



## INDEPENDENT AUDITOR'S REPORT

### To the Attorney-General

#### Opinion

In my opinion, the financial statements of the Office of the Commonwealth Director of Public Prosecutions for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Office of the Commonwealth Director of Public Prosecutions as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Office of the Commonwealth Director of Public Prosecutions, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Office of the Commonwealth Director of Public Prosecutions in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Office of the Commonwealth Director of Public Prosecutions the Director is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Director is also responsible for such internal control as the Director determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Office of the Commonwealth Director of Public Prosecutions' ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rebecca Reilly  
Executive Director

Delegate of the Auditor-General

Canberra  
20 September 2018

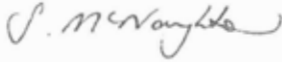
**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

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In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Office of the Commonwealth Director of Public Prosecutions will be able to pay its debts as and when they fall due.

Signed



Sarah McNaughton SC  
Director  
(Chief Executive)

20 September 2018

Signed



Steven Burggraaff  
A/g Chief Financial Officer

20 September 2018

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
STATEMENT OF COMPREHENSIVE INCOME**

*For the period ended 30 June 2018*

	Notes	Actual 2018 \$'000	Actual 2017 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES EXPENSES</b>				
Employee benefits	4A	46,168	47,063	50,675
Suppliers	4B	37,138	34,975	34,332
Depreciation and amortisation	7	3,598	3,134	4,325
Finance costs - unwinding discount		-	24	-
Write-down and impairment of non-financial assets		23	133	-
Costs awarded against the Commonwealth		720	231	570
<b>Total expenses</b>		<b>87,647</b>	<b>85,560</b>	<b>89,902</b>
<b>OWN-SOURCE INCOME</b>				
<b>Own-source revenue</b>				
Rendering of services	5A	7,317	8,510	7,424
Other	5B	328	226	284
<b>Total own-source revenue</b>		<b>7,645</b>	<b>8,736</b>	<b>7,708</b>
<b>Gains</b>				
Other		569	597	230
<b>Total gains</b>		<b>569</b>	<b>597</b>	<b>230</b>
<b>Total own-source income</b>		<b>8,214</b>	<b>9,333</b>	<b>7,938</b>
<b>Net cost of service</b>		<b>79,433</b>	<b>76,227</b>	<b>81,964</b>
Revenue from Government	5C	77,405	77,283	77,639
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>(2,028)</b>	<b>1,056</b>	<b>(4,325)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation		12	-	-
<b>Total other comprehensive income</b>		<b>12</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to the Australian Government</b>		<b>(2,016)</b>	<b>1,056</b>	<b>(4,325)</b>

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

**Budget Variances Commentary  
Statement of Comprehensive Income**

Expenses

Total Expenses is below the 2018 Budget due to actual staffing levels being lower than budgeted combined with a downward adjustment in Employee Expenses for movement in the discount bond rate and an actuarial review, offset by higher than budgeted Supplier costs from increased use of contractors and higher than budgeted prosecution legal costs. Depreciation expense is lower due to timing of asset purchases occurring later than forecast in the financial year.

Own-source income

Total own source income is higher than 2018 Budget due to de-recognition of restoration provisions.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
STATEMENT OF FINANCIAL POSITION**

