# Financial statements

There are five key parts to these financial statements for the period ending 30 June 2007:

- income statement
- balance sheet
- statement of changes in equity
- cash flow statement
- 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 (income and expenses)

The income statement serves to show the comparison of income to expenses for the year. Approximately 98 per cent of the CMC's revenue is derived from government grants. For the year ended 30 June 2007, the CMC recorded a book deficit of $26 000 due principally to the late receipt of invoices for legal services associated with our Proceeds of Crime function.

## Balance sheet

The balance sheet 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 $194 000 (of the total receivables $298 000 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 relate to periods after 30 June becomes the prepayment. (This year it was $377 000.) 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 $2 082 000 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 balance sheet 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, $2 429 000 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 $1 767 000 have been set aside to cover the first four weeks of employees' accumulated annual leave entitlements as at 30 June. The CMC does not need to provide for its employees' long-service leave entitlements because long-service leave is catered 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 AASB17, 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 $369 000 shown as a current liability represents that part of the liability or borrowing that will be reduced by lease instalments during 2007–08.

*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 $344 000 relate to non-current employee leave provisions. It represents that part of the liability or borrowing still outstanding at 30 June 2007 (that is, will not be extinguished in the next 12 months).

**Net assets.** The figure for the CMC's net assets of $4 932 000 ($4 958 000 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 2.31 to 1 (1.95 last year).

**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 $696 000 is derived from the $26 000 current year's operating deficit, generated from the income statement, plus prior year's operating results.

## Statement of changes in equity

The statement of changes in equity 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; and asset revaluations. For 2006–07 the CMC's total equity movement is due to the operating book deficit of $26 000.

## Cash flow statement

This statement represents the CMC's actual movements of cash during the 12-month period to 30 June 2007.

Note: 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.

## 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 2007

| | Notes | 2007 $'000 | 2006 $'000 |
|---|---|---|---|
| **Income** | | | |
| Revenue | | | |
| Contributions and grants | 1(b)2(a) | 35 012 | 34 777 |
| Interest | 1(h) | 529 | 503 |
| Services received below fair value | 1(b) | 34 | 58 |
| Other revenue | 1(b) | 80 | 69 |
| Gains | | | |
| Gains from sale of property, plant and equipment | 1(b) | 26 | 59 |
| Total income | | 35 681 | 35 466 |
| **Expenses** | | | |
| Depreciation and amortisation | 1(d)2(b) | 1 361 | 1 358 |
| Employee expenses | 2(d) | 26 137 | 25 322 |
| Supplies and services | 2(c) | 8 187 | 9 337 |
| Loss from sale of assets | 1(b) | 22 | 35 |
| Total expenses | | 35 707 | 36 052 |
| Operating surplus/(deficit) | | (26) | (586)* |

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

* 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.

# Crime and Misconduct Commission

## Balance sheet
## as at 30 June 2007

| | Notes | 2007 $'000 | 2006 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | 1(e) 3 | 4948 | 4647 |
| Receivables | 1(f) 4 | 298 | 458 |
| Other assets | 1(g) 5 | 377 | 307 |
| Total current assets | | 5623 | 5412 |
| Non-current assets | | | |
| Property, plant and equipment | 1(c) 6 | 2082 | 3071 |
| Total non-current assets | | 2082 | 3071 |
| Total assets | | 7705 | 8483 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Payables | 1(i) 7 | 293 | 525 |
| Accrued employee benefits | 1(j) 8 | 1767 | 1766 |
| Other | 9 | 369 | 492 |
| Total current liabilities | | 2429 | 2783 |
| Non-current liabilities | | | |
| Accrued employee benefits | 1(j) 8 | 344 | 372 |
| Other | 9 | – | 370 |
| Total non-current liabilities | | 344 | 742 |
| Total liabilities | | 2773 | 3 525 |
| Net assets | | 4932 | 4958 |
| Equity | | | |
| Contributed capital | | 4236 | 4236 |
| Retained surplus | | 696 | 722 |
| Total equity | | 4932 | 4958 |

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 2007

| | Retained surpluses | | Contributed equity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Balance 1 July | 722 | 1 308 | 4 236 | 4 236 |
| Net expense recognised directly to equity | – | – | – | – |
| Surplus/(deficit) for the period | (26) | (586)* | – | – |
| Non-appropriated equity adjustment | – | – | – | – |
| Balance 30 June | 696 | 722 | 4 236 | 4 236 |

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

* 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.

