Financial statements

Income statement

for the year ended 30 June 2008

	Notes	2008 $'000	2007 $'000
Income			
Revenue			
Contributions and grants	1(b) 2(a)	36 688	35 012
Interest	1(h)	1 021	529
Services received below fair value	1 (b)	62	34
Other revenue	1(b)	9	80
Gains			
Gains from sale of property, plant and equipment	1(b)	16	26
Total Income		**37 796**	**35 681**
Expenses			
Depreciation and amortisation	1(d)2(b)	1 030	1 361
Employee expenses	2(d)	27 750	26 137
Supplies and services	2(c)	8 998	8 187
Loss from sale of assets	1(b)	18	22
Total expenses		**37 796**	**35 707**
Operating surplus/(deficit)		**-**	**(26)**

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

Balance sheet

as at 30 June 2008

	Notes	2008 $'000	2007 $'000
Assets			
Current assets			
Cash and cash equivalents	1(e) 3 11(a)	8 922	4 948
Receivables	1(f) 4 11(a)	672	298
Other assets	1 (g) 5	359	377
Total current assets		**9 953**	**5 623**
Non-current assets			
Property, plant and equipment	1(c) 6	12 316	2 082
Total non-current assets		**12 316**	**2 082**
Total assets		**22 269**	**7 705**
Liabilities			
Current liabilities			
Payables	1(i) 7	839	293
Accrued employee benefits	1 (j) 8	1 959	1 767
Other	9	910	369
Total current liabilities		**3 708**	**2 429**
Non-current liabilities			
Accrued employee benefits	1 (j) 8	345	344
Other	9	3 577	-
Total non-current liabilities		**3 922**	**344**
Total liabilities		**7 630**	**2 773**
Net assets		**14 639**	**4 932**
Equity			
Contributed capital		13 943	4 236
Retained surpluses		696	696
Total equity		**14 639**	**4 932**

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

Statement of changes in equity

for the year ended 30 June 2008

		Retained surpluses		Contributed equity	
		2008	2007	2008	2007
	Note	$000	$000	$000	$000
Balance 1 July		696	722	4 236	4 236
Equity injection	1 (c)			9 707*	–
Surplus/(deficit) for the period		–	(26)		–
Balance 30 June		**696**	**696**	**13 943**	**4 236**

* Government grant for relocation to Green Square

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

Cash flow statement

for the year ended 30 June 2008

	Notes	2008 $'000	2007 $'000
Cash flows from operating activities			
Inflows			
LSL reimbursement received		21	(11)
Government contributions and grants		37 303	35 012
Interest receipts		989	528
GST collected from customers		30	19
GST input tax credits from ATO		2 130	1 831
Other		37	153
		40 510	37 532
Outflows			
Employee expenses		(27555)	(26 165)
Supplies and services		(4 689)	(5 490)
Leases		(3 684)	(3 458)
GST paid to suppliers		(2 472)	(1 729)
GST remitted to ATO		(79)	(21)
		(38 479)	(36 863)
Net cash provided by (used in) operating activities	10(b)	2 031	669
Cash flows from investing activities			
Inflows			
Proceeds from sale of plant and equipment		222	335
Outflows			
Payments for purchases of property, plant and equipment		(7 986)	(703)
Net cash provided by (used in) investing activities		(7 764)	(368)
Cash flows from financing activities			
Inflows			
Non-appropriated equity injection		9 707	-
Net cash provided by (used in) financing activities		9 707	–
Net increase in cash held		3 974	301
Cash at beginning of financial year		4 948	4 647
Cash at end of financial year	10(a)	8 922	4 948

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

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Objectives and principal activities of the Crime and Misconduct Commission

The objectives of the Commission are threefold:

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 statement

for the year ended 30 June 2008

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 Commission'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 received below fair value

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.

Contributions and grants

Government grants and contributions are recognised as operating revenue when an entitlement is established 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 by the Commission. 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.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 1(c) continued

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.

Terrica Place

Costs relating to the fit-out of leasehold premises at Terrica Place were capitalised as leasehold improvements and, in accordance with AASB116 Property, Plant and Equipment, have been depreciated over the term of the lease. The Terrica Place lease was due to expire in March 2008 but the Commission's new premises were not available until August 2008. Consequently it was necessary to negotiate an extension of this lease on a month-to-month basis until the new premises were available. To accommodate this, the life of the leasehold improvements at Terrica Place was reassessed to expire on 31 August 2008 by which time all occupancy of the Terrica Place premises by the Commission is expected to have ceased.

Green Square

The initial leasehold improvements at Green Square are expected to have a value of $13 579 000. The funding for this has been provided by an equity injection of $9 707 000 from Queensland Treasury and an incentive allowance of $3 872 000 provided by the developers, Leighton Holdings. The leasehold improvements will be depreciated over the life of the lease which is 13 years. The lease incentive will be treated according to AASB 117 Leases. The leasehold incentive will be amortised over the period of the lease as prescribed by UIG Interpretation 115.

The certificate of practical completion was provided by the builder on 4 July 2008.

The current balance of expenditure on leasehold improvements at Green Square is recognised in these statements as work in progress and will be transferred to Leasehold improvements during the 2008/09 financial year on occupancy of the tenancy.

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 Commission 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.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 1 continued

(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 Commission.

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 Commission.

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 Green Square*	13 years
Leasehold improvements other	4.44 years

* Commencing 2008/09 year.

(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 Commission'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 Commission has determined that only prepayments on invoices greater than and equal to $1000 will be recognised in its accounts. This recognition will occur at the time the invoice is processed for payment.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 1 continued

(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 Commission.

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 on costs.

The value of the first twenty 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 twenty 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 Crime and Misconduct Commission 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 Crime and Misconduct Commission 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 Commission is not liable for any unfunded liability in respect of the above employer sponsored superannuation scheme.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 1(j) continued

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 whose remuneration for the financial year is $120 000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive $20 000 band, commencing at $120 000.

Remuneration received or due and receivable by Commissioners and specified Executives of the Crime and Misconduct Commission in connection with the management of the Commission, 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 Commission 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) Insurance

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

(m) 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 Commission.

(n) New and revised accounting standards

No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the Crime and Misconduct Commission (CMC). Also, the CMC has followed changes and suggestions of Queensland Treasury in regards to its accounting policies.

The CMC is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the CMC has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The CMC will apply these standards and interpretations in accordance with their respective commencement dates.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 2: Income Statement Disclosures

	2008 $'000	2007 $'000
(a) Contributions and grants		
Queensland Government	36 688	35 015
Other	-	(3)
	36 688	**35 012**
(b) Depreciation		
Motor vehicles	191	196
Computer equipment	158	192
General and technical equipment	176	167
Leasehold improvements	505	806
	1 030	**1 361**
(c) Supplies and services		
Rental expense — operating lease	3 684	2 966
Auditors remuneration — Queensland Audit Office*	56	47
Communications	305	332
Computer software/services	369	148
Consultants	120	127
Contractors	35	60
Contract support	219	232
Electricity	118	141
Employment agency staff	141	118
Equipment — non assets	532	382
Information retrieval and access	284	288
Legal and litigation costs	312	377
Maintenance	299	259
Motor vehicles	297	314
Operational expenses	446	591
Other supplies and services	996	881
Other supplies & services (goods provided below fair value)	62	34
Project costs	79	37
Security	304	266
Travel	314	545
Other expenses	26	42
	8 998	**8 187**

* Total external audit fees relating to the 2007-08 financial year were estimated to be $45 100 (2006-07: $44 800). There were no non-audit services included in this amount.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 2 continued

	2008 $'000	2007 $'000
(d) Employee expenses		
Employee benefits		
Salaries and wages	20 058	18 449
Annual leave	1 462	1 786
Employer superannuation contributions*	2 793	2 582
Long service leave*	381	359
Other employee benefits	812	714
Employee Related Expenses		
Worker's compensation premium*	188	204
Payroll tax*	1 203	1 142
Other employee related expenses	853	901
	27 750	**26 137**

* Costs of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employee's 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 Commission had 305.3 full time equivalent employees at 30 June 2008 (266.2 full time equivalent at 30 June 2007).

Executive remuneration

(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 has been held by Robert Needham for both financial years ending 30 June 2007 and 30 June 2008.

	Superannuable salary $	Allowances and benefits[1] $	Total remuneration $
2008	324 353	92 923	**417 276**
2007	311 341	73 087	**384 428**

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.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Executive remuneration continued

(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.

		2008	2007
		$	$
David Gow		46078	38796
Julie Cork	(Ceased 10 November 2007)	17247	38725
Hon. Douglas Drummond QC	(Ceased 16 April 2008)	37609	38725
Ann Gummow		46078	32767
Judith Bell	(Commenced 20 May 2008)	3964	-
	Total	**150976**	**149013**

(c) Executives' remuneration

The threshold of disclosed salaries has increased from $100000 to $120000 to exclude staff officers who are covered by the CMC Certified Agreement. The executive remuneration now only covers senior executives who are employed under contract. Consequently the comparative figure for 2007 has been altered to conform to the same criteria.