As at 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	6A	486	650	360
Trade and other receivables	6B	13,524	12,228	15,332
<b>Total financial assets</b>		<b>14,010</b>	<b>12,878</b>	<b>15,692</b>
<b>Non-Financial Assets</b>				
Land and buildings	7	9,712	8,950	6,977
Property, plant and equipment	7	3,220	4,092	5,185
Intangibles	7	2,700	718	1,138
Prepayments		2,063	1,900	700
<b>Total non-financial assets</b>		<b>17,695</b>	<b>15,660</b>	<b>14,000</b>
<b>Total assets</b>		<b>31,705</b>	<b>28,538</b>	<b>29,692</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	8A	3,964	3,253	5,826
Operating Leases	8B	7,279	6,592	-
Other	8C	2,559	2,054	7,389
<b>Total payables</b>		<b>13,802</b>	<b>11,899</b>	<b>13,215</b>
<b>Provisions</b>				
Employee provisions	9A	14,539	14,814	15,836
Other	9B	821	1,398	1,785
<b>Total provisions</b>		<b>15,360</b>	<b>16,212</b>	<b>17,621</b>
<b>Total Liabilities</b>		<b>29,162</b>	<b>28,111</b>	<b>30,836</b>
<b>Net Assets</b>		<b>2,543</b>	<b>427</b>	<b>(1,144)</b>
<b>EQUITY</b>				
Contributed equity		13,892	9,757	13,892
Reserve		18,491	18,479	18,479
Accumulated deficit		(29,840)	(27,809)	(33,515)
<b>Total Equity</b>		<b>2,543</b>	<b>427</b>	<b>(1,144)</b>

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

**Budget Variances Commentary**

**Statement of Financial Position**

Assets

Trade and Other Receivables was \$1.8m lower than 2018 Budget due to lower than estimated appropriation receivable.

Total non-financial assets is above the 2018 budget due to: timing of new office fitouts in Darwin, Canberra, Hobart, Townsville and Sydney, implementation of new legal case management system and higher than estimated annual license subscription costs paid in June.

Liabilities

Total Payables is above the 2018 Budget due to an increase of \$0.6m in Operating Leases for four new office leases.

Total Provisions is below the 2018 Budget due to a combination of lower staff numbers, decrease in leave provisions following an actuarial review and the de-recognition of restoration provisions.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
STATEMENT OF CHANGES IN EQUITY**

*For the period ended 30 June 2018*

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	(27,809)	(28,865)	18,479	18,479	9,757	7,862	427	(2,524)
<b>Adjusted opening balance</b>	<b>(27,809)</b>	<b>(28,865)</b>	<b>18,479</b>	<b>18,479</b>	<b>9,757</b>	<b>7,862</b>	<b>427</b>	<b>(2,524)</b>
<b>Comprehensive income</b>								
Surplus (Deficit) for the period	(2,028)	1,056	-	-	-	-	(2,028)	1,056
Other comprehensive income	-	-	12	-	-	-	12	-
<b>Total comprehensive income</b>	<b>(2,028)</b>	<b>1,056</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,016)</b>	<b>1,056</b>
<b>Contributions by owners</b>								
Departmental capital budget funding	-	-	-	-	4,135	1,895	4,135	1,895
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,135</b>	<b>1,895</b>	<b>4,135</b>	<b>1,895</b>
Rounding	(3)	-	-	-	-	-	(3)	-
<b>Closing balance as at 30 June</b>	<b>(29,840)</b>	<b>(27,809)</b>	<b>18,491</b>	<b>18,479</b>	<b>13,892</b>	<b>9,757</b>	<b>2,543</b>	<b>427</b>

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

**Accounting Policy**

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS**  
**CASH FLOW STATEMENT**

*For the period ended 30 June 2018*

	Actual 2018 \$'000	Actual 2017 \$'000	Original Budget \$'000
<b>Notes</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	86,321	92,528	83,713
Rendering of services	7,841	7,741	7,424
Net GST received	3,587	3,110	2,900
Other	-	454	230
<b>Total cash received</b>	<b>97,749</b>	<b>103,833</b>	<b>94,267</b>
<b>Cash used</b>			
Employees	48,028	50,106	49,950
Suppliers	37,072	41,845	36,323
Other	720	231	570
Appropriation cash returned to the OPA	9,293	11,342	7,424
<b>Total cash used</b>	<b>95,113</b>	<b>103,524</b>	<b>94,267</b>
<b>Net cash from (used by) operating activities</b>	<b>2,636</b>	<b>309</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment and intangibles	5,489	2,644	4,135
<b>Total cash used</b>	<b>5,489</b>	<b>2,644</b>	<b>4,135</b>
<b>Net cash from (used by) investing activities</b>	<b>(5,489)</b>	<b>(2,644)</b>	<b>(4,135)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	2,689	2,911	4,135
<b>Total cash received</b>	<b>2,689</b>	<b>2,911</b>	<b>4,135</b>
<b>Net cash from (used by) financing activities</b>	<b>2,689</b>	<b>2,911</b>	<b>4,135</b>
<b>Net increase (decrease) in cash held</b>	<b>(164)</b>	<b>576</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	650	74	360
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>486</b>	<b>650</b>	<b>360</b>
6A			

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

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*For the period ended 30 June 2018*

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**Note 1:** Overview

**Note 2:** Events After the Reporting Period

**Note 3:** Net Cash Appropriation Arrangements

**Note 4:** Expenses

**Note 5:** Own-Source Income

**Note 6:** Financial Assets

**Note 7:** Non-Financial Assets

**Note 8:** Payables

**Note 9:** Provisions

**Note 10:** Contingent Assets and Liabilities

**Note 11:** Related Party Disclosures

**Note 12:** Key Management Personnel Remuneration

**Note 13:** Financial Instruments

**Note 14:** Appropriations



# OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

## Note 1: Overview

### 1.1 The Basis of Preparation

The financial statements are general purpose financial statements and are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The Financial Statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2017; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

### 1.2 Significant Accounting Judgments and Estimates

In the process of applying the accounting policies listed in the notes, the CDPP has made judgements in relation to:

- The fair value of property, plant and equipment and the related makegood; and
- Employee provisions;

that have significant impact on the amounts recorded in the financial statements.

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

### 1.3 New Australian Accounting Standards

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the CDPP's financial statements.

### 1.4 Taxation

The CDPP is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

## Note 2: Events After the Reporting Period

There have been no events that have the potential to significantly affect the ongoing structure and financial activities of the CDPP.

## Note 3: Net Cash Appropriation Arrangements

	2018 \$'000	2017 \$'000
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>1,582</b>	<b>4,190</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(3,598)</u>	<u>(3,134)</u>
<b>Total comprehensive income (loss) - as per the Statement of Comprehensive Income</b>	<u><b>(2,016)</b></u>	<u><b>1,056</b></u>

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the period ended 30 June 2018

**Note 4: Expenses**

	2018 \$'000	2017 \$'000
<b>Note 4A: Employee benefits</b>		
Wages and salaries	35,069	36,391
Superannuation		
Defined contribution plans	3,425	3,558
Defined benefit plans	3,133	3,388
Leave and other entitlements	3,877	3,238
Separation and redundancies	500	284
Other employee benefits	164	204
<b>Total employee benefits</b>	<b>46,168</b>	<b>47,063</b>

**Accounting Policy**

See note 10A: Employee Provisions

**Note 4B: Suppliers**

**Goods and services supplied or rendered**

Prosecution legal costs	13,196	12,047
ICT	3,412	3,237
Property	2,482	1,948
Library	1,423	1,301
Services Advice and Training	6,748	5,851
Other	2,124	2,672
<b>Total goods and services supplied or rendered</b>	<b>29,385</b>	<b>27,056</b>

Goods Supplied	3,293	1,475
Services Rendered	26,092	25,581
<b>Total goods and services supplied or rendered</b>	<b>29,385</b>	<b>27,056</b>

**Other suppliers**

Operating lease rentals in connection with		
Minimum lease payments	6,667	6,813
Rental expense for sub-leases	485	411
Workers compensation expenses	601	695
<b>Total other suppliers</b>	<b>7,753</b>	<b>7,919</b>
<b>Total suppliers</b>	<b>37,138</b>	<b>34,975</b>

**Accounting Policy**

Expenses

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

**Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:**

Within 1 year	8,559	9,403
Between 1 to 5 years	24,755	26,268
More than 5 years	2,534	13,386
<b>Total operating lease commitments</b>	<b>35,848</b>	<b>49,057</b>

CDPP in its capacity as lessee has 11 (2017: 11) property leases. There are no purchase options with any CDPP lease or contingent rental payable. There are fixed increases in rent on each of those leases ranging between 3% and 4% annually 7 of those leases have an option to renew at the end of the lease period.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*For the period ended 30 June 2018*

**Note 5: Own-Source Income**

	2018 \$'000	2017 \$'000
<b>Note 5A: Rendering of Services</b>		
Rendering of services	7,317	8,510
<b>Total rendering of services</b>	<u>7,317</u>	<u>8,510</u>
<b>Commitments for sublease rental income receivables are as follows:</b>		
Within 1 year	540	602
Between 1 to 5 years	662	1,354
More than 5 years	-	392
<b>Total sublease rental income commitments</b>	<u>1,202</u>	<u>2,348</u>

**Accounting Policy**

The stage of completion of contracts for services at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed.

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

**Note 5B: Other Revenue**

Resources received free of charge - services from external parties	247	145
Resources received free of charge - auditor's remuneration	81	81
<b>Total other revenue</b>	<u>328</u>	<u>226</u>

**Accounting Policy**

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

**REVENUE FROM GOVERNMENT**

**Note 5C: Revenue from Government**

**Appropriations:**

Departmental appropriations	77,405	77,283
<b>Total revenue from Government</b>	<u>77,405</u>	<u>77,283</u>

**Accounting Policy**

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the CDPP gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*For the period ended 30 June 2018*

**Note 6: Financial Assets**

	2018 \$'000	2017 \$'000
<b>Note 6A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	486	650
<b>Total cash and cash equivalents</b>	<u>486</u>	<u>650</u>

**Accounting Policy**

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

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

**Note 6B: Trade and Other Receivables**

**Good and Services**

Goods and services	414	386
<b>Total goods and services receivables</b>	<u>414</u>	<u>386</u>

**Appropriations receivable:**

For existing programs	12,492	10,672
<b>Total appropriations receivable</b>	<u>12,492</u>	<u>10,672</u>

**Other receivables**

GST receivable from the Australian Taxation Office	578	491
Other receivables	40	679
<b>Total other receivables</b>	<u>618</u>	<u>1,170</u>
<b>Total trade and other receivables (gross)</b>	<u>13,524</u>	<u>12,228</u>

All receivables are classified as not overdue. This is in line with CDPP Credit terms for goods and services of 30 days (2017: 30 days).

**Accounting Policy**

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment.

Trade receivables are recognised when CDPP becomes party to a contract and has a legal right to receive cash.

Loans and receivables are assessed for impairment at the end of each reporting period. Trade receivables are derecognised on payment.

The fair value of CDPP's financial assets and liabilities approximate their carrying amounts. The CDPP derived no interest income from financial assets in either the current or prior year.

The CDPP has policies and procedures that guide employee debt recovery. The CDPP does not require collateral in respect of trade and other receivables. No impairment has been recognised (2017: nil).

The CDPP has sufficient available financial assets to meet all financial liabilities at 30 June 2018.

# OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

## Note 7: Non-Financial Assets

### Note 7: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment and Intangibles

	Building \$'000	Plant & equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2017</b>				
Gross book value	16,674	7,112	3,490	27,276
Accumulated depreciation/amortisation and impairment	(7,724)	(3,020)	(2,772)	(13,516)
<b>Total as at 1 July 2017</b>	<b>8,950</b>	<b>4,092</b>	<b>718</b>	<b>13,760</b>
<b>Additions</b>				
Purchase	2,907	291	2,291	5,489
Depreciation and amortisation	(2,145)	(1,146)	(307)	(3,598)
<b>Other movements</b>				
Revaluations recognised in other comprehensive income	-	12	-	12
Impairments recognised in net cost of services	-	(21)	(2)	(23)
Disposals	-	(8)	-	(8)
<b>Total as at 30 June 2018</b>	<b>9,712</b>	<b>3,220</b>	<b>2,700</b>	<b>15,632</b>
<b>Total as at 30 June 2018 represented by</b>				
Gross book value	9,712	3,220	4,558	17,490
Accumulated depreciation/amortisation and impairment	-	-	(1,858)	(1,858)
<b>Total as at 30 June 2018</b>	<b>9,712</b>	<b>3,220</b>	<b>2,700</b>	<b>15,632</b>

No indicators of impairment were found for building, property, plant and equipment and computer software.

No significant property, plant and equipment and intangibles are expected to be sold or disposed of within the next 12 months.

#### Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy. CDPP engaged the services of RHS to conduct the revaluations as at 30 June 2018.

#### Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Capital commitments for property, plant and equipment are nil (2017: nil) and leasehold improvements (2017: 3.1m).

#### Accounting Policy

##### Recognition and Depreciation

Assets are recognised initially at cost in accordance with the table below.

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the CDPP using, in all cases, the straight-line method of depreciation. Software assets are amortised on a straight-line basis.

	Useful Life (years)	Threshold (\$)
Leasehold Improvements	lease term	20,000 or 5% of total value
PP&E	3-30 years	2,000
Software	3-6 years	5,000

# OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

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## Revaluations

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

<b>Asset class</b>	<b>Fair value measured at</b>
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price and depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. The most recent independent valuation was conducted on 30 June 2018. Impairment assessment is carried out on an annual basis.

Assets are revalued in accordance with AASB 116 *Property, Plant and Equipment* approximately every five years unless the annual fair value assessment suggests that there is a material difference between carrying value of assets and their fair value. Where there is a material difference, all assets in that category are revalued.

## Impairment

All assets are assessed annually for impairment. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount

## De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## Accounting Judgements and Estimates

### Fair value measurement

CDPP engages the services of an independent appraiser to conduct asset materiality reviews of all non-financial assets held at fair value as at reporting date and relies upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of assets differs materially from the fair value. Comprehensive valuations are undertaken at least once every five years. The fair value of property, plant and equipment is determined using either the Market Approach or the Cost Approach.

### Market Approach

The Market Approach seeks to estimate the current value of an asset in its highest and best use with reference to recent market evidence including transactions of comparable assets. Certain items of land, buildings, leasehold improvements, plant and equipment are valued using the Market Approach. Inputs utilised under the Market Approach comprise market transactions of comparable assets adjusted to reflect differences in price sensitive characteristics including:

- recent market sales of comparable land and buildings adjusted for size and location; and
- current prices for comparable or substitute items of leasehold improvements, plant and equipment available within local second-hand markets or adjusted for location.

## OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*For the period ended 30 June 2018*

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### Cost Approach

The Cost Approach seeks to estimate the amount required to replace the service capacity of an asset in its highest and best use. In cases where sufficient observable market evidence is unavailable, the Cost Approach is applied and determined as either the Replacement Cost of New Assets (RCN) or the Depreciated Replacement Cost (DRC).

AUC is valued as RCN determined as the amount a market participant would pay to acquire or construct a new substitute asset of comparable utility and relevant to the asset's location. Inputs including current local market prices for asset components such as materials and labour costs are utilised in determining RCN.

Certain items of land, buildings, leasehold improvements, plant and equipment are valued using DRC. Under DRC the replacement costs of new assets are adjusted for physical depreciation and obsolescence such as physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset. This is determined based on the estimated physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvements, the consumed economic benefit/asset obsolescence deduction is determined based on the term of the associated lease. Physical depreciation and obsolescence for buildings, plant and equipment is determined based on the asset's estimated useful life.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*For the period ended 30 June 2018*

**Note 8: Payables**

	2018 \$'000	2017 \$'000
<b>Note 8A: Suppliers</b>		
Trade creditors and accruals	3,964	3,253
<b>Total supplier payables</b>	<u>3,964</u>	<u>3,253</u>

**Accounting Policy**

Supplier and other payables are recognised at cost. Liabilities are recognised to the extent that the goods or services have been received. Supplier and other payables are derecognised on payment. Supplier payables are settled within 30 days.

**Note 8B: Operating Lease Payables**

Lease Incentives	7,279	6,592
<b>Total Operating Lease Payables</b>	<u>7,279</u>	<u>6,592</u>

**Accounting Policy**

Lease Incentives consist of rent free periods, leasehold improvements and cash incentives. Lease payments are allocated on a straight-line basis between a reduction of the lease incentive liabilities and rental expenses to spread the rental expense in accordance with the pattern of benefits derived from the incentives.

**Note 8C: Other payables**

Wages and salaries	267	290
Superannuation	49	54
Lease straight lining	2,239	1,522
Other	4	188
<b>Total other payables</b>	<u>2,559</u>	<u>2,054</u>



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**Note 9: Provisions**

	2018 \$'000	2017 \$'000
<b><u>Note 9A: Employee Provisions</u></b>		
Leave	14,539	14,814
<b>Total employee provisions</b>	<b>14,539</b>	<b>14,814</b>

**Accounting Policy**

Liabilities for 'short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the CDP's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. CDP's recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

CDP's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian government.

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

CDP makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. CDP accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*For the period ended 30 June 2018*

**Note 9: Provisions**

	2018 \$'000	2017 \$'000
<b>Note 9B: Other Provisions</b>		
Provisions for restoration <sup>1</sup>	415	879
Provisions for superannuation <sup>2</sup>	195	195
Provisions for surplus lease space <sup>3</sup>	226	341
Provisions for sub lease receivable	<u>(15)</u>	<u>(17)</u>
<b>Total other provisions</b>	<b><u>821</u></b>	<b><u>1,398</u></b>
<b>Other provisions expected to be settled</b>		
No more than 12 months	198	228
More than 12 months	<u>623</u>	<u>1,170</u>
<b>Total other provisions</b>	<b><u>821</u></b>	<b><u>1,398</u></b>

	Provision for Restoration \$'000	Other provisions \$'000	Total \$'000
<b>As at 1 July 2017</b>	879	519	<b>1,398</b>
Additional provisions made	71	16	<b>87</b>
Amounts used	(535)	(115)	<b>(650)</b>
Amounts reversed	-	(14)	<b>(14)</b>
<b>Total as at 30 June 2018</b>	<b>415</b>	<b>406</b>	<b>821</b>

<sup>1</sup> CDPP currently has 11 agreements (2017: 11 agreements) for leased premises. Three of these have provisions requiring CDPP to restore the premises to their original condition at the end of the lease. CDPP has made provisions to reflect the present value of these obligations.

<sup>2</sup> Additional lump sum superannuation contributions are payable where a shortfall is found in the statutory payment for an employee in the Commonwealth Superannuation Scheme. These contributions are historically paid every 3-4 years. CDPP continues to provide for additional lump sum superannuation contributions.

<sup>3</sup> Provision for Surplus Lease Space relates to office lease space under an onerous lease in 2017-18.

# OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

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## **Note 10: Contingent Assets and Liabilities**

### Quantifiable Contingencies

As at 30 June 2018, CDPP had no quantifiable contingent assets or liabilities (2017: nil).

### Unquantifiable Contingencies

If a matter prosecuted by the CDPP is defended successfully, the court may order that the CDPP meet certain costs incurred by the defence.

If a matter is being prosecuted by the CDPP and assets are frozen under the *Proceeds of Crime Act 1987* or the *Proceeds of Crime Act 2002*, the CDPP gives an undertaking against potential losses in respect of assets administered by the Commonwealth. If the related prosecution is unsuccessful, damages can be awarded against the CDPP. Costs and damages so awarded are met from the CDPP or client organisation's annual appropriations.

Costs and damages have been awarded against the CDPP by the Courts on some occasions in past financial years. On this basis, it is anticipated that this will occur on some occasions during the next financial year. However, since awards of costs and damages are made by the Courts and the CDPP is unable to control or predict the quantum or number of such awards, the CDPP is unable to quantify its potential future liabilities in this regard. For that reason, the quantum of the anticipated future awards of costs and damages against the CDPP, has not been quantified.

### **Accounting Policy**

Contingent Liabilities and Contingent Assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

# OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*For the period ended 30 June 2018*

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## **Note 11: Related Party Disclosures**

**Related party relationships:** The Office of the Commonwealth Director of Public Prosecutions is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister and Chief Executive Officer (Accountable Authority), Executive Leadership Group, Chief Financial Officer and other Australian Government entities.

**Transactions with related parties:** Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include payment or refund of taxes, receipt of Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

# OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2018

## Note 12: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The CDPP has determined key management personnel to be the Director of Public Prosecutions, Commonwealth Solicitor, Deputy Directors and the Chief Financial Officer. Key management personnel remuneration is reported in the table below:

	2018 \$'000	2017 \$'000
Short-term employee benefits	2,426	2,412
Post-employment benefits	447	463
Other long-term employee benefits	293	292
<b>Total key management personnel remuneration expenses<sup>1,2</sup></b>	<b>3,166</b>	<b>3,167</b>

### Notes

<sup>1</sup> The total number of key management personnel that are included in the above table are 11 (2017:10) representing the people who individually occupied the KMP position during the year. This includes 3 (2017:2) acting arrangements.

<sup>2</sup> The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
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*For the period ended 30 June 2018*

**Note 13: Financial Instruments**

	2018 \$'000	2017 \$'000
<b>Note 13: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans &amp; Receivables</b>		
Cash and cash equivalents	486	650
Trade and other receivables	454	1,065
<b>Total</b>	<u>940</u>	<u>1,715</u>
<b>Carrying amount of financial assets</b>	<u>940</u>	<u>1,715</u>
<b>Financial Liabilities</b>		
<b>At amortised cost:</b>		
Suppliers payable	3,964	3,253
<b>Total</b>	<u>3,964</u>	<u>3,253</u>
<b>Carrying amount of financial liabilities</b>	<u>3,964</u>	<u>3,253</u>

**OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS  
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*For the period ended 30 June 2018*

**Note 14: Appropriations**

**Table A: Annual Appropriations ('Recoverable GST exclusive')**

	2018 \$'000	2017 \$'000
<b>Ordinary annual services</b>		
Annual Appropriation <sup>1</sup>	77,639	77,290
Annual Departmental Capital Budget <sup>2</sup>	4,135	1,895
PGPA Act s74	<u>9,293</u>	<u>8,195</u>
<b>Total appropriation</b>	<u>91,067</u>	<u>87,380</u>
Appropriation applied (current and prior years) <sup>3</sup>	<u>89,013</u>	<u>94,593</u>
<b>Variance</b>	<u>2,054</u>	<u>(7,213)</u>

<sup>1</sup> In 2017-18 revenue from government reported in the statement of comprehensive income was \$77.405m, \$0.234m less than the operating annual appropriation of \$77.639m. The \$0.234m difference reflects operating funding withheld through section 51 of the PGPA Act to replace individual Commonwealth entity contracts with a single coordinated procurement contract for GovLink.

<sup>2</sup> Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3 & 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

<sup>3</sup> Appropriations applied includes payments for ordinary appropriations and non-financial asset purchases which have been capitalised.

**Table B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

<b>Authority</b>	2018 \$'000	2017 \$'000
<b>DEPARTMENTAL</b>		
Cash	486	650
Appropriation Act (No.1) 2016-17	-	10,672
Appropriation Act (No.1) 2017-18	11,283	-
Appropriation Act (No.1) 2017-18 - DCB	<u>1,443</u>	<u>-</u>
<b>Total</b>	<u>13,212</u>	<u>11,322</u>