# Crime and Misconduct Commission

## Cash flow statement
## for the year ended 30 June 2007

| | Notes | 2007 $'000 | 2006 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Inflows | | | |
| LSL reimbursement received | | (11) | 13 |
| Government contributions and grants | | 35 012 | 34 777 |
| Interest receipts | | 528 | 502 |
| GST collected from customers | | 19 | 67 |
| GST input tax credits from ATO | | 1 831 | 1 722 |
| Other | | 153 | 156 |
| | | 37 532 | 37 237 |
| Outflows | | | |
| Employee expenses | | (26 165) | (25 118) |
| Supplies and services | | (5 490) | (6 825) |
| Other | | (3 458) | (2 733) |
| GST paid to suppliers | | (1 729) | (1 782) |
| GST remitted to ATO | | (21) | (73) |
| | | (36 863) | (36 531) |
| Net cash provided by (used in) operating activities | 10(b) | 669 | 706 |
| **Cash flows from investing activities** | | | |
| Inflows | | | |
| Proceeds from sale of plant and equipment | | 335 | 349 |
| Outflows | | | |
| Payments for purchases of property, plant and equipment | | (703) | (772) |
| Net cash provided by (used in) investing activities | | (368) | (423) |
| Net increase (decrease) in cash held | | 301 | 283 |
| Cash at beginning of financial year | | 4 647 | 4 364 |
| Cash at end of financial year | 10 (a) | 4 948 | 4 647 |

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 2007

### Objectives and principal activities of the Crime and Misconduct Commission

The objectives of the Commission over the medium term on a no policy change basis are three fold:

#### 1. Combat and prevent the incidence of major crime

To combat and prevent major crime the CMC works with the Queensland Police Service (QPS) and other law enforcement agencies to fight crimes defined in the *Crime and Misconduct Act 2001*. It does this through a range of law enforcement and crime prevention initiatives including research and prevention activities, intelligence analysis, target identification and development, investigative hearings, gathering of evidence for prosecution action, recovery of the proceeds of crime and provision of policy-relevant information and advice. Also, the CMC undertakes a range of research activities into the incidence and prevention of criminal activity and into other matters relating to the administration of criminal justice referred to it by the Minister or required by other legislation.

#### 2. Reduce misconduct and promote high standards of integrity in the public sector

The CMC's jurisdiction covers misconduct within the Queensland Public Sector, including the police service, departments, statutory authorities, universities, local governments, courts, prisons and on the part of State elected officials. The CMC handles complaints about misconduct, conducts investigations, monitors how agencies deal with complaints, takes a lead role in building the capacity of agencies to prevent and deal with misconduct and undertakes related research, intelligence and prevention activities. The Commission also has a legislative role of conducting research into police powers and methods of operation and undertakes research related to Misconduct activities required by other legislation.

#### 3. Provide an effective witness protection service

The CMC provides Queensland's only witness protection services. The majority of protected witnesses are referred to the CMC by QPS.

### Note 1 Summary of 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 (AEIFRS) and other authoritative pronouncements.

This financial report has been prepared on an 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.

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 1(a) continued

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 non-current physical and intangible assets controlled and administered by the CMC. 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.

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

Measurement

Items of property, plant and equipment with a cost or other value equal to or in excess of $5000 are recognised as assets for financial reporting purposes in the year of acquisition. All other items of property, plant and equipment are expensed on acquisition.

The carrying amounts for plant and equipment measured at cost should not materially differ from their fair value.

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.

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 1(c) continued

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 AASB 116 Property, Plant and Equipment, are being depreciated over the term of the lease. The Terrica Place lease is due to expire in March 2008.

Impairment of non-current assets

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the CMC determines the asset's recoverable amount.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income.

#### (d) Depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis so as to allocate the net cost 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.

| 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 | 5.90 years |
| Leasehold improvements other | 4.44 years |

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 1 continued

#### (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 greater than or equal to $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

Trade creditors 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

Salaries and wages

Salaries and wages due but unpaid at reporting date are recognised in the balance sheet at the remuneration rates expected to apply at the time of settlement. Payroll tax and workers compensation insurance are a consequence of employing employees, and are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee-related expenses. Employer superannuation contributions and long service leave levies are regarded as 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 oncosts.

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.

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 1(j) continued

Long service leave

Under the State Government's long service leave scheme a levy is made on the CMC to cover this expense. Levies are expensed in the period in which they are paid or payable. 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 AAS 31 Financial Reporting by Governments.

Superannuation

Employees of the CMC are members of QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions to employee superannuation plans are expensed at the time the contributions are paid or become payable.

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

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.

Executive remuneration

The executive remuneration disclosures in the employee expenses note (note 2[d]) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Executive Director) whose remuneration for the financial year is $100 000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive $20 000 band, commencing at $100 000.

Remuneration received or due and receivable by Commissioners and specified Executives of the CMC in connection with the management of the CMC, includes salary and allowances, contributions to members' superannuation, accrued leave, and fringe benefits paid on motor vehicles.

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

### (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 from and GST payable to the Australian Taxation Office are recognised and accrued.

### (l) Lease incentive

In accordance with AASB 117 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.

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 1 continued

**(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.

### Note 2: Income statement disclosures

| (a) Contributions and grants | 2007<br>$'000 | 2006<br>$'000 |
|---|---|---|
| Queensland Government | 35 015 | 34 546 |
| Other | (3) | 231 |
| | 35 012 | 34 777 |
| **(b) Depreciation** | | |
| Motor vehicles | 196 | 209 |
| Computer equipment | 192 | 183 |
| General and technical equipment | 167 | 167 |
| Leasehold improvements | 806 | 799 |
| | 1 361 | 1 358 |
| **(c) Operating expenses** | | |
| Rental expense — operating lease | 2 966 | 2 733 |
| Auditors remuneration — Queensland Audit Office* | 47 | 34 |
| Communications | 332 | 300 |
| Computer software/services | 148 | 302 |
| Consultants | 127 | 111 |
| Contractors | 60 | 45 |
| Contract support | 232 | 360 |
| Electricity | 141 | 136 |
| Employment agency staff | 118 | 285 |
| Equipment — non assets | 382 | 1 242 |
| Information retrieval and access | 288 | 222 |
| Legal and litigation costs | 377 | 611 |
| Maintenance | 259 | 263 |
| Motor vehicles | 314 | 303 |
| Operational expenses | 591 | 420 |
| Other supplies and services | 881 | 879 |
| Other supplies and services (goods provided below fair value) | 34 | 58 |
| Project costs | 37 | 178 |
| Security | 266 | 277 |
| Travel | 545 | 537 |
| Other | 42 | 41 |
| | 8 187 | 9 337 |

* Total external audit fees relating to the 2006–07 financial year were estimated to be $44 800 ($38 000 in 2005–06). There were no non-audit services included in this amount.

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 2 continued

| (d) Employee expenses | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Employee benefits | | |
| Salaries and wages | 18 449 | 18 680 |
| Annual leave | 1 786 | 1 210 |
| Employer superannuation contributions* | 2 582 | 2 501 |
| Long-service leave* | 359 | 349 |
| Other employee benefits | 970 | 694 |
| Employee-related expenses | | |
| Workers compensation premium* | 204 | 239 |
| Payroll tax* | 1 141 | 1 096 |
| Other employee-related expenses | 646 | 553 |
| | 26 137 | 25 322 |

* Costs of workers compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration packages. They are not employee benefits but rather employee-related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

The CMC had 266.2 full-time equivalent employees at 30 June 2007 (305.1 full-time equivalent at 30 June 2006)

### Executive remuneration

**(i) 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 2006 to 30 June 2007.

| | Superannuable salary | Allowances and benefits[1] | Total remuneration |
|---|---|---|---|
| 2007 | $311 341 | $73 087 | $384 428 |
| 2006 | $299 295 | $54 915 | $354 210 |

1 Allowances and benefits are made up of employer superannuation contribution at 12.75%, annual leave loading of 17.5% on four weeks' leave, motor vehicle allowance, expense of office allowance, and reportable fringe benefits tax on motor vehicles.

### (ii) 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.

| | | 2007 $ | 2006 $ |
|---|---|---|---|
| David Gow | (Commenced 2 October 2005) | 38 796 | 28 175 |
| Julie Cork | (Commenced 11 November 2004) | 38 725 | 38 725 |
| Hon. Douglas Drummond QC | (Commenced 7 July 2005) | 38 725 | 39 735 |
| Anne Gummow | (Commenced 21 August 2006) | 32 767 | – |
| Margaret Steinberg AM | (Ceased 1 October 2005) | – | 10 426 |
| Suzette Coates | (Ceased 23 December 2005) | – | 21 206 |
| | Total: | 149 013 | 138 267 |

### (iii) Executives' remuneration

The number of senior executive who received or were due to receive total remuneration of $100,000 or more:

| | 2007 | 2006 |
|---|---|---|
| $100 000 to $119 999 | 10.6 | 8.6 |
| $120 000 to $139 999 | 3 | 7 |
| $140 000 to $159 999 | 2 | 4 |
| $160 000 to $179 999 | 4 | 1 |
| $180 000 to $199 999 | 2 | – |
| $200 000 to $219 999 | – | 2 |
| $220 000 to $239 999 | 2 | – |
| Total: | 23.6 | 22.6 |

The total remuneration of executives shown above at 30 June 2007 was $3 389 862** ($3 052 245 at 30 June 2006).

