

# **Law Courts Ltd**

**ABN: 54 885 678 988**

## **Financial report**

For the year ended 30 June 2024

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**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of Law Courts Ltd ('the Company') for the year ended 30 June 2024.

**Principal activities**

The Company's principal activity in the course of the financial year was providing accommodation for courts, court registries and other court support services at a standard that is suitable and available for occupation.

**Directors and Alternate Directors of the Company during or since the end of the financial year are:**

**Directors**

<b>Christopher David D'Aeth</b>	Executive Director and Principal Registrar, Supreme Court of NSW (to 17 January 2024) Acting Deputy Secretary, Courts Tribunals and Service Delivery Division, Department of Communities and Justice (from 18 January 2024)
Qualifications	LLB (Hons), MBA, GAICD
<b>Lida (Lidia) Kaban</b>	General Counsel, Office of the General Counsel, Department of Justice
<b>Katherine Tollner PSM</b>	Executive Director Infrastructure & Assets, NSW Department of Communities and Justice
Qualifications	BAppSc, G. Dip BA, GAICD
<b>Daryl Adam</b>	Assistant Secretary, Business Operations Branch, Attorney-General's Department
<b>David Llewelyn</b>	Director of Property and Procurement, Federal Court of Australia
Qualifications	BSc, G. Dip FM, CPA
<b>Tanya Howitt</b>	Deputy Chief Financial Officer, Attorney-General's Department
Qualifications	B.Comm, FCA, GAICD
Date of appointment	1 July 2023 (alternate director for Scott Sharp prior)

**DIRECTORS' REPORT**

**Directors and Alternate Directors of the Company during or since the end of the financial year are:**  
**(Continued)**

**Alternate Directors**

<b>Nick Sanderson-Gough</b>	Manager, Court Operations & Communications, Supreme Court of NSW
Qualifications	BSc, JP
Special responsibilities	Alternate Director for Chris D'Aeth
<b>Cathy Baker</b>	Director, Capital Planning & Investment, Infrastructure & Assets, Department of Communities and Justice NSW
Qualifications	GAICD, SF Fin
Special responsibilities	Alternate Director for Katherine Tollner
<b>Darrin Moy</b>	Executive Director, Corporate Services, Federal Court of Australia
Special responsibilities	Alternate Director for David Llewellyn
Date of resignation	2 August 2023
<b>Liam Demamiel</b>	Assistant Secretary, Courts and Tribunals Branch, Attorney-General's Department
Qualifications	BComm, LLB
Special responsibilities	Alternate Director for Daryl Adam
<b>Scott Sharp</b>	Chief Financial Officer, Attorney-General's Department
Qualifications	BA (Hons), CPFA
Special responsibilities	Alternate Director for Tanya Howitt
Date of appointment	1 July 2023
<b>Jenni Priestly</b>	Senior National Judicial Registrar and National Operations Registrar, Federal Court of Australia
Special responsibilities	Alternate Director for David Llewellyn
Date of appointment	21 December 2023
<b>Mary Constance (Connie) Hayllar</b>	Director, Commercial and Property, Legal, Department of Communities and Justice
Qualifications	LLB, BTHM
Special responsibilities	Alternate Director for Lida Kaban
Date of appointment	1 January 2024

**DIRECTORS' REPORT**

**Company secretary**

The names of the Company Secretaries in office at any time during or since the end of the year are:

Katherine Tollner (appointed 18 July 2022).

**Meetings of directors**

Directors	Directors' meetings		Security Committee meetings		Finance and Risk Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher D'Aeth	6	6	3	3	-	-
Lida Kaban	6	6	-	-	4	2
Daryl Adam	6	4	3	3	-	-
Katherine Tollner	6	4	-	-	-	-
David Llewelyn	6	6	3	3	-	-
Tanya Howitt	6	6	-	-	3	2
<b>The Alternate Directors for the above Directors are:</b>						
Scott Sharp (Alternate for Tanya Howitt)	1	1	-	-	1	1
Cathy Baker (Alternate for Katherine Tollner)	2	2	-	-	4	2
Liam Demamiel (Alt for Daryl Adam)	2	2	-	-	-	-

**Contributions on winding up**

In the event of the Company being wound up, ordinary members are required to contribute a maximum of \$1 each. Honorary members are not required to contribute.

The total amount that members of the Company are liable to contribute if the company is wound up is \$8, based on 8 current ordinary members.

**Rounding of amounts**

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial statement have been rounded to the nearest dollar.

LAW COURTS LTD  
ABN: 54 885 678 988

**DIRECTORS' REPORT**

**Auditor's independence declaration**

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

The Directors' Report is signed in accordance with a resolution of Directors made pursuant to s298(2)(a) of the *Corporations Act 2001*.

Director:   
\_\_\_\_\_

Christopher D'Aeth

Dated this 19 day of July 2024

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

Law Courts Ltd has no controlled entities and, therefore, is not required by Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) does not apply to the entity.

## DECLARATION OF INDEPENDENCE BY IAN HOOPER OF ENGAGEMENT PARTNER TO THE DIRECTORS OF LAW COURTS LTD

As lead auditor of Law Courts Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Ian Hooper  
Director

**BDO Audit Pty Ltd**

Sydney, 19 July 2024



## INDEPENDENT AUDITOR'S REPORT

To the members of Law Courts Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Law Courts Ltd (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Law Courts Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.



Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', written over a horizontal line.

Ian Hooper  
Director

Sydney, 19 July 2024

**DIRECTORS' DECLARATION**

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 10 to 25, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Australian Accounting Standards as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
  - (b) giving a true and fair view of the financial position as at 30 June 2024 and performance for the year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:   
\_\_\_\_\_

Christopher D'Aeth

Dated this 19 day of July 2024

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>Revenue and other income</b>			
Revenue and other income	4	<u>31,595,978</u>	<u>18,318,703</u>
		<u>31,595,978</u>	<u>18,318,703</u>
<b>Less: expenses</b>			
Depreciation expense	5	(9,720,992)	(6,402,639)
Repairs and maintenance		(1,659,052)	(1,549,697)
Cleaning, waste and materials disposed		(996,279)	(920,710)
Security costs		(1,936,177)	(1,508,987)
Light and power		(1,193,904)	(1,121,196)
Management and administration fee		(722,864)	(699,419)
Lifts maintenance		(271,328)	(277,058)
Insurance expense		(572,705)	(537,580)
Net loss on disposal of non-current assets	9	(9,972,001)	-
Other expenses		<u>(562,354)</u>	<u>(662,100)</u>
		<u>(27,607,656)</u>	<u>(13,679,386)</u>
<b>Net surplus for the year from continuing operations</b>		<u>3,988,322</u>	<u>4,639,317</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Revaluation of building		(15,450,881)	(5,509,833)
Revaluation of land		<u>3,000,000</u>	<u>3,000,000</u>
		<u>(12,450,881)</u>	<u>(2,509,833)</u>
<b>Other comprehensive (deficit) for the year</b>		<u>(12,450,881)</u>	<u>(2,509,833)</u>
<b>Total comprehensive (deficit)/surplus attributable to members</b>		<u><u>(8,462,559)</u></u>	<u><u>2,129,484</u></u>

The accompanying notes form part of these financial statements.

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	6	10,891,615	20,176,524
Receivables	7	1,645,078	280,123
Other assets	8	<u>16,257</u>	<u>58,523</u>
<b>Total current assets</b>		<u>12,552,950</u>	<u>20,515,170</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	<u>366,619,062</u>	<u>375,356,895</u>
<b>Total non-current assets</b>		<u>366,619,062</u>	<u>375,356,895</u>
<b>Total assets</b>		<u>379,172,012</u>	<u>395,872,065</u>
<b>Current liabilities</b>			
Payables	10	1,544,180	952,625
Unspent capital grants	11	<u>7,559,020</u>	<u>16,388,069</u>
<b>Total current liabilities</b>		<u>9,103,200</u>	<u>17,340,694</u>
<b>Total liabilities</b>		<u>9,103,200</u>	<u>17,340,694</u>
<b>Net assets</b>		<u>370,068,812</u>	<u>378,531,371</u>
<b>Equity</b>			
Reserves	12	304,110,380	316,561,261
Accumulated surplus	13	<u>65,958,432</u>	<u>61,970,110</u>
<b>Total equity</b>		<u>370,068,812</u>	<u>378,531,371</u>

The accompanying notes form part of these financial statements.

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Reserves	Accumulated surplus	Total equity
	\$	\$	\$
<b>Balance as at 1 July 2022</b>	<u>319,071,094</u>	<u>57,330,793</u>	<u>376,401,887</u>
Surplus for the year	-	4,639,317	4,639,317
Loss on revaluation of building	(5,509,833)	-	(5,509,833)
Gain on revaluation of land	<u>3,000,000</u>	-	<u>3,000,000</u>
<b>Total comprehensive surplus/(deficit) for the year</b>	<u>(2,509,833)</u>	<u>4,639,317</u>	<u>2,129,484</u>
<b>Balance as at 30 June 2023</b>	<u><u>316,561,261</u></u>	<u><u>61,970,110</u></u>	<u><u>378,531,371</u></u>
<b>Balance as at 1 July 2023</b>	316,561,261	61,970,110	378,531,371
Surplus for the year	-	3,988,322	3,988,322
Loss on revaluation of building	(15,450,881)	-	(15,450,881)
Gain on revaluation of land	<u>3,000,000</u>	-	<u>3,000,000</u>
<b>Total comprehensive surplus/(deficit) for the year</b>	<u>(12,450,881)</u>	<u>3,988,322</u>	<u>(8,462,559)</u>
<b>Balance as at 30 June 2024</b>	<u><u>304,110,380</u></u>	<u><u>65,958,432</u></u>	<u><u>370,068,812</u></u>

The accompanying notes form part of these financial statements.

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		\$	\$
<b>Cash flow from operating activities</b>			
Government contributions		13,363,025	13,317,656
Insurance proceeds		9,972,001	-
Payments to suppliers		(9,396,479)	(7,243,987)
Interest received		40,163	36,702
Other income		<u>142,421</u>	<u>177,233</u>
<b>Net cash provided by operating activities</b>	14(b)	<u>14,121,131</u>	<u>6,287,604</u>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		<u>(23,406,040)</u>	<u>(1,322,895)</u>
<b>Net cash (used in) investing activities</b>		<u>(23,406,040)</u>	<u>(1,322,895)</u>
<b>Reconciliation of cash</b>			
Net increase/(decrease) in cash held		(9,284,909)	4,964,709
Cash at beginning of the financial year		<u>20,176,524</u>	<u>15,211,815</u>
<b>Cash at end of financial year</b>	14(a)	<u>10,891,615</u>	<u>20,176,524</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 1: BASIS OF PREPARATION**

**General information**

The directors have determined that Law Courts Ltd ('the Company') is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Law Courts Ltd as an individual entity. Law Courts Ltd is a Company limited by guarantee, incorporated and domiciled in Australia. Law Courts Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048:	Interpretation of Standards
AASB 1054:	Australian Additional Disclosures
AASB 1057:	Application of Australian Accounting Standards

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

*Significant accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 16 to the financial statements.

**Accounting policies**

The following accounting policies have been applied in the preparation and presentation of the financial report.

**(a) Going concern**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company is dependent on the ongoing financial support of the Australian and New South Wales Governments for funding of operating and capital expenditure.



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(b) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

**(c) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(d) Income tax**

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(e) Financial instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

*Classification of financial assets*

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(e) Financial instruments (Continued)**

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

*Trade and other receivables*

Trade and other receivables arise from the Company's normal operating transactions and are normally settled within 30 days.

Consistent with both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

**(f) Income arising from the transfer of assets**

*Contributions*

The Company derives income from the transfer of assets when the Company provides no consideration in exchange for the asset received, or the consideration provided by the Company is significantly less than the fair value of the asset received, principally to enable the Company to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Assets, liabilities and income arising under such transfer arrangements are recognised as follows:

- a) the asset received by the Company is initially recognised at fair value (except for any inventory received, which is initially recognised at current replacement cost), and any right-of-use assets received, which are initially recognised at cost;
- b) any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions, are initially recognised in accordance with the applicable Australian Accounting Standard; and
- c) the excess of the initial carrying amount of the asset received over the aggregate of the consideration provided by the Company and any related amounts is recognised as income.

A transfer of a financial asset to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications to be controlled by the Company, such as an item of property, plant and equipment, is initially recognised as a unspent capital grants liability, and subsequently recognised as income as, or when, the Company satisfies its obligation to acquire or construct the specified asset. For the acquisition of specified assets, income is recognised when the asset is acquired and controlled by the Company. For the construction of specified assets, income is recognised as the construction progresses on the basis of costs incurred relative to total expected costs.

A transfer of other assets to the Company, such as cash grants, cash donations and goods donated for resale are recognised as income when the Company obtains control of the asset.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(g) Property, plant and equipment**

Each class of property, plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

*Land, buildings, plant and equipment, and assets under construction*

Land is measured at fair value based on the market comparable approach that reflects recent transaction prices for similar properties. Buildings are measured at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined on the basis of a periodic, independent valuation by external valuation experts based on discounted cash flows or capitalisation of net income, as appropriate.

The fair values are recognised in the financial statements, and are reviewed at the end of each reporting period to ensure that the carrying value of the land and buildings is not materially different from their fair values. Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment, furniture, fixtures and fittings are stated at cost less accumulated depreciation and impairment. Assets under construction are stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity. To the extent that the increase reverses a decrease of the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income; all other decreases are recognised in profit or loss.

Plant and equipment is measured on the cost basis.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(g) Property, plant and equipment (Continued)**

*Depreciation*

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net costs or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The depreciation rates used for each class of depreciable assets are:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Buildings	2 - 16.7%	Straight line
Building (Plant component)	2.5 - 12.5%	Straight line
Furniture, fixtures and fittings	6.7 - 10%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

**(h) Other revenue and other income**

*Interest*

Interest revenue is measured in accordance with the effective interest method.

*Compensation for impairment*

Compensation for impairment is recognised when it becomes receivable.

All revenue is measured net of the amount of goods and services tax (GST).

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the Company's financial statements in the period of initial application.

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	2024	2023
	\$	\$

**NOTE 3: CONTRIBUTIONS**

**Government Contributions**

The Australian Government and New South Wales Government provide funds to the Company to fund its operating and capital expenses. For FY2024, the funding proportions received were 47.5% (FY2023: 47.5%) by the Australian Government and 52.5% (FY2023: 52.5%) by the State. The Commonwealth contribution received during the year included a \$2,029,482 (FY2023: \$2,946,844) contribution for Life Cycle and Capital costs. The NSW contribution received during the year included a \$2,405,550 (FY2023: \$3,257,039) contribution for Life Cycle costs. These amounts received are initially recognised as an unspent capital grant liability in line with the Note 1(i). The total amount provided is assessed on the expenditure budget.

**The contributions were:**

Australian Government	5,833,000	6,378,000
New South Wales Government	6,351,887	7,033,438
Other parties	-	9,588,734
	<u>12,184,887</u>	<u>23,000,172</u>

During the FY2019, the Board approved a 10-year plan for the ongoing maintenance of the building and building facilities subject to funding contributions from the Australian and NSW Governments. The implementation of the 10-year capital plan commenced in FY2020.

***Contributions recognised as revenue:***

*Australian Government*

Operating	3,681,182	3,416,741
Life Cycle and Capital	6,300,438	628,375

*New South Wales Government*

Operating	4,068,674	3,776,399
Life Cycle	6,963,641	694,519
Capital	-	9,588,734

*Other Parties*

During the previous financial year capital works were performed by one of the Tenants with Law Courts Limited having received the benefit of those works for \$nil consideration. These amounts have been recognised as contributions revenue in accordance with Note 1(g).

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 4: REVENUE AND OTHER INCOME</b>		
Other revenue		
Interest income	40,163	36,702
Insurance recoveries	10,399,459	-
Contributions (Note 3)	21,013,935	18,104,768
Other revenue	<u>142,421</u>	<u>177,233</u>
	<u><u>31,595,978</u></u>	<u><u>18,318,703</u></u>

**NOTE 5: OPERATING SURPLUS**

Surplus has been determined after:

Depreciation		
- building, plant and equipment	9,711,982	6,388,966
- furniture and fittings	<u>9,010</u>	<u>13,673</u>
	<u><u>9,720,992</u></u>	<u><u>6,402,639</u></u>
Net loss on disposal of non-current assets		
- Write down of property, plant and equipment	9,972,001	-

**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash on hand	32	32
Cash at bank - Capital	6,947,222	16,459,866
Cash at bank - Operating	3,441,856	3,452,721
Cash at bank - Held in Trust	<u>502,505</u>	<u>263,905</u>
	<u><u>10,891,615</u></u>	<u><u>20,176,524</u></u>

The effective interest rate on short term bank deposits was 0.25% (2023: 0.1%); these deposits are held at call.

The cash at bank - capital relates to cash funding received by the Company to enable the Company to acquire or construct recognisable non-financial assets to be controlled by the Company. The associated liability, for unspent capital grants, is disclosed in Note 11.

**NOTE 7: RECEIVABLES**

**CURRENT**

Trade receivables	23,591	471
Other receivables	427,458	-
GST receivables	<u>1,194,029</u>	<u>279,652</u>
	<u><u>1,645,078</u></u>	<u><u>280,123</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 8: OTHER ASSETS</b>		
CURRENT		
Prepayments	<u>16,257</u>	<u>58,523</u>
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land</b>		
Land - at valuation	<u>110,000,000</u>	<u>107,000,000</u>
Building - at valuation	<u>227,082,888</u>	<u>243,420,839</u>
Plant and equipment (building component) - at valuation	29,417,114	23,579,161
Furniture, fixtures and fittings - at cost	5,880,018	5,880,018
Accumulated depreciation	<u>(5,866,629)</u>	<u>(5,857,619)</u>
Total Furniture, fixtures and fittings	13,389	22,399
Assets under construction	<u>105,671</u>	<u>1,334,496</u>
Total property, plant and equipment	<u>366,619,062</u>	<u>375,356,895</u>

**(a) Valuations**

As at 30 June 2024 an independent assessment was obtained from CBRE Valuations Pty Limited, the property valuers, of the fair market value of land and buildings based on existing use. The valuation was made in accordance with the accounting policy with further information included in Note 16.

The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined based on a combination of a direct comparison and capitalisation approaches.

All of the Company's freehold land and buildings are categorised as level 3 input in the fair value hierarchy as at 30 June 2024.

There were no transfers between Level 1 and Level 2 during the year.

**(b) Flood Damages**

During the year ended 30 June 2024 the above assets were subject to flood damage. As a result, disposals of \$9,972,001 relating to property, plant and equipment have been recorded.

Insurance recoveries of \$10,359,459 have been claimed to date for the cost of the flood rectification works and related costs. As at 30 June 2024 \$427,458 of this compensation is outstanding and will be received subsequent to year end.

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 10: PAYABLES</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Sundry creditors and accruals	<u>1,544,180</u>	<u>952,625</u>
 <b>NOTE 11: UNSPENT CAPITAL GRANTS</b>		
CURRENT		
Unspent capital grants - expected to be completed within 12 months	4,435,032	13,073,489
Unspent capital grants - expected to be completed after 12 months	<u>3,123,988</u>	<u>3,314,580</u>
	<u>7,559,020</u>	<u>16,388,069</u>
 <b>NOTE 12: RESERVES</b>		
Building revaluation reserve	198,110,380	213,561,261
Land revaluation reserve	<u>106,000,000</u>	<u>103,000,000</u>
	<u>304,110,380</u>	<u>316,561,261</u>
<p>The building revaluation reserve is used to record increments and decrements on the revaluation of the Company's building.</p> <p>The land revaluation reserve records increments and decrements on the revaluation of the Company's freehold land.</p>		
 <b>NOTE 13: ACCUMULATED SURPLUS</b>		
Accumulated surplus at beginning of year	61,970,110	57,330,793
Net surplus	<u>3,988,322</u>	<u>4,639,317</u>
	<u>65,958,432</u>	<u>61,970,110</u>



**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 14: CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	32	32
Cash at bank	<u>10,891,583</u>	<u>20,176,492</u>
	<u><u>10,891,615</u></u>	<u><u>20,176,524</u></u>
<b>(b) Reconciliation of cash flow from operations with deficit</b>		
Surplus/(Deficit) from continuing operations	3,988,322	4,639,317
<b>Adjustments and non-cash items</b>		
Non-Cash Contributions	-	(9,588,734)
Depreciation	9,720,992	6,402,639
Impairment of flood affected assets	9,972,001	-
<b>Changes in operating assets and liabilities</b>		
Decrease/(Increase) in receivables	(1,364,955)	(93,783)
Decrease/(increase) in other assets	42,266	4,492
Increase/(Decrease) in payables	591,554	28,268
Increase/(Decrease) in other liabilities	<u>(8,829,049)</u>	<u>4,895,405</u>
Cash flows from operating activities	<u><u>14,121,131</u></u>	<u><u>6,287,604</u></u>

The operating leases commitment is a lease on photocopying equipment. The photocopier lease is repayable in 60 monthly instalments commencing from 5 April 2019.

**NOTE 15: CAPITAL AND LEASING COMMITMENTS**

**Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	<u>2,440</u>	<u>2,440</u>
	<u><u>2,440</u></u>	<u><u>2,440</u></u>

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 16: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the process of applying the Company's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

The following outlines the major judgements made by management in applying the Company's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Estimate - useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Estimate - land and building valuation*

Critical judgements are made by the Directors in respect of the fair value of the property. The fair value of this is reviewed regularly by management with reference to independent property valuations, recent open market transactions and market conditions existing at the reporting date, using generally accepted market practices. The major critical assumptions underlying estimates of fair values are those relating to the capitalisation rate and the discount rate adopted for the property.

Other assumptions include retail trading environment, gross market rent, net market rent, average market rental growth, operating expenses, capital expenditure and terminal yield. See further disclosure regarding assumptions used in valuation of investment properties in Note 9.

If there is any change in the assumptions used or economic conditions, a change in the fair value of the land and building may occur.

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$

**NOTE 17: CONTINGENT LIABILITIES**

The company had no Commitments for expenditure as at 30 June 2024 and 30 June 2023.

**NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE**

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**NOTE 19: REMUNERATION OF AUDITORS**

Audit of the financial report

- BDO

<u>38,000</u>	<u>37,000</u>
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**NOTE 20: COMPANY DETAILS**

Law Courts Ltd's registered office and its principal place of business are as follows:

Law Courts Ltd  
Law Courts Building  
Queens Square  
184 Phillip Street  
Sydney NSW 2000

**LAW COURTS LTD**  
**ABN: 54 885 678 988**

**DETAILED UNAUDITED STATEMENT OF INCOME AND EXPENSES**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**PRIVATE INFORMATION FOR THE DIRECTORS**  
**ON THE 2024 FINANCIAL STATEMENTS**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Interest income	40,163	36,702
Other revenue	142,421	177,233
Contributions - operating	7,749,856	7,193,140
Contributions - life cycle	13,264,079	1,322,894
Contributions - other parties	-	9,588,734
Insurance recoveries	<u>10,399,459</u>	<u>-</u>
<b>Total income</b>	<b><u>31,595,978</u></b>	<b><u>18,318,703</u></b>
<b>Less expenses</b>		
Audit fees	40,000	21,665
Cleaning, waste and materials disposed	996,279	920,710
Management fees	722,864	699,419
Depreciation	9,720,992	6,402,639
Fire protection	41,081	104,173
General expenses	221,527	248,898
Insurance	572,705	537,580
Light and power	1,193,904	1,121,196
Net loss on disposal of non-current assets	9,972,001	-
Pest control	2,900	3,400
Professional fees	83,508	47,998
Air conditioning and ventilation	73,474	126,009
Water	54,350	58,142
Repairs and maintenance	1,696,169	1,583,438
Lift maintenance	271,328	277,058
Security costs	1,936,177	1,508,987
Communications	<u>8,397</u>	<u>18,074</u>
<b>Total expenses</b>	<b><u>27,607,656</u></b>	<b><u>13,679,386</u></b>
<b>Operating surplus from continuing activities</b>	<b><u>3,988,322</u></b>	<b><u>4,639,317</u></b>