Financial statements

There are five key parts to these financial statements for the period ending 30 June 2006:

- income statement
- balance sheet
- cash flow statement
- statement of changes in equity
- notes to and forming part of the financial statements.

The certificate of the CMC and the independent audit report are appended.

About these financial statements

Income statement

The income statement serves to show the comparison of revenues to expenses for the year. In prior years this was called the statement of financial performance. Approximately 98 per cent of the CMC's revenue is derived from government grants. For the year ended 30 June 2006, the CMC recorded a book deficit of $586 000 due largely to a change in accounting policy that increased the CMC's asset recognition threshold from $2000 to $5000.

Balance sheet

The balance sheet (formerly referred as the statement of financial position) is the best guide to the financial health of an organisation. It is a snapshot taken at the end of the reporting period, showing what assets were held, what amounts were owing to creditors and staff, and the surplus of assets over liabilities — in other words, the equity of the CMC.

Assets. Assets are things controlled by an organisation, and are generally divided into 'current assets' such as cash and debtors or 'fixed assets' such as property, plant and equipment.

Current assets are those assets that can be readily converted into cash within the next 12 months. In the CMC's case, current assets include cash, receivables/debtors and prepayments.

> *Cash* is the closing balance of all the CMC's bank accounts as at 30 June.

> Receivables/debtors represent the amounts of cash the CMC was owed at 30 June and is confident of receiving. The Australian Taxation Office is the CMC's biggest debtor, owing it $300 000 (of the total receivables $464 000 at 30 June) for GST input tax credits — that is, the refund of GST that has been paid to suppliers and government departments.

> *Prepayments* occur when payments are made in advance of receiving the services or goods. Examples would be annual memberships, vehicle registrations, or maintenance agreements that still have effect after 30 June. The proportion of these payments in advance that relates to periods after 30 June becomes the prepayment. (This year it was $307 000.) Prepayment amounts are expensed in the following financial year.

Non-current assets are those assets that an organisation does not plan to convert into cash within the next 12 months. In the CMC's case, non-current assets of $3 071 000 include property, plant and equipment, and leasehold improvements. The CMC leases its accommodation.

Plant and equipment are those tangible things that are needed to help employees do their work, such as vehicles, electronic equipment, cameras and computers that have an individual value greater than $5000.

Leasehold improvements are building works performed in leased premises. Initially, leasehold improvements are capitalised and then amortised (or liquidated) over the remaining life of the lease. The value of property, plant and equipment and leasehold improvements in the statement of financial position is a net figure derived by subtracting an allowance that represents wear and tear or obsolescence from the original cost of the asset. This allowance is called depreciation (relating to property, plant and equipment and leasehold improvements).

Liabilities. Liabilities are the amounts owed by the CMC to others. They are divided into 'current' and 'non-current', depending on how soon the debt is to be repaid.

> *Current liabilities* are debts that an organisation plans to repay within the next 12 months. In the CMC's case, $2 789 000 in current liabilities relate to payables (creditors), provisions and lease incentives.

> *Payables* or creditors are debts accrued by purchasing goods and services on credit. The CMC policy is to pay all invoices before their due date, to take advantage of any benefits such as discounts for prompt payment. Suppliers are actively encouraged to accept electronic funds transfers (EFT) instead of cheque payments, to reduce the CMC's administrative overheads.

> *Provisions* of $1 497 000 have been set aside to cover the first four weeks of employees' accumulated annual leave entitlements as at 30 June. From 2005–06 these provisions will be disclosed as part of the CMC's payables. The CMC does not need to provide for its employees' long-service leave entitlements because they are provided for within the QSuper fund, which is administered by Queensland Treasury and funded by a levy each fortnight on the payroll.

> *Lease incentive liability*. During 1999–2000, the CJC received a total of $3 515 357 as an incentive to lease premises at Terrica Place. In accordance with Australian Accounting Standard AAS17, the organisation is required to treat this incentive as a liability (borrowing). This liability is then reduced each year by treating part of the lease instalments payable as a repayment. The amount of $492 000 shown as a current liability represents that part of the liability or borrowing that will be reduced by lease instalments during 2006–07.

Non-current liabilities are those liabilities where an organisation has no legal requirement to repay the debt within the next 12 months. In the CMC's case, non-current liabilities of $742 000 relate partly to the lease incentive and non-current employee leave provisions. It represents that part of the liability or borrowing that will still be outstanding at 30 June 2006 (that is, will not be extinguished in the next 12 months).

Net assets. The figure for the CMC's net assets of $4 958 000 ($5 544 000 last year) is the difference between total assets and total liabilities. The assets value exceeds the liabilities. Further, a good test of an organisation's financial health is its liquidity ratio (also known as the current ratio, because it compares current assets to current liabilities), for which the CMC has a ratio of 1.95 to 1.

Equity. Equity balances are made up of initial start-up balances, prior year's surpluses (or deficits) and reserves. Equipment reserves occur when, in any year, the amount of depreciation is greater than the new capital, plant and equipment purchases.

The capital/equity contributions of $4 236 000 relate to the closing equity balances of the CJC and QCC as at 31 December 2001. The closing balances of those organisations became the opening balances of the CMC.

The accumulated surplus of $722 000 is derived from the $586 000 current year's operating deficit, generated from the income statement plus prior year's operating results.

Cash flow statement

This statement represents the CMC's actual movements of cash during the 12-month period to 30 June 2006.

For the period to 30 June 2006, the planned leasehold improvements to Terrica Place did not occur and are now scheduled to occur in August–September 2006.

As a check, the cash at the end of the reporting period, as shown in the cash flow statement, must always be equal to the cash at bank in the balance sheet.

Statement of changes in equity

The statement of changes in equity (new statement this year) highlights the movement in the equity of the agency. Equity is the net worth of the agency and is simply represented by total assets less total liabilities in the balance sheet. The normal entries affecting this statement include:

> the operating outcome (either surplus or deficit)

> accounting policy changes

> equity injections or withdrawals

> asset revaluations.

For 2005-06 the CMC's total equity movement is due to the operating book deficit of $586 000.

Notes to and forming part of the financial statements

The notes explain in more detail particular line item amounts from the financial statements. They also disclose other matters such as events after balance date (30 June) and accounting policies.

The notes should be read together with the other parts of the financial statements.

Crime and Misconduct Commission

Income statement
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Revenues from ordinary activities			
Contributions and grants	1(b)2(a)	34 777	33 209
Interest	1(h)	503	450
Services received below fair value	1(b)	58	–
Gains from sale of assets	1(b)	59	11
Other revenue	1(b)	69	12
Total revenues from ordinary activities		**35 466**	**33 682**
Expenses from ordinary activities			
Depreciation and amortisation	1(d)2(b)	1 358	1 445
Employee expenses	2(d)	25 322	24 201
Operating expenses	2(c)	9 337	7 297
Loss from sale of assets	1(b)	35	15
Total expenses from ordinary activities		**36 052**	**32 958**
Operating surplus/(deficit)		**(586)**	**724**

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

Crime and Misconduct Commission
Balance sheet
as at 30 June 2006

	Notes	2006 $'000	2005 $'000
Assets			
Current assets			
Cash and cash equivalents	1(e) 3	4 647	4 364
Receivables	1(f) 4	464	502
Other assets	1 (g) 5	307	310
Total current assets		**5 418**	**5 176**
Non-current assets			
Property, plant and equipment	1(c) 6	3 071	4 001
Total non-current assets		**3 071**	**4 001**
Total assets		**8 489**	**9 177**
Liabilities			
Current liabilities			
Payables	1(i) 7	531	345
Accrued employee benefits	1 (j) 8	1 766	1 583
Other	9	492	492
Total current liabilities		**2 789**	**2 420**
Non-current liabilities			
Accrued employee benefits	1 (j) 8	372	351
Other	9	370	862
Total non-current liabilities		**742**	**1 213**
Total liabilities		**3 531**	**3 633**
Net assets		**4 958**	**5 544**
Equity			
Contributed capital		4 236	4 236
Accumulated surplus		722	1 308
Total equity		**4 958**	**5 544**

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

Crime and Misconduct Commission

Cash flow statement
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Cash flows from operating activities			
Inflows			
LSL reimbursement received		13	(35)
Government contributions and grants		34 777	33 129
Interest		502	470
GST received from customers		67	45
GST input tax credits received		1 722	1 629
Other		156	(124)
		37 237	**35 114**
Outflows			
Employee expenses		(25 118)	(23 934)
Supplies and services		(6 825)	(5 137)
Other		(2 733)	(2 554)
GST paid to suppliers		(1 782)	(1 647)
GST remitted to ATO		(73)	(39)
		(36 531)	**(33 311)**
Net cash provided by (used in) operating activities	10(b)	**706**	**1 803**
Cash flows from investing activities			
Inflows			
Proceeds from sale of plant and equipment		349	174
		349	174
Outflows			
Payments for purchases of plant and equipment		(772)	(1 269)
Payments for leasehold improvements		–	(60)
		(772)	(1 329)
Net cash provided by (used in) investing activities		**(423)**	**(1 155)**
Net movement in cash		283	648
Cash at beginning of financial year		4 364	3 716
Cash at end of financial year	10 (a)	**4 647**	**4 364**

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

Crime and Misconduct Commission

Statement of changes in equity
for the year ended 30 June 2006

	Accumulated surpluses		Contributed equity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Balance 1 July	1 308	585	4236	4 240
Net expense recognised directly to equity	–	(1)	–	–
Surplus/(deficit) for the period	(586)	724	–	–
Non-appropriated equity adjustment	–	–	–	(4)
Balance 30 June	**722**	**1 308**	**4 236**	**4 236**

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

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 1: Significant accounting policies

(a) Basis of accounting

General

These financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, Financial Management Standard 1997, Australian Equivalents to International Financial Reporting Standards and Urgent Issues Group Abstracts.

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time. The disclosures required by AASB 1, First Time Adoption of Australian Equivalents to International Financial Reporting Standards, concerning the transition from Generally Accepted Accounting Standards (GAAP) to AEIFRS are provided in Notes 19 and 20.

This financial report has been prepared on accrual and going concern basis.

The financial report has also been prepared under the historical cost convention except where specifically stated.

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the CMC's operating cycle.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

(b) Revenue recognition

Revenue is recognised when goods or services are delivered.

Services acquired for no cost

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

Government contributions

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner and disclosed in the Income Statement and in the Cash Flow Statement as Government Contributions and Grants.

Sale of assets

The gain or loss on sale of an asset is determined when control has passed to the buyer.

Other revenue

Other revenue relates to income from disposal of non-capitalised assets and miscellaneous income.

(c) Recognition and measurement of property, plant and equipment

Acquisition

Actual cost is used for the initial recording of all acquisition of assets controlled and administered by the CMC.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition.

Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

Property, plant and equipment items with a cost or value of $5000 or greater and a useful life of more than one year are recognised as assets. All other items of property, plant and equipment are expensed on acquisition.

Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Costs relating to the fit-out of leasehold premises at Terrica Place have been capitalised as leasehold improvements and, in accordance with AASB116, Property, Plant and Equipment, are being depreciated over the term of the lease. The Terrica Place lease is due to expire in March 2008.

Recoverable amount

The carrying amounts of non-current assets recorded at cost are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of the asset exceeds the recoverable amount, the asset is written down to the lower amount with the write-down expensed through the Income Statement.

(d) Depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis so as to write off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the CMC.

Where assets have separately identifiable components, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the original assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the CMC.

Major depreciation periods used are listed below and are consistent with that of the prior year unless otherwise stated.

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 1(d), continued

Class	Periods
General and technical equipment	
General	7 years
Technical	5 years
Computer equipment	
On five-year replacement cycle	5 years
On four-year replacement cycle	4 years
On three-year replacement cycle	3 years
Motor vehicles	5 years
Leasehold improvements Terrica Place	5.93 years
Leasehold improvements other	4.44 years

(e) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked, as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are convertible to cash on hand at the CMC's option and that are subject to low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts if required.

If they occur, bad debts are written off in the period in which they are recognised.

(g) Prepayments

The CMC has determined that only prepayments on invoices >/= $1000 will be recognised in its accounts. This recognition will occur at the time the invoice is processed for payment.

(h) Other financial assets

Investments are measured at cost.

Interest is recognised on an accrual basis

(i) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the CMC.

Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

(j) Accrued employee benefits

Annual leave

Annual leave benefits are accrued on a pro rata basis in respect of services provided by employees up to balance date and are calculated having regard to the expected future rates of pay and on costs.

The value of the first 20 days of annual leave benefits accrued by employees has been treated as a current liability. The value of any annual leave benefits in excess of 20 days has been treated as a non-current liability. The provision for annual leave has been made at nominal value as required by AASB 119, Employee Benefits.

Sick leave

Sick leave is expensed as incurred.

Long-service leave

Under the State Government's long-service leave scheme a levy is made on the CMC to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long-service leave is recognised in the financial statements, the liability being held on a whole-of-government basis and reported in the financial report prepared pursuant to AAS31, Financial Reporting by Governments.

Superannuation

Employees of the CMC are members of QSuper. Contributions to employee superannuation plans are expensed at the time the contributions are paid or become payable.

For employees in QSuper, the Treasurer of Queensland, based on advice received from the State Actuary, determines employer contributions for superannuation expenses.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-government basis and reported in the whole-of-government financial report pursuant to AAS 31, Financial Reporting by Governments.

(k) Taxation

The activities of the CMC are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued.

(l) Lease incentive

In accordance with AASB117, Leases, the lease incentive payment has been recognised as a liability which will be offset against lease instalments payable over the term of the lease.

(m) Insurance

The CMC is insured by the Queensland Government Insurance Fund (QGIF) for property and general liability.

(n) Operating leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the CMC.

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

(o) Revised asset recognition threshold

A number of mandated policies were introduced, the commencement date of which coincided with the implementation of the new AEIFRS. The most significant change that affected the CMC was the change of asset recognition threshold from $2000 to $5000. The impact of this change resulted in an amount of $341 000 being posted as a reduction to the opening balance of accumulated surplus on 1 July 2005, with a corresponding reduction to the relevant asset class and accumulated depreciation.

Note 2: Income statement disclosures

(a) Contributions and grants	2006 $'000	2005 $'000
Queensland Government	34 546	32 960
Other	231	249
	34 777	33 209
(b) Depreciation		
Motor vehicles	209	201
Computer equipment	183	242
General and technical equipment	167	250
Leasehold improvements	799	752
	1 358	**1 445**
(c) Operating expenses		
Rental expense – operating lease	2 733	2 553
Auditors remuneration – Queensland Audit Office*	34	40
Communications	300	295
Computer software/services	302	159
Consultants	111	99
Contractors	45	83
Contract support	360	155
Electricity	136	123
Employment agency staff	285	271
Equipment – non assets	1 242	266
Information retrieval and access	222	164
Legal and litigation costs	611	275
Maintenance	263	214
Motor vehicles	303	299
Operational expenses	420	484
Other supplies and services	879	841
Other supplies and services (good provided below fair value)	58	–
Project costs	178	193
Security	277	230
Travel	537	518
Other	41	35
	9 337	**7 297**

* Total external audit fees relating to the 2005–06 financial year were estimated to be $43 500 ($39 260 in 2004–05). There were no non-audit services included in this amount.

(d) Employee expenses	2006 $'000	2005 $'000
Salaries and wages	19 087	18 278
Employer superannuation contributions	2 501	2 428
Annual leave	1 210	1 310
Long-service leave	349	288
Other employee-related expenses	2 175	1 897
	25 322	**24 201**

The CMC had 305.1 full-time equivalent employees at 30 June 2006 (285.2 full-time equivalent at 30 June 2005)

Note 3: Cash and cash equivalents

Cash on hand	40	41
Cash at bank	1 166	3 935
Deposits on call	3 441	388
	4 647	**4 364**

The CMC has provided a $300 000 bank guarantee pursuant to a lease agreement. This amount is included in 'Deposits on call' above.

Note 4: Receivables

Long-service leave reimbursement	42	55
GST input tax credits receivable	300	239
Interest receivable	7	6
Grants receivable		54
Reimbursements receivable	113	119
Other receivables	2	29
	464	**502**

Note 5: Other assets

Current:		
Prepayments	307	310
	307	**310**

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 6: Property, plant and equipment

	2006 $'000	2005 $'000
Property, plant and equipment at cost	**7 787**	**7 990**
Less: Accumulated depreciation	(4 716)	(3 989)
	3 071	4 001

The CMC had 13 assets with a written down value of zero which were still in use at 30 June 2006. The original purchase cost of these assets totalled $111 311.

Movements during the reporting period

	Motor vehicles	Computer equipment	General and technical equipment	Leasehold improve-ments	Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Asset gross value:					
Opening balance	1 191	485	1 217	5 098	7 991
Purchases	447	248	77	–	772
Disposals	(594)	(106)	(276)	–	(976)
Closing balance	1 044	627	1 018	5 098	7 787
Accumulated depreciation:					
Opening balance	(318)	(171)	(579)	(2 922)	(3 990)
Depreciation expense	(209)	(183)	(167)	(799)	(1 358)
Depreciation on assets disposed of	270	114	248	–	632
Closing balance	(257)	(240)	(498)	(3 721)	(4 716)
Total	**787**	**387**	**520**	**1 377**	**3 071**

Note 7: Payables

	2006 $'000	2005 $'000
Current:		
Trade creditors	525	334
GST payable	6	11
	531	345

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 8: Accrued employee benefits

	2006 $'000	2005 $'000
Current:		
Accrued salaries and wages	392	281
Accrued long service leave levy	60	51
Annual leave	1 126	1 076
Other employee-related expenses	188	175
	1 766	**1 583**
Non-current:		
Annual leave	372	351
	372	**351**

Note 9: Other liabilities

Current:		
Lease incentive	492	492
	492	**492**
Non-current:		
Lease incentive	370	862
	370	**862**

Note 10: Cash flow statement — disclosures

(a) Cash at the end of the year, as shown in the cash flow statement

Cash on hand	40	41
Cash at bank	1 166	3 935
Deposits on call	3 441	388
	4 647	**4 364**

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

(b) Reconciliation of net cash from operating activities to net result for the year

	2006 $'000	2005 $'000
Net result for the year	(586)	724
Non-cash items		
Depreciation expense	1 358	1 445
Other non-cash transactions adjustment	(4)	25
Change in operating assets and liabilities :		
(Decrease) Increase in LSL payable	9	6
(Increase) Decrease in lease capitalisation	(492)	(492)
(Increase) Decrease in interest receivable	(1)	20
(Increase) Decrease in LSL reimbursement receivable	13	(35)
(Increase) Decrease in other receivable	87	(177)
Increase (Decrease) in GST payable	(5)	6
(Increase) Decrease in GST input tax credits receivable	(61)	(18)
(Increase) Decrease in prepayments	3	(63)
(Decrease) Increase in accounts payable	189	81
(Decrease) Increase in salaries payable	112	68
(Decrease) Increase in other employee related expenses	14	79
(Decrease) Increase in provision for annual leave	70	173
(Decrease) Increase in grant in advance	0	(39)
Net cash provided by operating activities	**706**	**1 803**

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 11: Financial instruments

(a) Interest rate risk

The exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

Financial instrument	Floating interest rate		Fixed interest rate maturing in 2006		Non-interest bearing		Total carrying amount as per balance sheet	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Average interest rate	5.61%	5.57%	–	–				
Financial assets								
Cash	4 607	4 323	–	–	40	41	4 647	4 364
Receivables	–	–	–	–	464	502	464	502
Total financial assets	**4 607**	**4 323**	**–**		**504**	**543**	**5 111**	**4 866**
Financial liabilities								
Payables	–	–	–	–	531	345	531	345
Total financial liabilities	**–**	**–**	**–**	**–**	**531**	**345**	**531**	**345**

(b) Net fair value

Financial instrument	Total carrying amount as per balance sheet		Aggregate net fair value	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Financial assets				
Cash	4 647	4 364	4 647	4 364
Receivables	464	502	464	502
Total financial assets	**5 111**	**4 866**	**5 111**	**4 866**
Financial liabilities				
Payables	531	345	531	345
Total financial liabilities	**531**	**345**	**531**	**345**

(c) Credit risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet. There are no concentrations of credit risk.

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 12: Commitments

	2006 $'000	2005 $'000
Capital commitments		
At 30 June the CMC had the following capital commitments inclusive of GST:		
Unfinalised capital works where work has been performed but not finished.	–	1
Payments due within one year		
Outstanding capital commitments are likely to be exercised as follows:		
Payments due within one year:	–	144
		145

	2006 $'000	2005 $'000
Operating commitments		
Lease commitments		
At 30 June the CMC had the following operating commitments inclusive of GST:		
Outstanding premises lease commitments are likely to be exercised as follows:		
Payments due within one year	2 750	2 466
Payments due one to five years	2 330	4 780
	5 080	**7 246**

Note:
The CMC occupies premises in Terrica Place, which is sub-leased through the Department of Public Works. This lease is due to expire in March 2008. As at 30 June 2006, the CMC had no set commitment to renew this lease.

	2006 $'000	2005 $'000
Outstanding vehicle lease commitments are likely to be exercised as follows:		
Payments due within one year	336	211
Payments due one to five years	160	59
	496	**270**

	2006 $'000	2005 $'000
Other outstanding operating commitments are likely to be exercised as follows:		
Payments due within one year:	52	139
	52	**139**

Note 13: Contingent liabilities

Litigation in progress

As at 30 June 2006, there were two cases unfinalised. The CMC's legal advisers believe that they may result in costs and damages against the CMC, with the total estimated payable to be a maximum of $120 000.

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 14: Superannuation

The CMC contributes in respect of its employees to the State Public Sector Superannuation Scheme (QSuper).

The total contribution to the QSuper fund during 2005–06 was $2 500 656 ($2 428 815 in 2004–05)

As at the reporting date, there were no outstanding contributions payable to the fund and there were no loans to or from the CMC to the above fund.

The CMC is not liable for any unfunded liability in respect of the above employer sponsored superannuation scheme.

Note 15: Remuneration of Commissioners and specified executives

Remuneration received or due and receivable by Commissioners and specified executives of the CMC in connection with the management of the CMC includes salary, fees and contributions to members' superannuation.

The Chairperson, Commissioners and specified executives are eligible to become members of a superannuation plan established under the *Superannuation (State Public Sector) Act 1990*.

(a) Chief Executive's remuneration

The Chairperson's conditions of employment also include entitlement to private use of a motor vehicle and leave equivalent to the public service except for long service leave. The Chairperson is not eligible for a performance bonus.

The position of Chairperson was held by Robert Needham from 1 January 2005 to 30 June 2006.

	Superannuable salary	Allowances and benefits[1]	Total remuneration
2006	$299 295	$54 915	$354 210
2005	$267 328	$50 954	$318 282

1 Allowances and benefits are made up of employer superannuation contribution at 12.75%, annual leave loading of 17.5% on four weeks' leave and expense of office allowance of $12 000.

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

(b) Commissioners' remuneration

The remuneration paid to part-time Commissioners is determined by the minister and based on rates specified in the guidelines for *Remuneration of part-time chairs and members of government boards, committees and statutory bodies*. The remuneration amounts shown include superannuation.

		2006 $	2005 $
Sally Goold OAM	(Ceased 15 July 2004)	–	2 046
David Gow	(Commenced 2 October 2005)	28 175	–
Ray Rinaudo	(Ceased 19 September 2004)	–	8 890
Margaret Steinberg AM	(Ceased 1 October 2005)	10 426	40 623
Hon. William Pincus QC	(Ceased 22 April 2005)	–	32 861
Suzette Coates	(Ceased 23 December 2005)	21 206	25 526
Julie Cork	(Commenced 11 November 2004)	38 725	27 205
Hon. Douglas Drummond QC	(Commenced 7 July 2005)	39 735	–
	Total:	**138 267**	**137 151**

(c) Executives' remuneration

	2006			2005		
Position	Superannuable salary ($)	Employer superannuation and leave loading ($)	**Total remuneration** ($)	Superannuable salary ($)	Employer superannuation and leave loading ($)	**Total remuneration** ($)
Assistant Commissioner, Crime	159 038	21 726	180 764	153 486	21 636	175 122
Assistant Commissioner, Misconduct	159 038	21 726	180 764	153 486	21 636	175 122
Executive Director[1]	130 912	18 196	149 108	125 389	17 676	143 065
Director, Intelligence and Information[2]	–	–	–	78 449	11 160	89 609
Director, Research and Prevention	112 110	15 127	127 237	101 599	14 329	115 928
Director, Intelligence[2]	103 598	14 608	118 206	34 476	4 341	38 817
Total:	**664 696**	**91 383**	**756 079**	**646 885**	**90 778**	**737 663**

1 The position of Executive Director was held by Graham Brighton from 1 July 2005 to 10 October 2005 and by Mark Hummerston from 11 October 2005 to 30 June 2006.

2 The position of Director, Intelligence and Information was abolished on 11 February 2005. The position of Director, Intelligence was established on the same day, to take responsibility for some of the functions of the former Director, Intelligence and Information.

The executives' conditions of employment also include entitlement to private use of a motor vehicle and public service leave. The executives are not eligible for performance bonuses.

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 16: Money held in trust

At 30 June 2006, the CMC held $19 356 ($3921 in 2005) in trust for a number of people as a result of operational activities. As the CMC only performed a custodial role in respect of the balances, they are not recognised in the financial statements but are disclosed here for information purposes.

Note 17: Post balance date event

The CMC is not aware of any significant post balance date events.

Note 18: Special payments

There were no special payments made by the CMC during 2005–06.

Note 19: Reconciliation of adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS), as at 1 July 2004

	Note	Previous GAAP 1 July 2004 $'000	Effect of transition to AEIFRS $'000	AEIFRS 1 July 2004 $'000
Current assets				
Cash assets		3 716	–	3 716
Receivables		292	–	292
Other assets		247	–	247
Total current assets		4 255	–	4 255
Non-current assets				
Property, plant and equipment	19.1	1 790	(340)	1 450
Leasehold improvements		2 867	–	2 867
Total non-current assets		4 657	(340)	4 317
Total assets		8 912	(340)	8 572
Current liabilities				
Payables	19.2	612	(354)	258
Accrued employee benefits	19.3		1 604	1604
Provisions	19.4	1 250	(1 250)	–
Other		531	–	531
Total current liabilities		2 393	–	2 393
Non-current liabilities				
Provisions		–	–	–
Other		1 354	–	1 354
Total non-current liabilities		1 354	–	1 354
Total liabilities		**3 747**	**–**	**3 747**
Net assets		**5 165**		**4 825**
Equity				
Contributed capital		4 240	–	4 240
Accumulated surplus	19.5	925	(340)	585
Total equity		**5 165**	**(340)**	**4 825**

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note		$'000
19.1	Write-off of previously capitalised assets below new asset recognition threshold	(340)
	adjustment to property, plant and equipment	(340)
19.2	Reclassification of employee benefits from payables to accrued employee benefits	(354)
	Adjustment to payables	(354)
19.3	Reclassification of employee benefits from provision and payables to accrued employee benefits	1 604
	Adjustment to accrued employee benefits	1 604
19.4	Reclassification of employee benefits from provision to accrued employee benefits	(1 250)
	Adjustment to provision	(1 250)
19.5	Write-off of previously capitalised assets below new asset recognition threshold	(340)
	Adjustment to accumulated surplus	(340)

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note 20: Reconciliation of adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) — as at 1 July 2005

	Note	Previous GAAP 1 July 2005	Effect of transition to AEIFRS: Opening adjustments 1 July 2004	Effect of transition to AEIFRS: 2004–05 adjustments	AEIFRS 1 July 2005
		$'000	$'000	$'000	$'000
Current assets					
Cash assets		4 364	–	–	4 364
Receivables		502	–	–	502
Other assets		310	–	–	310
Total current assets		5 176	–	–	5 176
Non-current assets					
Property, plant and equipment	20.1	2 167	(340)	(1)	1 826
Leasehold improvements		2 175	–	–	2 175
Total non-current assets		4 342	(340)	(1)	4 001
Total assets		9 518	(340)	(1)	9 177
Current liabilities					
Payables	20.2	852	(354)	(153)	345
Accrued employee benefits	20.3	–	1 604	(21)	1 583
Provisions	20.4	1 076	(1 250)	174	0
Other		492	–	–	492
Total current liabilities		2 420	–	–	2 420
Non-current liabilities					
Payables		–	–	–	–
Accrued employee benefits	20.3	–	–	351	351
Provisions	20.4	351	–	(351)	0
Other		862	–	–	862
Total non-current liabilities		1 213	–	–	1 213
Total liabilities		3 633	–	–	3 633
Net assets		5 885	–	–	5 544
Equity					
Contributed capital		4 236	–	–	4 236
Accumulated surplus	20.5	1 649	**(340)**	(1)	1 308
Total equity		5 885	**(340)**	**(1)**	**5 544**

Crime and Misconduct Commission

Notes to and forming part of the financial statements for the year ended 30 June 2006

Note		$'000
20.1	Write-off of previously capitalised assets below new asset recognition threshold	(1)
	Adjustment to property, plant and equipment	(1)
20.2	Reclassification of employee benefits from payables to accrued employee benefits	(153)
	Adjustment to payables	(153)
20.3	Reclassification of employee benefits from provision and payables to accrued employee benefits:	
	Current	(21)
	Non-current	351
	Adjustment to accrued employee benefits	330
20.4	Reclassification of employee benefits from provision to accrued employee benefits:	
	Current	174
	Non-current	(351)
	Total adjustment to provision	(177)
20.5	Write-off of previously capitalised assets below new asset recognition threshold	1
	Adjustment to accumulated surplus	1

Certificate of the Crime and Misconduct Commission

This general purpose financial report has been prepared pursuant to Section 46F of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with Section 46F(3) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the Crime and Misconduct Commission's transactions for the financial year ended 30 June 2006 and of the financial position of the Commission at the end of that year.

Sighted and signed

Stephen Firth
Financial Manager

Date: 20 September 2006

Sighted and signed

Robert Needham
Chairperson

Date: 20 September 2006

Independent Audit Report

To the Commission of the Crime and Misconduct Commission

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Crime and Misconduct Commission for the financial year ended 30 June 2006 included on the Crime and Misconduct Commission's website. The Commission is responsible for the integrity of the Crime and Misconduct Commission's website. We have not been engaged to report on the integrity of the Crime and Misconduct Commission's website. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Crime and Misconduct Commission, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD-ROM.

Scope

The Financial Report

The financial report of Crime and Misconduct Commission consists of the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report and certificates given by the Chairman and officer responsible for the financial administration of Crime and Misconduct Commission for the year ended 30 June 2006.

The Commission's Responsibility

The Commission is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

As required by law, an independent audit was conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Commission,
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of Crime and Misconduct Commission for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.

Sighted and signed

V P Manera FCPA
As Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane