

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

For the period ended 30 June 2017

Note 3: Net Cash Appropriation Arrangements

	2017	2016
	\$'000	\$'000
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹	4,190	4,918
<i>Plus: depreciation/amortisation expenses previously funded through revenue appropriation</i>	<u>(3,134)</u>	<u>(3,455)</u>
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	<u>1,056</u>	<u>1,463</u>

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

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

For the period ended 30 June 2017

Note 4: Expenses

	2017 \$'000	2016 \$'000
<u>Note 4A: Employee Benefits</u>		
Wages and salaries	36,391	33,600
Superannuation:		
Defined contribution plans	3,558	2,962
Defined benefit plans	3,388	4,067
Leave and other entitlements	3,238	4,918
Separation and redundancies	284	2,485
Other employee benefits	204	177
Total employee benefits	47,063	48,209

Accounting Policy

Superannuation

The CDPP makes employer contributions to employees' superannuation schemes at rates determined by the actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the CDPP's employees. The CDPP accounts for the contributions as if they were contributions to defined contribution plans.

Staff of the CDPP are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or employee nominated superannuation funds.

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

Note 4B: Suppliers

Goods and services supplied or rendered

Prosecution legal costs	12,047	11,625
ICT	3,237	3,046
Property	1,948	1,450
Library	1,301	1,251
Services Advice and Training	5,851	4,804
Other	2,672	1,846
Total goods and services supplied or rendered	27,056	24,022
Goods Supplied	1,475	2,625
Services Rendered	25,581	21,397
Total goods and services supplied or rendered	27,056	24,022

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

For the period ended 30 June 2017

Note 4: Expenses

	2017 \$'000	2016 \$'000
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	6,813	7,030
Rental expense for sub-leases	411	307
Workers compensation expenses	695	626
Total other suppliers	<u>7,919</u>	<u>7,963</u>
Total suppliers	<u>34,975</u>	<u>31,985</u>

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 GST Inclusive:

Within 1 Year	9,403	9,920
Between 1 to 5 years	26,268	25,310
More than 5 years	13,386	11,485
Total operating lease commitments	<u>49,057</u>	<u>46,715</u>

Office Space

Leasing Commitments

Lease	Description of Leasing Arrangements
Sydney	Annual increase 4.00% fixed, 1, 3 year option to extend
Brisbane	Annual increase 3.75% fixed, 1, 5 year option to extend
Canberra	Annual increase 3.50% fixed
Perth	Annual increase 4.00% fixed, 1, 3 year option to extend
Melbourne	Annual increase 3.50% fixed, 2, 5 year option to extend

There are no purchase options with any CDPP lease or Contingent rental payable. The leases listed above are only the CDPP leases with annual costs of above \$1m. CDPP has five other leased properties.

Note 4C: Finance Costs

Unwinding of discount	24	24
Total finance costs	<u>24</u>	<u>24</u>

Note 4D: Write-Down and Impairment of Assets

Property, plant and equipment write-down	133	1,471
Impairment of intangible assets	-	3
Other	-	3
Total write-down and impairment of assets	<u>133</u>	<u>1,477</u>

Note 4E: Other Expenses

Costs awarded against the Commonwealth	231	330
Total other expenses	<u>231</u>	<u>330</u>

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

For the period ended 30 June 2017

Note 5: Own-Source Income

	2017 \$'000	2016 \$'000
OWN-SOURCE REVENUE		

Note 5A: Rendering of Goods and Services

Rendering of services	8,510	8,284
Total rendering of services	8,510	8,284

Commitments for sublease rental income receivables are as follows:

Within 1 year	602	385
Between 1 to 5 years	1,354	377
More than 5 years	392	-
Total sublease rental income commitments	2,348	762

Accounting Policy

Revenue from rendering of services

Is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to CDPP.

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

Note 5B: Other Revenue

Resources received free of charge - services from external parties	145	241
Resources received free of charge - auditor's remuneration	81	80
Total other revenue	226	321

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.