** The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as allowances and benefits. These allowances and benefits are made up of employer superannuation contribution of 12.75%, annual leave loading of 17.5% on 4 weeks leave, motor vehicle allowance, and reportable fringe benefits on vehicles.

## Note 3: Cash and cash equivalents

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Cash on hand | 30 | 40 |
| Cash at bank | 2 539 | 1 166 |
| Deposits on call | 2 379 | 3 441 |
| | 4 948 | 4 647 |

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

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 4: Receivables

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| GST receivable | 198 | 300 |
| GST payable | (4) | (6) |
| | 194 | 294 |
| Long service leave reimbursement | 53 | 42 |
| Interest receivable | 8 | 7 |
| Other receivables | 43 | 115 |
| | 298 | 458 |

### Note 5: Other assets

| | | |
|---|---|---|
| Current: | | |
| Prepayments | 377 | 307 |

### Note 6: Property, plant and equipment

| | | |
|---|---|---|
| Property, plant and equipment at cost | 7 699 | 7 787 |
| Less: Accumulated depreciation | (5 617) | (4 716) |
| | 2 082 | 3 071 |

The CMC had 12 assets with a written down value of zero which were still in use at 30 June 2007. The original purchase cost of these assets totalled $152 361.

#### Movements during the reporting period

| | Motor vehicles 2007 $'000 | Computer equipment 2007 $'000 | General and technical equipment 2007 $'000 | Leasehold improvements 2007 $'000 | Total 2007 $'000 |
|---|---|---|---|---|---|
| Asset gross value: | | | | | |
| Opening balance | 1 044 | 627 | 1 018 | 5 098 | 7 787 |
| Purchases | 499 | 29 | 118 | 57 | 703 |
| Disposals | (591) | (125) | (74) | – | (790) |
| Closing balance | 952 | 531 | 1 062 | 5 155 | 7 700 |
| Accumulated depreciation: | | | | | |
| Opening balance | (257) | (240) | (498) | (3 721) | (4 716) |
| Depreciation expense | (196) | (192) | (167) | (806) | (1 361) |
| Depreciation on assets disposed of | 260 | 125 | 74 | – | 459 |
| Closing balance | (193) | (307) | (591) | (4 527) | (5 618) |
| Total | 759 | 224 | 471 | 628 | 2 082 |

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 7: Payables

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Trade creditors | 293 | 525 |

### Note 8: Accrued employee benefits

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Current: | | |
| Accrued salaries and wages | 408 | 392 |
| Accrued long service leave levy | 57 | 60 |
| Annual leave | 1 106 | 1 126 |
| Other employee-related expenses | 196 | 188 |
| | 1 767 | 1 766 |
| Non-current: | | |
| Annual leave | 344 | 372 |

### Note 9: Other liabilities

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Current: | | |
| Lease incentive | 369 | 492 |
| Non-current: | | |
| Lease incentive | – | 370 |

### Note 10: Cash flow statement — disclosures

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

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Cash on hand | 30 | 40 |
| Cash at bank | 2 539 | 1 166 |
| Deposits on call | 2 379 | 3 441 |
| | 4 948 | 4 647 |

## Crime and Misconduct Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2007

#### Note 10 continued

**(b) Reconciliation of operating surplus to net cash provided by (used in) operating activities**

| | 2007 $'000 | 2006 $'000 |
|---|---|---|
| Operating surplus/(deficit) | (26) | (586) |
| Non-cash items | | |
| Depreciation expense | 1 361 | 1 358 |
| Other non-cash transactions adjustment | (5) | (4) |
| Change in operating assets and liabilities : | | |
| (Decrease) Increase in LSL payable | (3) | 9 |
| (Increase) Decrease in lease capitalisation | (492) | (492) |
| (Increase) Decrease in interest receivable | (1) | (1) |
| (Increase) Decrease in LSL reimbursement receivable | (11) | 13 |
| (Increase) Decrease in other receivable | 73 | 87 |
| Increase (Decrease) in GST payable | (2) | (5) |
| (Increase) Decrease in GST input tax credits receivable | 102 | (61) |
| (Increase) Decrease in prepayments | (70) | 3 |
| (Decrease) Increase in accounts payable | (231) | 189 |
| (Decrease) Increase in salaries payable | 15 | 112 |
| (Decrease) Increase in withholding tax | 2 | – |
| (Decrease) Increase in other employee-related expenses | 4 | 14 |
| (Decrease) Increase in provision for annual leave | (47) | 70 |
| Net cash provided by operating activities | 669 | 706 |

#### 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 2007 | | Non-interest bearing | | Total carrying amount as per balance sheet | |
|---|---|---|---|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Average interest rate | 6.30% | 5.61% | – | – | | | | |
| Financial assets | | | | | | | | |
| Cash | 4 918 | 4 607 | – | – | 30 | 40 | 4 948 | 4 647 |
| Receivables | – | – | – | – | 297 | 458 | 297 | 458 |
| Total financial assets | 4 918 | 4 607 | – | – | 327 | 498 | 5 245 | 5 105 |
| Financial liabilities | | | | | | | | |
| Payables | – | – | – | – | 293 | 525 | 293 | 525 |
| Total financial liabilities | – | – | – | – | 293 | 525 | 293 | 525 |

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 11 continued

#### (b) Net fair value

| Financial instrument | Total carrying amount as per balance sheet | | Aggregate net fair value | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Financial assets | | | | |
| Cash | 4948 | 4647 | 4948 | 4647 |
| Receivables | 297 | 458 | 297 | 458 |
| Total financial assets | 5245 | 5105 | 5245 | 5105 |
| Financial liabilities | | | | |
| Payables | 293 | 525 | 293 | 525 |
| Total financial liabilities | 293 | 525 | 293 | 525 |

#### (c) Credit risk

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

### Note 12: Commitments for expenditure

#### (a) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

| | 2007 $'000 Leasehold improvements | 2006 $'000 Leasehold improvements |
|---|---|---|
| Not later than one year | 10678 | – |
| Later than one year and not later than five years | – | – |
| | 10678 | – |

Note: The full anticipated capital cost for the CMC's leasehold fitout at Green Square, Fortitude Valley excluding GST is $13579000, which is funded by $9707000 in government grant and $3872000 in a lease incentive provided by the building developer.

#### (b) 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:

| | 2007 | 2006 |
|---|---|---|
| Not later than one year | 3587 | 2750 |
| Later than one year and not later than five years | 7279 | 2330 |
| | 10866 | 5080 |

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. The CMC will be relocating all of its Terrica Place operations to Green Square in Fortitude Valley in September/October 2008. Green Square offers slightly larger floor plates that will permit a better co-location of related CMC functions.

# Crime and Misconduct Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2007

### Note 12(b) continued

Outstanding vehicle lease commitments are likely to be exercised as follows:

| | | |
|---|---|---|
| Not later than one year | 253 | 336 |
| Later than one year and not later than five years | 285 | 160 |
| | 538 | 496 |

Other outstanding operating commitments are likely to be exercised as follows:

| | | |
|---|---|---|
| Not later than one year | 104 | 52 |
| | 104 | 52 |

### Note 13: Contingent liabilities

Litigation in progress

As at 30 June 2007, there were two unfinalised cases where damages was sought against the CMC. It is not expected either of these cases will result in the CMC having to pay costs or damages in the 2007–08 financial year.

### Note 14: Money held in trust

At 30 June 2007, the CMC held $11 856 ($19 356 in 2006) 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 15: Post-balance date event

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

### Note 16: Special payments

There were no special payments made by the CMC during 2006–07.

# 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 2007 and of the financial position of the CMC at the end of that year.

Sighted and signed

Stephen Firth
Financial Manager

Date: 29 August 2007

Sighted and signed

Robert Needham
Chairperson

Date: 29 August 2007

# 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 2007 included on the Crime and Misconduct Commission's web site. The Commission is responsible for the integrity of the Crime and Misconduct Commission's web site. We have not been engaged to report on the integrity of the Crime and Misconduct Commission's web site. 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 web site.

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

## Report on the Financial Report

I have audited the accompanying financial report of the Crime and Misconduct Commission, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairperson and Finance Manager.

### The Commission's Responsibility for the Financial Report

The Commission is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the Financial Management Standard 1997, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the

Commission, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 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 Queensland 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.

### Auditor's 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 the Crime and Misconduct Commission for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.

DEPUTY AUDITOR GENERAL
30 AUG 2007
OF QUEENSLAND

Sighted and signed

V P MANERA FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane