |
|  | **$'000** | **$’000** | **$'000** | **$'000** |
| **Defined benefit plans:** |  |  |  |  |
| Emergency Services and State Super - revised and new | 2,184 | 2,292 | 29 | 18 |
|  |  |  |  |  |
| **Defined contribution plans:** |  |  |  |  |
| VicSuper | 10,419 | 9,895 | 145 | 83 |
| Various other | 4,197 | 3,791 | 57 | 31 |
| **Total** | **16,800** | **15,978** | **231** | **132** |

# Note 16. Leases

## Leasing arrangements – commissioned public private partnership

The state entered into a 20 year contract with the private sector for the design, construction and management of the County Court. The facility provides the County Court and court users with accommodation services at the facility throughout the term of the contract, which ends in 2022. The operation and maintenance commitments are disclosed in Note 17. The finance lease for these facilities is disclosed in the table below.

## Leasing arrangements – motor vehicles

The other finance leases relate to motor vehicles leased through the VicFleet lease facility. The lease term is the period over which the vehicle is to be leased. Generally, vehicles must be retained for three years or 60,000 kms, whichever occurs first. On disposal of the vehicle any profit or loss on sale is borne by CSV.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Finance lease liabilities payable** | **Minimum future lease payments** | **Present value of minimum lease payments** | **Minimum future lease payments** | **Present value of minimum lease payments** |
|  | **2016** | **2016** | **2015** | **2015** |
|  | **$'000** | **$'000** | **$'000** | **$'000** |
| **Commissioned PPP related finance lease liabilities payable** |  |  |  |  |
| Not longer than 1 year | 19,325 | 12,303 | 18,253 | 10,197 |
| Longer than 1 year and not longer than 5 years | 70,893 | 54,538 | 72,638 | 51,442 |
| Longer than 5 years | 15,999 | 15,302 | 33,579 | 30,701 |
|  |  |  |  |  |
| **Other finance lease liabilities payable** |  |  |  |  |
| Not longer than 1 year | 4,522 | 4,275 | 4,609 | 4,348 |
| Longer than 1 year and not longer than 5 years | 4,512 | 4,388 | 3,723 | 3,612 |
| Longer than 5 years |  |  |  |  |
| **Minimum future lease payments** | **115,252** | **90,807** | **132,802** | **100,301** |
| Less future finance charges | (24,445) | 0 | (32,501) | 0 |
| **Present value of minimum lease payments** | **90,807** | **90,807** | **100,301** | **100,301** |
|  |  |  |  |  |
| Included in the financial statements as: |  |  |  |  |
| Current borrowings lease liabilities (note 13) |  | 16,579 |  | 14,546 |
| Non-current borrowings lease liabilities (note 13) |  | 74,228 |  | 85,756 |
| **Total lease liabilities** |  | **90,807** |  | **100,301** |

# Note 17. Commitments for expenditure

## (a) Commitments other than public private partnerships

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| Capital Expenditure | 75,872 | 16,098 |
| **Total capital expenditure commitments** | **75,872** | **16,098** |
| **Operating lease commitments** |  |  |
| Accommodation leases | 24,168 | 19,409 |
| Other | 370 | 409 |
| **Total operating lease commitments** | **24,538** | **19,819** |
| **Outsourcing commitments** |  |  |
| Security services | 1,278 | 1,016 |
| Records management, archival and mail services | 2,800 | 3,548 |
| Other | 3,534 | 3,654 |
| **Total outsourcing commitments** | **7,612** | **8,219** |
| (b) Commitments under public private partnership |  |  |
| **Commissioned public private partnership - operation and maintenance commitments** |  |  |
| County Court | 83,401 | 96,957 |
| **Total Commissioned public private partnership - operation and maintenance commitments** | **83,401** | **96,957** |
| (c) Commitments payables |  |  |
| **Capital expenditure** |  |  |
| Less than 1 year | 52,255 | 12,645 |
| Longer than 1 year and not longer than 5 years | 23,617 | 3,453 |
| **Total capital expenditure commitments** | **75,872** | **16,098** |
| **Operating lease commitments** |  |  |
| Less than 1 year | 8,159 | 6,565 |
| Longer than 1 year and not longer than 5 years | 16,379 | 13,253 |
| **Total operating lease commitments** | **24,538** | **19,819** |
| **Outsourcing commitments** |  |  |
| Less than 1 year | 4,747 | 3,670 |
| Longer than 1 year and not longer than 5 years | 2,850 | 4,518 |
| Longer than 5 years | 16 | 31 |
| **Total outsourcing commitments** | **7,612** | **8,219** |
| **Public private partnership- operation and maintenance commitments** |  |  |
| Less than 1 year | 13,651 | 13,556 |
| Longer than 1 year and not longer than 5 years | 55,594 | 55,194 |
| Longer than 5 years | 14,156 | 28,207 |
| **Total outsourcing commitments** | **83,401** | **96,957** |

Note:

These figures are inclusive of GST.

# Note 18. Contingent liabilities

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Contingent liabilities** |  |  |
| Liabilities pending the outcome of legal action | **400** | 463 |
| Make good provision | **570** | 165 |
| **Total contingent liabilities** | **970** | **628** |

Note:

(i) Provision for various leased properties that CSV need to make good at the end of the lease term.

# Note 19. Financial instruments

## a) Financial risk management objectives and polices

CSV principal financial instruments comprise of:

* cash assets;
* receivables (excluding statutory receivables);
* payables (excluding statutory payables); and
* finance lease payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudently manage CSV’s financial risks in the government policy parameters.

CSV main financial risks include credit risks, liquidity risk, interest risk and equity risk. CSV manages theses financial risks in accordance with its financial management policy.

CSV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with CSV Finance Committee

The carrying amounts of CSV’s contractual financial assets and financial liabilities by category are disclosed in Table 19.1 below.

### Table 19.1: Categorisation of financial instruments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2016** | **Note** | **Contractual financial assets - loans and receivables** | **Contractual financial liabilities amortised cost** | **Total** |
|  |  | **($'000)** | **($'000)** | **($'000)** |
| **Contractual financial assets** |  |  |  |  |
| Cash and deposits/(overdrawn) | 20 | **(1,519)** |  | **(1,519)** |
| Funds held in trust | 20 | **9,898** |  | **9,898** |
| Receivable |  |  |  |  |
| - Other receivables | 8 | 4,626 |  | **4,626** |
|  |  | **13,005** |  | **13,005** |
| **Contractual financial liabilities** |  |  |  |  |
| Payable: |  |  |  |  |
| Trade creditors and other payables | 12 |  | 16,086 | **16,086** |
| Accrued capital works |  |  | 453 | **453** |
| Salary and wages |  |  | 3,635 | **3,635** |
| Borrowings: |  |  |  |  |
| PPP related Finance lease liabilities | 13 |  | 82,144 | **82,144** |
| Non PPP related Finance lease liabilities |  |  | 8,663 | **8,663** |
| **Total contractual financial liabilities** |  |  | **110,982** | **110,982** |

### Table 19.1: Categorisation of financial instruments (continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2015** | **Note** | **Contractual financial assets - loans and receivables** | **Contractual financial liabilities amortised cost** | **Total** |
|  |  | **($'000)** | **($'000)** | **($'000)** |
| **Contractual financial assets** |  |  |  |  |
| Cash and deposits/(overdrawn) | 20 | **(1,466)** | 0 | (1,466) |
| Funds held in trust | 20 | **9,097** | 0 | 9,097 |
| Receivable |  |  |  |  |
| - Other receivables | 8 | 2,908 | 0 | 2,908 |
|  |  | **10,539** | **0** | **10,539** |
| **Contractual financial liabilities** |  |  |  |  |
| Payable: |  |  |  |  |
| Trade creditors and other payables | 12 | 0 | 17,295 | 17,295 |
| Accrued capital works |  | 0 | 1,974 | 1,974 |
| Salary and wages |  | 0 | 4,546 | 4,546 |
| Borrowings: |  |  |  |  |
| PPP related Finance lease liabilities | 13 | 0 | 92,341 | 92,341 |
| Non PPP related Finance lease liabilities |  | 0 | 7,960 | 7,960 |
| **Total contractual financial liabilities** |  | **0** | **124,116** | **124,116** |

### 19.2 Net holding gain/(loss) on financial instruments by category

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **Total expense** | **Total expense** |
|  | **$'000** | **$'000** |
| Contractual financial liabilities under the Public Private Partnership (PPP) arrangement for the County Court Facility | (8,055) | (6,800) |
| Contractual financial liabilities for VicFleet | (146) | (2,340) |
|  | **(8,201)** | **(9,140)** |

## b) Credit Risk

Credit risk arises from the contractual financial assets of CSV, which comprise cash and deposits, non‑statutory receivables and other contractual financial assets. CSV’s exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to CSV. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with CSV’s contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, CSV monitors outstanding debtors on a monthly basis.

In addition, CSV does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that CSV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents CSV’s maximum exposure to credit risk without taking account of the value of any collateral obtained.

### Table 19.3: Credit quality of contractual financial assets that are neither past due nor impaired

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2016** | **Financial institutions** | **Government Agencies** | **Other** | **Total** |
|  | **($'000)** | **($'000)** | **($'000)** | **($'000)** |
| Cash and deposits/(overdrawn) | 0 | (1,519) | 0 | **(1,519)** |
| Funds held in trust | 0 | 0 | 9,898 | **9,898** |
| Other receivables | 0 | 4,437 | 189 | **4,626** |
| **Total contractual financial assets** | **0** | **2,918** | **10,087** | **13,005** |
|  |  |  |  |  |
| **2015** |  |  |  |  |
| Cash and deposits/(overdrawn) | 0 | (1,466) | 0 | **(1,466)** |
| Funds held in trust | 0 | 0 | 9,097 | **9,097** |
| Other receivables | 0 | 1,150 | 1,758 | **2,908** |
| **Total contractual financial assets** | **0** | **(316)** | **10,855** | **10,539** |

Note:

Amounts disclosed in this table exclude statutory amounts (e.g. amounts owning from Victorian Government and GST input tax credit recoverable and tax payable).

### Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently CSV does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired. Financial assets are stated at the carrying amounts as indicated.

The ageing analysis table below discloses the ageing of contractual financial assets that are past due but not impaired.

### 19.4: Ageing analysis of contractual financial assets

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2016** | **Carrying amount** | **Not past due and not impaired** | **Past due but not impaired** | | |
| **Less than 1 month** | **1 to 3 months** | **3 months to 1 year** |
|  | **($'000)** | **($'000)** | **($'000)** | **($'000)** | **($'000)** |
| **Receivables** |  |  |  |  |  |
| Other receivables | 4,626 | 3,181 | 1,438 | 3 | 5 |
| **Total contractual financial assets** | **4,626** | **3,181** | **1,438** | **3** | **5** |
|  |  |  |  |  |  |
| **2015** |  |  |  |  |  |
|  |  |  |  |  |
| **Receivables** |  |  |  |  |  |
| Other receivables | 2,908 | 2,202 | 14 | 206 | 486 |
| **Total contractual financial assets** | **2,908** | **2,202** | **14** | **206** | **486** |

## c) Liquidity Risk

Liquidity risk is the risk that CSV would be unable to meet its financial obligations as and when they fall due. CSV operates under the Government Fair Payments Policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

CSV’s maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

CSV’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

### Table 19.5 Maturity analysis of contractual financial liabilities

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Carrying amount** | **Nominal Amount** | **Maturity dates** | | | | |
| **2016** | | **less than 1 month** | **1 to 3 months** | **3 months to 1 year** | **1 to 5 years** | **Greater than 5 years** |
|  |  | **($'000)** | **($'000)** | **($'000)** | **($'000)** | **($'000)** | **($'000)** | **($'000)** |
| **Contractual Payables:** | |  |  |  |  |  |  |  |
| Other trade creditors and other payables | | 16,086 | 16,086 | 16,086 | 0 | 0 | 0 | 0 |
| Accrued capital works | | 453 | 453 | 453 | 0 | 0 | 0 | 0 |
| Accrued salaries | | 3,635 | 3,635 | 3,635 | 0 | 0 | 0 | 0 |
| **Borrowings:** | |  |  |  |  |  |  |  |
| PPP Finance lease liabilities | | 82,144 | 106,217 | 1,594 | 4,926 | 12,806 | 70,893 | 15,999 |
| Other finance lease liabilities payable | | 8,663 | 9,034 | 1,091 | 581 | 2,850 | 4,512 | 0 |
| **Total** | | **110,982** | **135,427** | **22,860** | **5,507** | **15,656** | **75,405** | **15,999** |
| **2015** | |  |  |  |  |  |  |  |
|  |  |  |  |  |
| **Contractual Payables:** | |  |  |  |  |  |  |  |
| Other trade creditors and other payables | | 17,295 | 17,295 | 16,693 | 259 | 343 | 0 | 0 |
| Accrued capital works | | 1,974 | 1,974 | 1,974 | 0 | 0 | 0 | 0 |
| Accrued salaries | | 4,546 | 4,546 | 4,546 | 0 | 0 | 0 | 0 |
| **Borrowings:** | |  |  |  |  |  |  |  |
| PPP Finance lease liabilities | | 92,341 | 124,470 | 1,482 | 3,903 | 12,868 | 72,638 | 33,579 |
| Other finance lease liabilities payable | | 7,960 | 8,332 | 379 | 759 | 3,413 | 3,781 | 0 |
| **Total** | | **124,116** | **156,617** | **25,074** | **4,921** | **16,625** | **76,419** | **33,579** |

## d) Interest rate exposure of financial instruments

There is no fair value interest rate risk as the interest rates are stipulated in the lease agreement.

## e) Fair Value

The fair value and net fair values of financial instrument assets and liabilities are determined as follows:

* Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
* Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
* Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

CSV currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature.

### Financial assets

* Cash and deposits
* Other receivables

### Financial liabilities

* For supplies and services
* Amounts payable to government agencies
* Other payables

# Note 20. Cash flow information

### Reconciliation of cash and cash equivalents

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| Cash (i) | (1,519) | (1,466) |
| Funds held in trust (ii) | 9,898 | 9,097 |
| **Balance as per cash flow statement** | **8,379** | **7,631** |

Note:

(i) Due to the State of Victoria’s investment policy and government funding arrangements, CSV does not hold a large cash reserve in its bank accounts. Cash received by CSV from the generation of income is generally paid into the State’s bank account, known as the public account. Similarly, any CSV expenditure, including those in the form of cheques drawn by CSV for the payment of goods and services to its suppliers and creditors, are made via the public account. The process is such that the public account would remit to CSV the cash required for the amount drawn on the cheques. This remittance by the public account occurs upon the presentation of the cheques by CSV’s suppliers or creditors.

(ii) Funds held in trust are quarantined for use specifically for the purposes under which each trust fund has been established and are not used for operating purposes. Details of trust account balances can be found at note 23(a)

At 30 June 2016, cash at bank included an amount of unpresented cheques of $1.2 million. (2015: $1.03 million).

### Reconciliation of net result for the period

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
|  |  |  |
| **Net result for the period** | (4,527) | 4,092 |
|  |  |  |
| **Non-cash movements:** |  |  |
| (Gain)/loss on sale or disposal of non-current assets | 530 | (470) |
| Depreciation and amortisation of non-current assets | 30,489 | 30,141 |
| Impairment of non-current assets |  | 1,528 |
| Allowance for doubtful debts and bad debts | (8) | 14 |
| Resources provided free of charge | 250 | 0 |
|  |  |  |
| **Change in net assets and liabilities** |  |  |
| Decrease / (increase) in receivables | (3,745) | (18,457) |
| Decrease / (increase) in prepayments | (534) | 103 |
| Increase / (decrease) in payables | (3,366) | 14,575 |
| Increase / (decrease) in provisions | 6,867 | 4,582 |
| **Net cash from operating activities** | **25,957** | **36,108** |

# Note 21. Summary of compliance with annual parliamentary and special appropriations

The following table discloses the details of the various annual parliamentary appropriations received by CSV for the year. In accordance with accrual output‑based management procedures, ‘provision of outputs’ and ‘additions to net assets’ are disclosed as ‘controlled’ activities of CSV. Administered transactions are those that are undertaken on behalf of the State over which CSV has no control or discretion.

## a) Summary of compliance with annual parliamentary appropriations

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Appropriation Act** | | | | **Financial Management Act 1994** | | | | | | | | | | | |
| **Annual Appropriation** | | **Advance from Treasurer** | | **Section 29** | | **Section 31A** | | **Section 32** | | **Total Parliamentary authority** | | **Appropriations Applied** | | **Variance** | |
| **2016** | **2015** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** |
| **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Controlled** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Provision of outputs | | 247,632 | 234,137 | 991 | 2,009 | 66,437 | 68,602 | (420) | (2,707) | 4,803 | 0 | 319,443 | 302,041 | 309,603 | 297,238 | 9,840(i) | 4,803 |
| Additions to net assets | | 23,597 | 2,528 | 4,400 | 55 | 0 | 0 | 420 | 2,707 | 5,235 | 0 | 33,652 | 5,290 | 7,781 | 55 | 25,871(ii) | 5,235 |
|  |  | **271,229** | **236,665** | **5,391** | **2,064** | **66,437** | **68,602** | **0** | **0** | **10,038** | **0** | **353,094** | **307,331** | **317,384** | **297,293** | **35,711** | **10,038** |

Note:

(i) The variance comprises fund carried forward into the 2016/2017 financial year to enable the completion of programs including Ending Violence Against Women and Children and certain information technology projects.

(ii) Only $7.8 million of the Total Parliamentary Authority of $33.7 million was drawn down due to the use of available depreciation equivalent revenue.

The following table discloses the details of the various annual parliamentary appropriations received by CSV for the year. In accordance with accrual output‑based management procedures, ‘provision of outputs’ and ‘additions to net assets’ are disclosed as ‘controlled’ activities of CSV. Administered transactions are those that are undertaken on behalf of the State over which CSV has no control or discretion.

## b) Summary of compliance with special appropriations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **2016** | **2015** |
|  | **Authority** | **Purpose** | | | | **$'000** | **$'000** |
| 1 | Constitution Act 1975 (No. 8750/1975), s.82 (7) | Remuneration to Judges of the Supreme Court of Victoria and the Chief Justice | | | | 20,430 | 19,000 |
| 2 | Constitution Act 1975 (No. 8750/1975), s.82 (7) | Remuneration to the President and Judges of the Court of Appeal Division of the Supreme Court of Victoria | | | | 7,220 | 6,626 |
| 3 | County Court Act 1958 (No. 6230/1958) s.10 (7) | Remuneration to Judges of the County Court of Victoria | | | | 29,279 | 26,724 |
| 4 | Victims of Crime Assistance Act 1996 (No. 81/1996), s.69 | Operating costs of the Victims of Crime Assistance Tribunal | | | | 2,698 | 2,780 |
| 5 | Magistrates’ Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10 | Remuneration to Magistrates of the Magistrates’ Court of Victoria | | | | 48,227 | 45,330 |
| 6 | Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA | Remuneration to Members of the Victorian Civil and Administrative Tribunal | | | | 15,244 | 14,689 |
| 7 | Juries Act 2000 (No. 53/2000), s.59 | Compensation to jurors from the WorkCover Authority Fund under the Accident Compensation Act 1985 | | | | 0 | 3 |
|  |  |  |  |  |  | **123,098** | **115,151** |
|  |  |  |  |  |  |  |  |
| 8 | Constitution Act 1975 (No. 8750/1975), s.82 (7) | Capital component of remuneration to Judges of the Supreme Court of Victoria. | | | | 398 | 379 |
| 9 | Constitution Act 1975 (No. 8750/1975), s.82 (7) | Capital component of remuneration to Judges of the Court of Appeals Division of the Supreme Court of Victoria | | | | 102 | 115 |
| 10 | County Court Act 1958 (No. 6230/1958) s.10 (7) | Capital component of remuneration to Judges of the County Court of Victoria | | | | 577 | 565 |
| 11 | Magistrates’ Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10 | Capital component of remuneration to Magistrates of the Magistrates’ Court of Victoria | | | | 991 | 1,022 |
| 12 | Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA | Capital component of remuneration to Members of the Victorian Civil and Administrative Tribunal | | | | 163 | 4 |
|  |  |  |  |  |  | **2,231** | **2,085** |
|  |  |  |  |  |  |  |  |
| 13 | Administered Special Appropriations Applied Victims of Crime Assistance Act 1996 (No 81/1996), s.69 | Costs incurred by the Victims of Crime Assistance Tribunal and payments to victims of crime | | | | 36,157 | 38,650 |
|  |  |  |  |  |  | **36,157** | **38,650** |

# Note 22. Annotated income agreements

The following is a listing of the *Financial Management Act 1994* Section 29 annotated income agreements approved by the Treasurer:

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
| **$'000** | **$'000** |
| **User charges, or sales of goods and services** |  |  |
| Court fees and retail sale of courts data | 66,437 | 68,602 |
| **Total annotated income agreements** | **66,437** | **68,602** |

# Note 23. Trust account balances

## a) Trust account balances relating to trust accounts controlled and/or administered by CSV

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2016** | | **Opening balance as at 1 July 2015** | **Total receipts** | **Total payments** | **Closing balance as at 30 June 2016** |
| **$'000** | **$'000** | **$'000** | **$'000** |
| **Cash and cash equivalents and investments** | |  |  |  |  |
| **Controlled trusts** | |  |  |  |  |
| **Treasury Trust Fund** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for CSV | | 9,097 | 9,437 | 10,391 | 8,143 |
| **Vehicle Lease Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the sale of VicFleet motor vehicles | | 0 | 556 | 556 | 0 |
| **Victorian Civil and Administrative Tribunal Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes. | | 0 | 18,553 | 16,797 | 1,755 |
|  | **Total controlled trusts** | **9,097** | **28,546** | **27,745** | **9,898** |
|  |  |  |  |  |  |
| **Administered trusts** | |  |  |  |  |
| **Courtlink Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Magistrates Courts' court orders | | 507 | 44,421 | 43,685 | 1,243 |
| **Suspense Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for CSV | | 565 | 53 | 62 | 556 |
| **Public Service Commuter Club** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Public Service Commuter Club | | (348) | 782 | 679 | (245) |
| **Revenue Suspense** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the allocation of revenue | | 0 | 0 | 0 | 0 |
| **Treasury Trust Fund** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for CSV | | 517 | 346 | 1 | 862 |
| **Security Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Holds monies as security for good behaviour | | 45 | 24 | 0 | 69 |
| **Victorian Civil and Administrative Tribunal Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes. | | 0 | 650 | 0 | 650 |
| **Total administered trusts** | | **1,286** | **46,276** | **44,427** | **3,135** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2015** | | **Opening balance as at 1 July 2014** | **Total receipts** | **Total payments** | **Closing balance as at 30 June 2015** |
| **$'000** | **$'000** | **$'000** | **$'000** |
| **Cash and cash equivalents and investments** | |  |  |  |  |
| **Controlled trusts** | |  |  |  |  |
| **Treasury Trust Fund** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for CSV | | 0 | 19,759 | 10,662 | 9,097 |
| **Vehicle Lease Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the sale of VicFleet motor vehicles | | 0 | 527 | 527 | 0 |
| **Victorian Civil and Administrative Tribunal Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes. | | 0 | 18,414 | 18,414 | 0 |
|  | **Total controlled trusts** | **0** | **38,701** | **29,604** | **9,097** |
|  |  |  |  |  |  |
| **Administered trusts** | |  |  |  |  |
| **Courtlink Trust Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Magistrates Courts' court orders | | 0 | 41,672 | 41,166 | 507 |
| **Suspense Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for CSV | | 0 | 599 | 33 | 565 |
| **Public Service Commuter Club** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the Public Service Commuter Club | | 0 | 851 | 1,199 | (348) |
| **Revenue Suspense** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for the allocation of revenue | | 0 | 0 | 0 | 0 |
| **Treasury Trust Fund** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Working account for CSV | | 0 | 517 | 0 | 517 |
| **Security Account** | |  |  |  |  |
| Financial Management Act 1994 (No. 18/1994), Part 4 | |  |  |  |  |
| Holds monies as security for good behaviour | | 0 | 45 | 0 | 45 |
| **Total administered trusts** | | **0** | **43,684** | **42,398** | **1,286** |

Note:

Total receipts include balances transferred from DJR as part of the machinery of government changes.

## b) Third party assets under management

CSV holds funds comprising of cash, property and other tangible assets under management in trust for certain clients and individuals. They are not used for government purposes and therefore are not included in CSV’s financial statements.

Any earnings on the investments held pending distribution are also applied to the trust assets under management as appropriate.

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Courts** |  |  |
| Bail Monies | 3,834 | 1,725 |
| Court Infant Investment Accounts | 21 | 21 |
| Crimes Compensation Infant investment Accounts | 496 | 1,077 |
| Assets under management by the Senior Master of the Supreme Court (Funds in Court) | 1,628,290 | 1,607,914 |
|  | **1,632,640** | **1,610,737** |

From 1 July 2004, the *Courts Legislation Act 2004* allowed funds held in the County Court Infant Investment Trust Accounts, the VOCAT Infant Investment Trust Accounts and the Magistrates’ Court Infant Investment Trust Accounts to be transferable to the management of the Senior Master’s Office (Funds in Court) of the Supreme Court. The decision for transferring funds is discretionary. Each court retains discretion as to where control of the funds is held and each case is considered individually to determine whether the funds should be transferred to the Senior Master. Although in the majority of cases, funds have been transferred from the courts to the Senior Master, the courts have used their discretion to retain control of a portion of the funds held for persons with a disability.

# Note 24. Responsible person

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers and Accountable Officer in CSV are as follows:

|  |  |
| --- | --- |
| **Responsible Minister** |  |
| Attorney General The Hon. Martin Pakula MP | 1 July 2015 to 30 June 2016 |
| Acting Attorney-General The Hon. Jill Hennessy, MP | 23 September 2015 to 2 October 2015 |
| Acting Attorney-General The Hon. Jane Garrett, MP | 24 December 2015 to 10 January 2016 |
| **Accountable Officer** |  |
| Chief Executive Officer Kerry Osborne | 16 November 2015 to 30 June 2016 |
| Acting Chief Executive Officer Michael Carroll | 6 August 2015 to 15 November 2015 |
| Chief Executive Officer Alan Clayton | 1 July 2015 to 5 August 2015 |
| **Chair of the Courts Council** |  |
| The Hon. Chief Justice Marilyn Warren AC | 1 July 2015 to 30 June 2016 |
| **Courts Council Members** |  |
| The Honourable Chief Justice Marilyn Warren AC | 1 July 2015 to 30 June 2016 |
| The Honourable Justice Gregory Garde AO RFD | 1 July 2015 to 30 June 2016 |
| His Honour Chief Judge Peter Kidd | 28 September 2015 to 30 June 2016 |
| His Honour Acting Chief Judge Michael McInerney | 1 July 2015 to 27 September 2015 |
| His Honour Chief Magistrate Peter Lauritsen | 1 July 2015 to 30 June 2016 |
| Her Honour Judge Amanda Chambers | 1 July 2015 to 30 June 2016 |
| Her Honour Judge Sara Hinchey | 15 December 2015 to 30 June 2016 |
| His Honour Judge Ian Gray | 1 July 2015 to 14 December 2015 |
| Dr Philip Williams | 1 July 2015 to 30 June 2016 |

### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of CSV during the reporting period was in the range:

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **No.** | **No.** |
| $40,000-$49,999 | 1 | 0 |
| $110,000-$119,999 | 1 | 0 |
| $250,000- $259,999 | 1 | 0 |
| $340,000- $349,999 | 0 | 1 |
|  | **3** | **1** |

Remuneration received or receivable by the independent member during the reporting period was in the range: $20,000 - $29,999

Judicial members of the Responsible Body are remunerated under the *Judicial Salaries Act 2004* as holders of judicial positions defined by the respective acts of law that create the Victorian judiciary, namely the *Constitution Act 1975* s.82, *County Court Act 1958* s.10, *Magistrates Court Act* shc.1 Pt1 cl.10 and *Victorian Civil and Administrative Tribunal Act 1998* s.17AA. The Judicial members receive no additional remuneration in their capacity as members of the Courts Council.

# Note 25. Remuneration of executives and payments to other personnel

## (a) Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first column in the table below in their relevant income bands. The base remuneration of executive officers is shown in the second column.

Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ***Total Remuneration*** | ***Base Remuneration*** | ***Total Remuneration*** | ***Base Remuneration*** |
|  | ***2016*** | ***2016*** | ***2015*** | ***2015*** |
| ***Income band*** | ***No.*** | ***No.*** | ***No.*** | ***No.*** |
| $100 000 – 109,999 | 0 | 0 | 0 | 1 |
| $140 000 – 149 999 | 0 | 0 | 1 | 1 |
| $150 000 – 159 999 | 0 | 0 | 0 | 1 |
| $160 000 – 169 999 | 1 | 1 | 2 | 1 |
| $170 000 – 179 999 | 1 | 1 | 1 | 0 |
| $180 000 – 189 999 | 1 | 3 | 1 | 2 |
| $190 000 – 199 999 | 1 | 1 | 1 | 0 |
| $200 000 – 209 999 | 1 | 0 | 0 | 1 |
| $210 000 – 219 999 | 2 | 1 | 1 | 0 |
| $250 000 – 259 999 | 0 | 0 | 2 | 2 |
| $260 000 - 269 999 | 0 | 1 | 0 | 1 |
| $270 000 - 279 999 | 1 | 0 | 1 | 0 |
| $290 000 - 299 999 | 1 | 1 | 0 | 0 |
| **Total number of executives** | **9** | **9** | **10** | **10** |
| **Total annualised employee equivalents (i)** | 9 | **9** | **10** | **10** |
|  |  |  |  |  |
|  | **$'000** | **$'000** | **$'000** | **$'000** |
| **Total amount** | **1,918** | **1,871** | **2,024** | **1,922** |

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

(ii) These figures include the CEO of each Courts and Victorian Civil and Administrative Tribunal.

(iii) The CEO of the Judicial College of Victoria (JCV) is excluded from the table above because JCV is a separate reporting entity.

## (b) Payments to other personnel (i.e. contractors with significant management responsibilities)

Total expenses for the year is nil. (2015: nil)

# Note 26. Remuneration of auditors

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
|  | **$'000** | **$'000** |
| **Victorian Auditor-General's Office** |  |  |
| Audit of the financial statements | 209 | 165 |
|  | 209 | 165 |

# Note 27. Glossary or terms and style conventions

#### Administered item

Administered item generally refers to a entity lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefits

#### Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non‑produced physical or intangible asset. This expense is classified as an other economic flow.

#### Borrowings

Borrowings refers to interest‑bearing liabilities mainly from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest‑bearing arrangements. Borrowings also include non‑interest‑bearing advances from government that are acquired for policy purposes.

#### Comprehensive result

The comprehensive result is the net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

#### Controlled item

Controlled item generally refers to the capacity of a entity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

#### Capital asset charge

A charge levied on the written‑down value of controlled non‑current physical assets in CSV balance sheet which aims to: attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

#### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non‑cancellable contractual or statutory sources.

#### Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

#### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a ‘transaction’ and so reduces the ‘net result from transactions’

#### Effective interest method

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

#### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

#### Ex gratia expenses

Ex gratia expenses mean the voluntary payment of money or other non‑monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

#### Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

* to receive cash or another financial asset from another entity; or
* to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity’s own equity instruments and is:

* a non‑derivative for which the entity is or may be obliged to receive a variable number of the entity’s own equity instruments; or
* a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

#### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### Financial liability

A financial liability is any liability that is:

(a) a contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets of financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity’s own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

#### Financial statements

A complete set of financial statements comprises:

a) balance sheet as at the end of the period;

b) comprehensive operating statement for the period;

c) a statement of changes in equity for the period;

d) cash flow statement for the period;

e) notes, comprising a summary of significant accounting policies and other explanatory information;

f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB101 Presentation of Financial Statements; and

g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB101.

#### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non‑reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

#### Intangible produced assets

Refer to produced assets in this glossary.

#### Intangible non‑produced assets

Refer to non‑produced assets in this glossary.

#### Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short‑term and long‑term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non‑employee provisions due to the unwinding of discounts to reflect the passage of time.

#### Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments

#### Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as ‘other economic flows – other comprehensive income’.

#### Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

#### Net worth

Assets less liabilities, which is an economic measure of wealth.

#### Non‑financial assets

Non‑financial assets are all assets that are not ‘financial assets’. It includes land, buildings, plant and equipment, cultural and heritage assets.

#### Non‑produced assets

Non‑produced assets are assets needed for production that have not themselves been produced. They include land and certain intangible assets. Non‑produced intangibles are intangible assets needed for production that have not themselves been produced.

#### Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

* gains and losses from disposals, revaluations and impairments of non‑financial physical and intangible assets;
* fair value changes of financial instruments and agricultural assets; and
* depletion of natural assets (non‑produced) from their use or removal.

#### Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

#### Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software and research and development costs (which does not include the start-up costs associated with capital projects).

#### Receivables

Receivables includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

#### Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. User charges include income from the sale of goods and services.

#### Supplies and services

Supplies and services generally represent cost of goods sold and the day‑to‑day running costs, including maintenance costs, incurred in the normal operations of CSV.

#### Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

#### Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts. The notation used in the tables is as follows:

0 zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x‑0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2015‑16 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of CSV annual report.

# Appendix 1

## Comprehensive Operating Statement for the financial year ended 30 June 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Variance  Note** | **Original Budget 2016** | **Actual 2016** | **Variance** |
|  |  | **($ million)** | **($ million)** | **($ million)** |
| **Continuing Operations** |  |  |  |  |
| **Income from transactions** |  |  |  |  |
| Output appropriations |  | 311.8 | 309.6 | (2.2) |
| Special appropriations | 1 | 137.7 | 123.1 | (14.6) |
| Grants | 2 | 16.6 | 21.9 | 5.3 |
| Other income |  |  | 3.2 | 3.2 |
| **Total income from transactions** |  | **466.1** | **457.8** | **(8.3)** |
|  |  |  |  |  |
| **Expenses from transactions** |  |  |  |  |
| Employee expenses | 3 | 279.9 | 264.6 | (15.3) |
| Depreciation and amortisation |  | 31.2 | 30.5 | (0.7) |
| Interest expense | 4 | 11.4 | 8.2 | (3.2) |
| Grants and other transfers | 5 | 0.3 | 3.8 | 3.5 |
| Capital asset charge |  | 40.6 | 40.6 | 0.0 |
| Supplies and services |  | 0 | 110.7 | 110.7 |
| Other operating expenses | 6 | 102.7 |  | (102.7) |
| **Total expenses from transactions** |  | **466.1** | **458.3** | **(7.8)** |
| **Net result from transactions (net operating balance)** |  | **0** | **(0.5)** | **(0.5)** |
|  |  |  |  |  |
| **Other economic flows included in net result** |  |  |  |  |
| Net gain/(loss) on non-financial assets |  | 0 | 0.5 | 0.5 |
| Net gain/(loss) on financial instruments |  | 0 | 0.0 | 0.0 |
| Other gains/(losses) from other economic flows | 7 | 0 | (4.6) | (4.6) |
| **Total other economic flows included in net result** |  | 0 | **(4.1)** | **(4.1)** |
| **Net Result** |  | 0 | **(4.5)** | **(4.5)** |
|  |  |  |  |  |
| **Other economic flows - other comprehensive income** |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |
| Changes in physical asset revaluation reserve | 8 | 0 | 182.9 | 182.9 |
| **Total other economic flows - other comprehensive income** |  | 0 | **182.9** | **182.9** |
| **Comprehensive result** |  | 0 | **178.3** | **178.3** |

## Balance Sheet as at 30 June 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Variance  Note** | **Original Budget 2016** | **Actual 2016** | **Variance** |
|  |  | **($ million)** | **($ million)** | **($ million)** |
| **Financial assets** |  |  |  |  |
| Cash and deposits | 9 | 1.7 | 8.4 | 6.7 |
| Receivables | 10 | 67.6 | 64.8 | (2.8) |
| **Total financial assets** |  | **69.3** | **73.2** | **3.9** |
|  |  |  |  |  |
| **Non-financial assets** |  |  |  |  |
| Non-financial physical assets classified as held for sale | |  | 0.2 | 0.2 |
| Property, plant and equipment | 11 | 843.6 | 964.5 | 120.9 |
| Intangible assets |  | 21.5 | 25.2 | 3.7 |
| Prepayments |  |  | 1.7 | 1.7 |
| **Total non-financial assets** |  | **865.1** | **991.7** | **126.6** |
| **Total assets** |  | **934.4** | **1,064.8** | **130.4** |
|  |  |  |  |  |
| **Liabilities** |  |  |  |  |
| Payables | 12 | 12.1 | 22.9 | 10.8 |
| Borrowings | 13 | 99.9 | 90.8 | (9.1) |
| Provisions | 14 | 62.8 | 76.6 | 13.8 |
| **Total liabilities** |  | **174.8** | **190.3** | **15.5** |
| **Net assets** |  | **759.6** | **874.6** | **115.0** |
|  |  |  |  |  |
| **Equity** |  |  |  |  |
| Accumulated surplus/(deficit) |  |  | (0.4) | (0.4) |
| Physical asset revaluation surplus |  |  | 692.1 | 692.1 |
| Contributed capital | 11 | 759.5 | 182.9 | (576.6) |
| **Net worth** |  | **759.5** | **874.6** | **115.1** |

## Statement of Changes in Equity for the financial year ended 30 June 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Physical Asset Revaluation Surplus** | **Accumulated Surplus/ (Deficit)** | **Contributions by owner** | **Total** |
|  | **($ million)** | **($ million)** | **($ million)** | **($ million)** |
| **Original budget** |  |  |  |  |
| **Opening balance** | 0 | 0 | 710.4 | **(710)** |
| Net result for the year | 0 | 0 | 0 | 0 |
| Other comprehensive income for the year | 0 | 0 | 0 | 0 |
| Transactions with the State in its capacity as owners | 0 | 0 | 47.60 | **(48)** |
| Administrative restructure - net assets received | 0 | 0 | 0 | 0 |
| Administered liability transfer from DOJ to CSV | 0 | 0 | 0 | 0 |
| Transactions with owners in their capacity as owners | 0 | 0 | 0 | 0 |
| **Balance at 30 June 2016** | **0** | **0** | **758.0** | **(758)** |
| **Actuals** |  |  |  |  |
| Balance as at 1 July 2015 | 0 | **4.1** | **628.6** | **(633)** |
| Net result for the year | 0 | (4.5) | 0 | **5** |
| Other comprehensive income for the year | 182.9 | 0 | 0 | **(183)** |
| Transactions with the State in its capacity as owners | 0 | 0 | 0 | **0** |
| Administrative restructure - net assets received | 0 | 0 | 53.4 | **(53)** |
| Transactions with owners in their capacity as owners | 0 | 0 | 10.1 | **(10)** |
| **Balance at 30 June 2016** | **182.9** | **(0.4)** | **692.1** | **(874.6)** |
| **Variance to budget** |  |  |  |  |
| Balance as at 1 July 2015 | 0 | 4.1 | (81.8) | **78** |
| Net result for the year | 0 | (4.5) | 0 | **5** |
| Other comprehensive income for the year | 182.9 | 0 | 0 | **(183)** |
| Transactions with the State in its capacity as owners | 0 | 0 | (47.6) | **48** |
| Administrative restructure - net assets received | 0 | 0 | 53.4 | **(53)** |
| Transactions with owners in their capacity as owners | 0 | 0 | 10.1 | **(10)** |
|  | 182.9 | **(0.4)** | **(65.9)** | **(116.6)** |

## Cash flow statement for the financial year ended 30 June 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Variance  Note** | **Original Budget 2016** | **Actual 2016** | **Variance** |
|  |  | **($ million)** | **($ million)** | **($ million)** |
| **Cash flows from operating activities** |  |  |  |  |
| **Receipts** |  |  |  |  |
| Receipts from Government | 15 | 428.8 | 430.1 | 1.3 |
| Receipts from Other Entities |  | 16.6 | 22.1 | 5.5 |
| Goods and services tax recovered from the ATO |  | 0 | 14.2 | 14.2 |
| **Total receipts** |  | 445.4 | **466.4** | **21.0** |
|  |  |  |  |  |
| **Payments** |  |  |  |  |
| Payments to suppliers and employees | 16 | (382.5) | (390.0) | (7.5) |
| Payments of grants and other transfers |  | (0.3) | (1.7) | (1.4) |
| Capital assets charge payments |  | (40.6) | (40.6) | (0.0) |
| Interest and other costs of finance paid |  | (11.4) | (8.2) | 3.2 |
| **Total payments** |  | **(434.8)** | **(440.4)** | **(5.6)** |
| **Net cash provided by/(used in) operating activities** |  | **10.6** | **26.0** | **15.4** |
|  |  |  |  |  |
| **Cash flows from investing activities** |  |  |  |  |
| Purchases of non-financial assets | 17 | (53.4) | (28.3) | 25.1 |
| Proceed sales of non-financial assets |  | 0 | 2.5 | 2.5 |
| Net investment |  | 0 | 0 | 0 |
| **Net cash provided by/(used in) investing activities** |  | **(53.4)** | **(25.7)** | **27.7** |
|  |  |  |  |  |
| **Cash flows from financing activities** |  |  |  |  |
| Owner contributions by State Government |  | 47.6 | 10.0 | (37.6) |
| Cash received from activity transferred in MoG changes |  | 0 | 0 | 0 |
| Repayment of borrowing and finance leases | 18 | (4.8) | (9.5) | (4.7) |
| Net borrowings |  | (0.1) | 0 | 0.1 |
| **Net cash provided by/(used in) financing activities** |  | **42.7** | **0.5** | **(42.2)** |
| **Net increase (decrease) in cash held** |  | 0 | 0.7 | (7.6) |
| Cash and cash equivalents at the beginning of the financial year |  | 1.70 | 7.6 | 0 |
| **Cash and cash equivalents at the end of the financial year** |  | **1.70** | **8.4** | **0** |

## Administered (non-controlled) items

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Variance  Note** | **Original Budget 2016** | **Actual 2016** | **Variance** |
|  |  | **$'million** | **$'million** | **$'million** |
| **Administered income from transactions** |  |  |  |  |
| Special appropriations applied | 19 | 61.6 | 36.2 | (25.4) |
| Fines | 20 | 0 | 27.0 | 27.0 |
| Sales of goods and services (including fees) |  | 57.1 | 58.2 | 1.1 |
| Other income |  | 20.9 | 2.9 | (18.0) |
| **Total administered income from transactions** |  | **139.6** | **124.2** | **(15.4)** |
|  |  |  |  |  |
| **Administered expenses from transactions** |  |  |  |  |
| Payments into the Consolidated Fund | 21 | 78.0 | 87.9 | 9.9 |
| Criminal injuries compensation |  | 0 | 36.2 | 36.2 |
| Other expenses |  | 0 | (0.0) | (0.0) |
| Grants and other transfer |  | 58.1 | 0 | (58.1) |
| Expenses on behalf of the State |  | 3.5 | 0 | (3.5) |
| **Total administered expenses from transactions** |  | **139.6** | **124.0** | **(15.6)** |
|  |  |  |  |  |
| **Total administered net result from transactions (net operating balance)** |  | **0** | **0.2** | 0.2 |
|  |  |  |  |  |
| **Administered other economic flows** |  |  |  |  |
| Net gain/(loss) on non-financial assets |  | 0 | 0 | 0 |
| Net gain/(loss) on financial instruments |  | 0 | 0 | 0 |
| Other gains/(losses) from other economic flows |  | 0 | 0 | 0 |
| **Total administered other economic flows** |  | 0 | 0 | **0.2** |
| **Total administered comprehensive result** |  | **0** | **0.2** | **0.4** |
|  |  |  |  |  |
| **Administered financial assets** |  |  |  |  |
| Cash and deposits |  | 6.8 | 5.4 | (1.4) |
| Receivables |  | 0 | 6.5 | 6.5 |
| **Total administered financial assets** |  | **6.8** | **12.0** | **5.2** |
|  |  |  |  |  |
| **Administered liabilities** |  |  |  |  |
| Creditors and accruals |  | 0 | 0.9 | 0.9 |
| Deposits payable |  | 7.2 | 7.7 | 0.5 |
| Provisions |  | 0.9 | 2.5 | 1.6 |
| **Total administered liabilities** |  | **8.1** | **11.1** | **3.0** |
| **Total administered net assets** |  | **(1.3)** | **0.9** | **2.2** |

The following are brief explanations for major variances that are assessed to be relevant for the entity's performance analysis, and the discharge of accountability.

1 Special appropriation budget represents the annual warrant provided to cover the salaries and entitlements of the judiciary and non-judicial members of the Victorian Civil and Administrative Tribunal (VCAT). The annual warrant is set conservatively to afford judicial salary increases, indexation of some allowances and judicial retirements.

2 Grants variance relates to higher fees collected for VCAT Consumer Affairs Victoria (CAV) specialist lists.

3 Employee expenses are lower than budget due to delays in new initiatives like Ending Violence Against Women and Children (EVAWC) and vacancy management.

4 Interest expense relates primarily to the finance lease interest paid for the County Court PPP contract. The interest expense has declined as the lease principal has reduced over the term of the contract.

5 The grants variance is materially due to statutory reporting requirements relating to appropriation revenue allocated to the Judicial College of Victoria, Corrections Victoria Housing Program, Supreme Court Library and Court Network.

6 The supplies and services variance is driven mainly by increased expenditure on Information Technology (IT) services and consumables.

7 The loss variance is due to annual revaluation of the long service leave liability (LSL). This year CSV has a higher value for unconditional LSL for employees that have completed the requisite years of service when compared to the previous financial year.

8 This variance is due to the 2015-16 revaluation of CSV’s non-financial physical assets which are revalued every five years. The revaluation increases for the 2015-16 are $131.7 million for land, $51 million for buildings and $0.031 million for cultural assets.

9 The cash and deposits year end balance consists mainly of deposits held for third parties.

10 The receivables balance represents primarily the annual appropriation revenue drawdown to the State Administration Unit (SAU), for funding that is owed from the Victorian Government for output expenses recognised by CSV as they are incurred.

11 The property, plant and equipment variance is mainly due to the 2015-16 revaluation of CSV’s non-financial physical assets which are revalued every five years. The revaluation increased the value of property plant and equipment by $182.9 million.

12 The payables balance represents accrued liabilities for creditors, salary and wages, and taxation (payroll and FBT). The original budget was revised to $25 million to align with the expected result for the year.

13 The borrowing balance includes the finance lease liabilities for County Court PPP contract and the VicFleet current lease liabilities.

14 The higher provision balance this year is primarily due to the annual revaluation of the long service leave liability (LSL). This year CSV has a higher value for unconditional LSL for employees that have completed the requisite years of service when compared to the previous financial year. This is an increase of around $5.9 million in current employee provisions.

15 The receipts from government variance is due to $1.0 million Treasurers' advance for flood damage works at Heidelberg Magistrate Court and land tax for the County Court Building and $4.7 million from prior year carry over.

16 The payments to suppliers and employees variance is due to delays in implementing initiatives, the most significant are Ending Violence Against Women and Children (EVAWC) and Video Conferencing; and various other case management information systems improvements.

17 Purchases of non-financial assets is lower than the original budget due to delays in new asset investment initiatives, primarily the Shepparton Court Redevelopment and the expansion of the Video Conferencing network.

18 The repayment of borrowing and finance leases actual relates mainly to the finance lease repayments of the County Court PPP. The lease principal repayments have reduced over the term of the contract.

19 Special appropriation applied is for criminal injuries compensation administered by VOCAT. The volume, size and timing of payments are difficult to predict, hence the annual variance.

20 The Fines variance is for State receipts arising from Court Orders, particularly in relation to the Magistrate's Court.

21Payments to consolidated fund are for revenue collected from court fees and fines on behalf of the Government.