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

For the period ended 30 June 2017

Note 5: Own-Source Income

	2017 \$'000	2016 \$'000
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GAINS

Note 5C: Other Gains

Other	<u>597</u>	<u>39</u>
Total other gains	<u>597</u>	<u>39</u>

REVENUE FROM GOVERNMENT

Note 5D: Revenue from Government

Appropriations:

Departmental appropriations	<u>77,283</u>	<u>78,299</u>
Total revenue from Government	<u>77,283</u>	<u>78,299</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 2017

Note 6: Fair Value Measurement

Note 6: Fair Value Measurements, Valuations Techniques and Inputs Used

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Accounting Policy

All revaluations of non-financial assets were conducted by an independent valuer as at 30 June 2013. The CDPP engaged Australian Valuation Solutions (AVS) to test the procedures of the valuation model and confirm the model complies with AASB 13. Assets are revalued in accordance with AASB 116 Property, Plant and Equipment approximately every five years, unless the annual fair value assessment suggests 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. AVS has provided written assurance to the CDPP that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach.

For Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Impairment: Assets are assessed for impairment on an annual basis.

The CDPP's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2017

Note 6: Fair Value Measurement

Fair value measurements - valuation technique and the inputs used

	Fair Value		Level ³
	2017 \$'000	2016 \$'000	
Non-financial assets:²			
Property, plant and equipment ¹	2,676	2,599	2
	1,416	1,545	3
Leasehold improvements ¹	8,950	9,584	3
Total non-financial assets	13,042	13,728	

¹ No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2017 (2016: Nil).

² The CDPP's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

³ There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

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

For the period ended 30 June 2017

Note 7: Financial Assets

	2017	2016
	\$'000	\$'000
Note 7A: Cash and Cash Equivalents		
Cash on hand or on deposit	650	74
Total cash and cash equivalents	<u>650</u>	<u>74</u>

Accounting Policy

Cash and Cash Equivalents

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

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

Note 7B: Trade and Other Receivables

Good and Services:

Goods and services	386	57
Total goods and services receivables	<u>386</u>	<u>57</u>

Appropriations receivable:

For existing programs	10,672	15,591
Total appropriations receivable	<u>10,672</u>	<u>15,591</u>

Other receivables:

GST receivable from the Australian Taxation Office	491	453
Other	679	211
Total other receivables	<u>1,170</u>	<u>664</u>
Total trade and other receivables (gross)	<u>12,228</u>	<u>16,312</u>

All receivables are classified as not overdue. This is in line with CDPP Credit terms for goods and services of 30 days (2016: 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 (2016: nil).

The CDPP has sufficient available financial assets to meet all financial liabilities at 30 June 2017.

OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 For the period ended 30 June 2017

Note 8: Non-Financial Assets

Note 8A: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment and Intangibles for 2017

	Buildings \$'000	Plant & equipment \$'000	Computer Software \$'000	Total \$'000
As at 1 July 2016				
Gross book value	15,013	6,651	3,246	24,910
Accumulated depreciation, amortisation and impairment	(5,429)	(2,507)	(2,591)	(10,527)
Total as at 1 July 2016	9,584	4,144	655	14,383
Additions:				
By Purchase	1,661	738	244	2,643
Depreciation and amortisation	(2,295)	(657)	(181)	(3,133)
Other movements:				
By reclassification to other asset classes	-	-	-	-
Prior year WIP reclassified to expense	-	-	-	-
Disposals	-	(133)	-	(133)
Total as at 30 June 2017	8,950	4,092	718	13,760
Total as at 30 June 2017 represented by:				
Gross book value	16,674	7,112	3,490	27,276
Accumulated depreciation	(7,724)	(3,020)	(2,772)	(13,516)
Total as at 30 June 2017	8,950	4,092	718	13,760

2017
\$'000

Commitments relating to Capital purchases are payable as follows GST Inclusive:

Within 1 Year	3,112
Total capital commitments	3,112

Total capital commitments expected to be settled within 1 year relate to:

- * Canberra Office Works: commitment of \$1.699m for fitout of new premises
- * New Offsite Data Centre Facility: \$0.454m
- * Mandatory T4 Type 1A Security System upgrade: \$0.3m
- * Darwin Fitout for premises occupied in June-17: \$0.233m
- * BMS Modernisation Project: \$0.377m
- * Other: Minor fitout and document management system enhancements \$0.049m

OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2017

Note 8: Non-Financial Assets

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	2-30 years	2,000
Software	3-6 years	5,000

Revaluations

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

Asset class	Fair value measured at
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 2013. 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.

Derecognition

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.

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

For the period ended 30 June 2017

Note 9: Payables

	2017	2016
	\$'000	\$'000
Note 9A: Suppliers		
Trade creditors and accruals	3,253	4,043
Total supplier payables	<u>3,253</u>	<u>4,043</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 9B: Operating Lease Payables

Lease Incentives	6,592	7,787
Total Operating Lease Payables	<u>6,592</u>	<u>7,787</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 9C: Other Payables

Wages and salaries	290	135
Superannuation	54	27
Employee separations	-	2,256
Lease straight lining	1,522	1,344
Other	188	203
Total other payables	<u>2,054</u>	<u>3,965</u>

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

For the period ended 30 June 2017

Note 10: Provisions

	2017 \$'000	2016 \$'000
Note 10A: Employee Provisions		
Leave	14,814	15,787
Total employee provisions	14,814	15,787

Accounting Policy

Employee provisions have been calculated based on the CDPP's specific probability factors as determined by the Australian Government Actuary and have been discounted using the 10 year government bond rate as at 30 June 2017.

Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

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

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. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the CDPP is estimated to be less than the annual entitlement for sick 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 CDPP'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 2014. The actuary report is still relevant as the mix of CDPP employees is similar to that of 30 June 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

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

For the period ended 30 June 2017

Note 10: Provisions

Superannuation

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.

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

	2017	2016
	\$'000	\$'000
Note 10B: Other Provisions		
Provision for restoration ¹	879	1,111
Provision for superannuation ²	195	179
Provision for surplus lease space ³	341	1,150
Provision for sub lease receivable	(17)	(15)
Total other provisions	1,398	2,425
Other provisions expected to be settled		
No more than 12 months	228	230
More than 12 months	1,170	2,195
Total other provisions	1,398	2,425

	Provision for restoration	Other provisions	Total
	\$'000	\$'000	\$'000
Carrying amount 1 July 2016	1,111	1,314	2,425
Additional provisions made	-	522	522
Amounts used	(256)	(1,072)	(1,328)
Amounts reversed	-	(14)	(14)
Unwinding of discount or change in discount rate	24	(231)	(207)
Closing balance 30 June 2017	879	519	1,398

¹ CDPP currently has 11 agreements (2016: 11 agreements) for leased premises. Four 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.

² 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.

³ Provision for Surplus Lease Space relates to office lease space under an onerous lease in 2016-17.

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

For the period ended 30 June 2017

Note 11: Contingent Assets and Liabilities

Claims for damages or costs	2017	2016
	\$'000	\$'000
Contingent liabilities		
Balance from previous period	-	120
New contingent liabilities recognised	-	-
Liabilities realised	-	(120)
Total contingent liabilities	-	-

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.

Quantifiable Contingencies

The above table contains \$0 of contingent liabilities disclosed in respect to claims for costs (2016: \$0). The amount from the prior year was extinguished.

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 included in the Schedule of Contingencies.

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

For the period ended 30 June 2017

Note 12: 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 2017

Note 13: 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:

	2017
	\$'000
Short-term employee benefits	2,412
Post-employment benefits	463
Other long-term benefits	292
Termination benefits	-
Total key management personnel remuneration expenses^{1, 2}	<u>3,167</u>

Notes

¹ The total number of key management personnel that are included in the above table are 10 representing the people who individually occupied the KMP position during the year. This includes 2 acting arrangements.

² 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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2017

Note 14: Financial Instruments

	2017	2016
	\$'000	\$'000
Note 14A: Categories of Financial Instruments		
Financial Assets		
Loans & Receivables:		
Cash & cash equivalents	650	74
Trade and other receivables	1,065	268
Total	1,715	342
Carrying amount of financial assets	1,715	342
Financial Liabilities		
At amortised cost:		
Suppliers payables	3,253	4,043
Total	3,253	4,043
Carrying amount of financial liabilities	3,253	4,043
Note 14B: Net Gains or Losses from Financial Assets		
Held-to-maturity		
Impairment	-	3
Net gain/(loss) from financial assets	-	3

OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

Note 15: Appropriations

Table A: Annual Appropriations ('Recoverable GST Exclusive')

	2017	2016
	\$'000	\$'000
Ordinary Annual Services		
Annual Appropriation ¹	77,290	78,299
Annual Departmental Capital Budget ²	1,895	1,903
PGPA Act s74	8,195	10,192
Total appropriation	<u>87,380</u>	<u>90,394</u>
Appropriation applied (current and prior years) ³	<u>94,593</u>	<u>85,950</u>
Variance	<u>(7,213)</u>	<u>4,444</u>

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

¹ In 2016-17 revenue from government reported in the statement of comprehensive income was \$77.283 million, \$0.007 million less than the operating annual appropriation of \$77.290 million. The \$0.007 million 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.

² 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.

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

In response to the requirement to report appropriation applied (current and prior years) on a GST recoverable exclusive basis (and accounting for the return of s.74 receipts to the OPA), the comparatives for appropriation applied (current and prior years) have been restated accordingly.

Table B: Unspent Annual Appropriations ('Recoverable GST Exclusive')

	2017	2016
	\$'000	\$'000
Authority		
DEPARTMENTAL		
Cash	650	74
Appropriation Act (No.1) 2015-16	-	14,575
Appropriation Act (No.1) 2015-16 - DCB	-	1,016
Appropriation Act (No.1) 2016-17	10,672	-
Appropriation Act (No.1) 2016-17 - DCB	-	-
Total	<u>11,322</u>	<u>15,665</u>

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

For the period ended 30 June 2017

Note 16: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2016-17 Portfolio Budget Statements (PBS) to the 2016-17 final outcome as presented in accordance with Australian Accounting Standards for CDPP. The Budget is not audited.

Variances are considered to be 'major' where they have impacted on the organisation's performance and are based on the following criteria:

- * the variance between budget and actual is greater than +/- 10% of the original budget for a line item; or
- * the variance between budget and actual is greater than +/- 2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities); or
- * an item is below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of CDPP.

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

For the period ended 30 June 2017

Note 16: Budgetary Reports and Explanations of Major Variances

Note 16A: Departmental Budgetary Reports

Statement of Comprehensive Income

For the period ended 30 June 2017

	Actual 2017 \$'000	Budget Estimate	
		Original ¹ 2017 \$'000	Variance ² 2017 \$'000
NET COST OF SERVICES EXPENSES			
Employee benefits	47,063	52,930	(5,867) A
Suppliers	34,975	31,696	3,279
Depreciation and amortisation	3,134	4,325	(1,191)
Finance costs	24	-	24
Disposal and impairment of assets	133	-	133
Other	231	570	(339)
Total expenses	85,560	89,521	(3,961)
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Rendering of services	8,510	7,392	1,118 C
Other	226	284	(58)
Total own-source revenue	8,736	7,676	1,060
Gains			
Other	597	230	367
Total gains	597	230	367
Total own-source income	9,333	7,906	1,427
Net cost of services	76,227	81,615	(5,388)
Revenue from Government	77,283	77,290	(7)
Surplus (Deficit) attributable to the Australian Government	1,056	(4,325)	5,381
Total comprehensive income (loss) attributable to the Australian Government	1,056	(4,325)	5,381

¹ CDPP's original budgeted financial statements as first presented to Parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2017. Explanations for major variances are provided at Note 16B.

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

As at 30 June 2017

Note 16: Budgetary Reports and Explanations of Major Variances

Note 16A: Departmental Budgetary Reports (cont'd)

Statement of Financial Position

For the period ended 30 June 2017

	Actual	Budget Estimate	
	2017	Original ¹	Variance ²
	2017	2017	2017
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	650	360	290
Trade and other receivables	12,228	13,654	(1,426) C
Total financial assets	12,878	14,014	(1,136)
Non-Financial Assets			
Land and buildings	8,950	7,552	1,398 D
Property, plant and equipment	4,092	3,502	590 D
Intangibles	718	695	23
Prepayments	1,900	468	1,432 D
Total non-financial assets	15,660	12,217	3,443
Total Assets	28,538	26,231	2,307
LIABILITIES			
Payables			
Suppliers	3,253	6,213	(2,960) E
Operating Leases	6,592	12,131	(5,539) E
Other	2,054	300	1,754
Total payables	11,899	18,644	(6,745)
Provisions			
Employee provisions	14,814	14,519	295 A
Other	1,398	1,301	97
Other Provisions	16,212	15,820	392
Total Liabilities	28,111	34,464	(6,353)
Net Assets	427	(8,233)	8,660
EQUITY			
Parent Entity Interest			
Contributed equity	9,757	10,267	(510)
Reserves	18,479	18,479	-
Retained surplus / (Accumulated deficit)	(27,809)	(36,979)	9,170
Total parent entity interest	427	(8,233)	8,660
Total Equity	427	(8,233)	8,660

¹ CDP's original budgeted financial statements as first presented to Parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2016. Explanations for major variances are provided at Note 16B.

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

For the period ended 30 June 2017

Note 16: Budgetary Reports and Explanations of Major Variances

Note 16A: Departmental Budgetary Reports (cont'd)

Cash Flow Statement

For the period ended 30 June 2017

	Actual	Budget Estimate	
	2017	Original ¹	Variance ²
	2017	2017	2017
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	92,528	77,290	15,238
Rendering of services	7,741	7,392	349
Net GST received	3,110	2,900	210
Other	454	230	224
Total cash received	103,833	87,812	16,021
Cash used			
Employees	50,106	52,430	(2,324) A
Suppliers	41,845	27,420	14,425 B
Other	231	570	(339)
Appropriation cash returned to the OPA	11,342	7,392	3,950
Total cash used	103,524	87,812	15,712
Net cash from (used by) operating activities	309	-	309
INVESTING ACTIVITIES			
Total cash received	-	-	-
Cash used			
Purchase of property, plant and equipment	2,644	1,895	749
Total cash used	2,644	1,895	749
Net cash from (used by) investing activities	(2,644)	(1,895)	(749)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	2,911	1,895	1,016
Total cash received	2,911	1,895	1,016
Net cash from (used by) financing activities	2,911	1,895	1,016
Net increase (decrease) in cash held	576	-	576
Cash and cash equivalents at the beginning of the reporting period	74	360	(286)
Cash and cash equivalents at the end of the reporting period	650	360	290

¹ CDDP's original budgeted financial statements as first presented to Parliament in respect of the reporting period.

² Between the actual and original budgeted amounts for 2016. Explanations for major variances are provided at Note 16B.

OFFICE OF THE COMMONWEALTH DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2017

Note 16: Budgetary Reports and Explanations of Major Variances

Note 16A: Departmental Budgetary Reports (cont'd)

Statement of Changes in Equity

For the period ended 30 June 2017

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate	
		Original ¹	Variance ²		Original ¹	Variance ²		Original ¹	Variance ²		Original ¹	Variance ²
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	(28,865)	(32,654)	3,789	18,479	18,479	-	7,862	8,372	(510)	(2,524)	(5,803)	3,279
Adjusted opening balance	(28,865)	(32,654)	3,789	18,479	18,479	-	7,862	8,372	(510)	(2,524)	(5,803)	3,279
Comprehensive income												
Surplus (Deficit) for the period	1,056	(4,325)	5,381	-	-	-	-	-	-	1,056	(4,325)	5,381
Total comprehensive income	1,056	(4,325)	5,381	-	-	-	-	-	-	1,056	(4,325)	5,381
Contributions by owners												
Departmental capital budget funding	-	-	-	-	-	-	1,895	1,895	-	1,895	1,895	-
Total transactions with owners	-	-	-	-	-	-	1,895	1,895	-	1,895	1,895	-
Closing balance as at 30 June	(27,809)	(36,979)	9,170	18,479	18,479	-	9,757	10,267	(510)	427	(8,233)	8,660

¹ CDDP's original budgeted financial statements as first presented to Parliament in respect of the reporting period.

² Variance between the actual and original budgeted amounts for 2017. Explanations for major variances are provided at Note 16B.

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

For the period ended 30 June 2017

Note 16: Budgetary Reports and Explanations of Major Variances

Note 16B: Departmental Major Budget Variances for 2017

Explanations for major variances	Affected line items (and statement)
<p>A Employee Benefits Actual Employee benefits expense is lower than 2017 Budget due to a movement in the discount rate used to value the employee provision, resulting in a downward adjustment to both expenses and provision balances, anticipated cost of pay rise from new enterprise agreement not occurring and lower than forecast salary expense.</p>	<p>* Employee benefits expense (Statement of Comprehensive Income) (\$5.867m) * Operating cash used - employees (Cash Flow Statement) (\$2.324m) * Employee Provision (Statement of Financial Position) \$0.295m</p>
<p>B Suppliers Suppliers expense is higher than 2017 Budget due to: * Costs relating to new major projects (eg. development of a funding model, implementation of new Financial Management Information System & a new Business Management System), and finalised costs relating to property moves; * Decommissioning of existing Financial Management Information System as part of implementing a new FMIS in July 2017 resulting in the payment of all invoices on hand as at 23 June 2017.</p>	<p>* Operating cash used - suppliers (Cash Flow Statement) \$14.425m</p>
<p>C Own Source Income Rendering of services is above the 2017 Budget due to unbudgeted receipts from: * Attorney-General's Department sub-lease contribution to Darwin Office fitout; * Australian Taxation Office payment for extra prosecution services; and * An increase in Perth Office sub-lease receipts.</p> <p>Trade and other receivables is below 2017 Budget mainly due to an increase in drawdown of appropriation to pay invoices on hand as at 23 June, 2017.</p>	<p>* Rendering of services (Statement of Comprehensive Income) \$1.118m * Trade and other receivables (Statement of Financial Position) (\$1.426m)</p>
<p>D Non-Financial Assets Total non-financial assets is above the 2017 Budget due to: * Land and buildings including greater than forecast cost of new Darwin Office fitout and the cost of upgrades in other Offices; * Property, plant and equipment including the cost of new computer rollout to staff; * Prepayments including the payment of annual subscription invoices on hand as at 23 June 2017 as a result of decommissioning the Financial Management Information System.</p>	<p>* Land and Buildings Assets (Statement of financial Position) \$1.398m * Property Plant and Equipment Assets (Statement of Financial Position) \$0.590m * Prepayments (Statement of Financial Position) \$1.432m</p>
<p>E Payables (Suppliers and Lease Incentives) The value of Payables was below the 2017 Budget due to: * The decommissioning the Financial Management Information System and payment of all invoices on hand as at 23 June 2017, to facilitate transition to new FMIS; * Operating Leases below the 2017 Budget due to the expected timing of the impact of new lease incentives in 2016-17, now occurring in 2017-18.</p>	<p>* Supplier Payables (Statement of Financial Position) (\$2.960m) * Operating leases (Statement of Financial Position) (\$5.539m)</p>