The number of senior executive who received or were due to receive total remuneration of $120000 or more:

	2008	2007
$120000 to $139999	-	3
$140000 to $159999	6	2
$160000 to $179999	3	4
$180000 to $199999	-	2
$200000 to $219999	-	-
$220000 to $239999	2	2
Total	11	13

The total remuneration of executives shown above at 30 June 2008 was $1870411 ($1883207 at 30 June 2007).

** 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.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 3: Cash and cash equivalents

	2008 $'000	2007 $'000
Cash on hand	40	30
Cash at bank	2 443	2 539
Deposits on call	6 439	2 379
	8 922	**4 948**

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

Note 4: Receivables

GST receivable	540	198
GST payable	45	(4)
Long service leave reimbursement	32	53
Interest receivable	41	8
Other receivables	14	43
	672	**298**

Note 5: Other assets

Current		
Prepayments	359	377
	359	**377**

Note 6: Property, plant and equipment

Buildings at cost (Leasehold)	5 155	5 155
Less: Accumulated depreciation	(5 033)	(4 527)
	122	**628**
Plant & equipment at cost	2 845	2 545
Less: Accumulated depreciation	(1 301)	(1 091)
	1 544	**1 454**
Work in progress	10 650	-
Total	**12 316**	**2 082**

The Commission had 27 assets with a written down value of zero which were still in use at 30 June 2008. The original cost of these assets totalled $374 736.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 6 continued

Movements during the reporting period

	Motor vehicles		Computer equipment		General and technical equipment		Leasehold Improvements		Work in progress		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	759	787	224	387	471	520	628	1 377	-	-	2 082	3 071
Acquisitions	483	499	82	29	274	118	-	57	10 650	-	11 489	703
Disposals	(237)	(331)	-	-	13	-		-	-	-	(224)	(331)
Depreciation	(191)	(196)	(158)	(192)	(176)	(167)	(506)	(806)	-	-	(1 031)	(1 361)
Carrying amount at 30 June	814	759	148	224	582	471	122	628	10 650	-	12 316	2 082

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 7: Payables

	2008 $'000	2007 $'000
Current:		
Trade creditors	839	293
	839	**293**

Note 8: Accrued employee benefits

	2008 $'000	2007 $'000
Current:		
Accrued salaries and wages	500	408
Accrued long service leave levy	71	57
Annual Leave	1 225	1 106
Other employee related expenses	163	196
	1 959	**1 767**
Non-current:		
Annual leave	345	344
	345	**344**

Note 9: Other liabilities

	2008 $'000	2007 $'000
Current:		
Unearned revenue — grants	615	-
Lease incentive	295	369
	910	**369**
Non-current:		
Lease incentive	3 577	-
	3 577	**-**

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 10: Cash Flow Statement — disclosures

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

	2008	2007
	$'000	$'000
Cash on hand	40	30
Cash at bank	2 443	2 539
Deposits on call	6 439	2 379
	8 922	**4 948**

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

Operating surplus/(deficit)	-	(26)
Non-cash items		
Depreciation expense	1 030	1 361
Other non-cash transactions adjustment		(5)
Change in operating assets and liabilities :		
(Decrease) Increase in LSL payable	14	(3)
(Increase) Decrease in lease capitalisation	-	(492)
(Increase) Decrease in interest receivable	(33)	(1)
(Increase) Decrease in LSL reimbursement receivable	22	(11)
(Increase) Decrease in other receivable	29	73
Increase (Decrease) in GST payable	(49)	(2)
(Increase) Decrease in GST input tax credits receivable	(342)	102
(Increase) Decrease in prepayments	18	(70)
(Decrease) Increase in accounts payable	547	(231)
(Decrease) Increase in salaries payable	93	15
(Decrease) Increase in withholding tax	-	2
(Decrease) Increase in other employee related expenses	(33)	4
(Decrease) Increase in provision for annual leave	120	(47)
(Decrease) Increase in unearned revenue — grants	615	-
Net cash provided by operating activities	**2 031**	**669**

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 11: Financial instruments

(a) Categorisation of financial instruments

	Notes	2008 $'000	2007 $'000
Financial assets			
Cash and cash equivalents	3	8 922	4 948
Receivables	4	627	298
Total		**9 549**	**5 246**
Financial liabilities			
Payables	7	839	293
Lease incentive	9	3 872	369
Total		**4 711**	**662**

(b) Credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the department's maximum exposure to credit risk based on contractual amounts net of any allowances.

Maximum exposure to credit risk

	Notes	2008 $'000	2007 $'000
Financial assets			
Cash and cash equivalents	3	8 922	4 948
Receivables	4	627	298
Total		**9 549**	**5 246**

The Commission manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

(c) Liquidity risk

The Commission manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 11(c) continued

	Notes	Payable at 30 June 2008 < 1 year	1–5 years	> 5 years	Total
Financial liabilities					
Payables	7	839	-	-	839
Lease incentive	9	295	1 192	2 385	3 872
		1 134	1 192	2 385	4 711

	Notes	Payable at 30 June 2007 < 1 year	1–5 years	> 5 years	Total
Financial liabilities					
Payables	7	293	-	-	293
Lease incentive	9	369	-	-	369
		662	-	-	662

(d) Market risk

The Commission does not trade in foreign currency and is not exposed to commodity price changes. The Commission is exposed to interest rate risk through its cash deposited in interest-bearing accounts. The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the commission's financial assets and liabilities. With all other variables held constant, the commission would have a surplus and equity increase/(decrease) of $88 820 (2007: $49 190).

Financial instruments	Carrying amount ($'000)	2008 Interest rate risk -1%		+1%	
		Profit ($'000)	Equity ($'000)	Profit ($'000)	Equity ($'000)
Cash	8 882	(89)	(89)	89	89

Financial instruments	Carrying amount ($'000)	2007 Interest rate risk -1%		+1%	
Cash	4 919	(49)	(49)	49	49

Notes to and forming part of the financial statement

for the year ended 30 June 2008

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:

	2008 $'000	2007 $'000
Leasehold improvements		
Not later than one year	2 901	10 678
Later than one year and not later than five years	–	–
	2 901	**10 678**

Note: The full anticipated capital cost for the CMC's leasehold fit out at Green Square, Fortitude Valley excluding GST is $13 579 000, which is funded by $9 707 000 in government grant and $3 872 000 in a lease incentive provided by the building developer.

(b) Operating commitments

Lease commitments

At 30 June the Commission had the following operating commitments inclusive of GST:

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

	2008	2007
Not later than one year	2 502	3 587
Later than one year and not later than five years	5 193	7 279
	7 695	10 866

The CMC occupies premises in Terrica Place, which is sub-leased through the Department of Public Works. This lease expired on 31 March 2008 but was extended to 31 August 2008 as the new accommodation was not completed in time. The CMC will be relocating all of its Terrica Place operations to Green Square in Fortitude Valley in August 2008. Green Square offers slightly larger floor plates that will permit a better co-location of related CMC functions.

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

	2008	2007
Not later than one year	254	253
Later than one year and not later than five years	199	285
	453	538

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

	2008	2007
Not later than one year	609	104
	609	104

Notes to and forming part of the financial statement

for the year ended 30 June 2008

Note 13: Contingent liabilities

Litigation in progress

As at 30 June 2008, there were two unfinalised cases where damages were sought against the Commission. Any amount payable under either case is not likely to be material.

Note 14: Money held in trust

The Crime and Misconduct Commission held at 30 June 2008, $25 606.30 (2007: $11 856) in trust for a number of people as a result of operational activities. As the Commission 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.

The Crime and Misconduct Commission also holds $180 592.88 for the organisers of the Australian Public Sector Anti-Corruption Conference 2009 for which the Crime and Misconduct Commission is performing the secretariat/host role. This conference is scheduled to be held in Brisbane in July 2009.

Note 15: Post balance date event

The Crime and Misconduct Commission will be moving to Green Square in August 2008. The tenancy at Terrica Place is expected to be terminated by the end of August 2008. The treatment of the leases and leasehold improvements at each site is dealt with in the relevant notes on these topics.

Note 16: Special payments

There were no special payments greater than $5 000 made by the Crime and Misconduct Commission during the 2007–08 year.

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 2008 and of the financial position of the Commission at the end of that year.

Stephen Firth
Financial Manager

Date: 28 August 2008

Robert Needham
Chairperson

Date: 28 August 2008

Independent Auditor's 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 2008 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 2008 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 judgement. 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 2007 to 30 June 2008 and of the financial position as at the end of that year.

DIRECTOR OF AUDIT
29 AUG 2008
QUEENSLAND AUDIT OFFICE

P J DAJCZ CPA
Director of Audit
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane