Financial statements

Income Statement
for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Income			
Revenue			
Grants and contributions	2(a)	41,654	36,688
Interest		540	1,021
Services received below fair value		77	62
Other revenue		74	9
Gains			
Gains from sale of property, plant and equipment		2	16
Total Income		42 347	37 796
Expenses			
Depreciation and amortisation	2(b)	1 640	1 030
Employee expenses	2(d)	30 191	27 750
Supplies and services	2(c)	10 605	8 998
Loss from sale of assets		105	18
Total Expenses		42 541	37 796
Operating surplus/(deficit)		(194)	-

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

Balance Sheet
as at 30 June 2009

	Notes	2009 $'000	2008 $'000
Assets			
Current assets			
Cash and cash equivalents	3, 11(a)	4 750	8 922
Receivables	4, 11(a)	378	672
Other assets	5	685	359
Total current assets		**5 813**	**9 953**
Non-current assets			
Property, plant and equipment	6	15 189	12 316
Total non-current assets		**15 189**	**12 316**
Total Assets		**21 002**	**22 269**
Liabilities			
Current liabilities			
Payables	7	834	839
Accrued employee benefits	8	1 763	1 959
Other	9	300	910
Total current liabilities		**2 897**	**3 708**
Non-current liabilities			
Accrued employee benefits	8	363	345
Other	9	3 297	3 577
Total non-current liabilities		**3 660**	**3 922**
Total Liabilities		**6 557**	**7 630**
Net Assets		**14 445**	**14 639**
Equity			
Contributed capital		13 944	13 944
Retained surpluses		501	695
Total Equity		**14 445**	**14 639**

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

Statement of Changes in Equity

for the year ended 30 June 2009

		Retained surpluses		Contributed capital	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Balance 1 July		695	695	13 944	4 237
Equity injection	1(c)				9 707*
Surplus/(deficit) for the period		(194)	–		–
Balance 30 June		**501**	**695**	**13 944**	**13 944**

* 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 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Inflows			
LSL reimbursement received		(60)	21
Government contributions and grants		41 040	37 303
Interest receipts		578	989
GST collected		29	30
GST input tax credits from ATO		2 823	2 130
Other		(14)	37
		44 396	**40 510**
Outflows			
Employee expenses		(30 645)	(27 555)
Supplies and services		(10 861)	(8 373)
GST paid to suppliers		(2 371)	(2 472)
GST remitted to ATO		(75)	(79)
Other		-	-
		(43 952)	**(38 479)**
Net cash provided by (used in) operating activities	10(b)	**444**	**2 031**
Cash flows from investing activities			
Inflows			
Proceeds from sale of plant and equipment		156	222
Outflows			
Payments for purchases of property, plant and equipment		(4 772)	(7986)
Net cash provided by (used in) investing activities		**(4 616)**	**(7 764)**
Cash flows from financing activities			
Inflows			
Non-appropriated equity injection		0	9 707
Net cash provided by (used in) financing activities		**0**	**9 707**
Net increase (decrease) in cash held		(4 172)	3 974
Cash at beginning of financial year		8 922	4 948
Cash at end of financial year	10(a)	**4 750**	**8 922**

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

Notes to and forming part of the financial statements
for the year ended 30 June 2009

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 Commission 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 Commission'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

The financial statements have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009, and other authoritative pronouncements.

These financial statements constitute a general purpose financial report.

Except where stated, the historical cost convention is used.

Accounting policies

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

Notes to and forming part of the financial statements
for the year ended 30 June 2009

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.

Rounding

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

(b) Revenue recognition

Grants and Contributions

Government grants and contributions are non-reciprocal in nature and are recognised as revenue when received.

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.

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 and is recognised when earned.

(c) Property, plant and equipment

Acquisition

Actual cost is used for the initial recording of all acquisitions of non-current physical assets. 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, in accordance with AASB 116 *Property, Plant and Equipment*.

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 statements
for the year ended 30 June 2009

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 depreciated over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. Work in progress related to leasehold improvements is also recorded at cost.

Terrica Place

Costs relating to the fit-out of leasehold premises at Terrica Place were capitalised as leasehold improvements and, in accordance with AASB 116 *Property, Plant and Equipment*, were depreciated over the term of the lease. The Terrica Place lease was due to expire in March 2008 but the Commission's new premises at Green Square were not available until August 2008. Consequently it was necessary to negotiate an extension of the Terrica Place lease on a month to month basis until the new premises were available. The leasehold improvements at Terrica Place were fully depreciated at the end of the lease.

Green Square

The initial leasehold improvements at Green Square had a value of $13.579m. The funding for this was provided by an equity injection of $9.707m from Queensland Treasury and an incentive of $3.872m provided by the developers, Leighton Holdings. The lease will be treated according to AASB 117 Leases and the leasehold improvements will be depreciated over the life of the lease (13 years) as prescribed by AASB 116 *Property, Plant and Equipment*.

The leasehold incentive has been recognised as a liability and will be amortised over the period of the lease as prescribed by UIG Interpretation 115 *Operating Leases - Incentives*.

The certificate of practical completion for Green Square was provided by the developer on 4 July 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 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 statements
for the year ended 30 June 2009

Note 1 continued

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

Depreciation is calculated on a straight-line basis in order 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. Cultural and art assets are not depreciated.

Class	Rate %	Useful life
General and technical equipment		
General	14.3	7 years
Technical	20	5 years
Computer equipment	20–33.3	3–5 years
Motor vehicles	20	5 years
Leasehold improvements – Green Square	7.7	13 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 readily convertible to cash on hand at the Commission's option and that are subject to a low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of 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 impairment 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.

(h) Other financial assets

Investments are measured at cost.

Interest is recognised on an accrual basis.

Notes to and forming part of the financial statements
for the year ended 30 June 2009

Note 1 continued

(i) Payables

Trade creditors are recognised for amounts payable in the future for goods and services received, whether or not invoiced to the Commission at balance date.

Amounts owing are generally unsecured, not subject to interest charges and are normally settled on 30 day terms.

(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, but 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, annual leave loading 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 rates expected to apply at settlement date, 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 payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

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 statements, pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employees of the Crime and Misconduct Commission are members of QSuper, the superannuation plan for Queensland Government employees, and employer contributions are made at rates determined by the Treasurer on the advice of the State Actuary. Contributions to employee superannuation plans are expensed when contributions are 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 statements
for the year ended 30 June 2009

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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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 $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 receivable by Commissioners and specified Executives of the Crime and Misconduct Commission in connection with the management of the Commission, includes salary and allowances, employer superannuation contributions, accrued leave, motor vehicle costs and fringe benefits tax.

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 2008–09 financial year have an effect on the Crime and Misconduct Commission. Also, the Commission has followed changes and suggestions of Queensland Treasury in regards to its accounting policies.

The Commission 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 Commission has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Commission will apply these standards and interpretations in accordance with their respective commencement dates.

Notes to and forming part of the financial statements

for the year ended 30 June 2009

Note 2: Income Statement Disclosures

	2009 $'000	2008 $'000
(a) Grants and contributions		
Queensland Government	41 652	36 688
Other	2	–
	41 654	**36 688**
(b) Depreciation and amortisation		
Motor vehicles	205	191
Computer equipment	268	158
General and technical equipment	141	176
Leasehold improvements	1 026	505
	1 640	**1 030**
(c) Supplies and services		
Rental expense – operating lease	4 749	3 684
Auditors remuneration – Queensland Audit Office*	53	56
Books and publications	178	225
Computer software/services	327	319
Consultants	70	120
Contractors	196	35
Contract support	38	219
Electricity	160	118
Employment agency staff	151	141
Equipment	417	532
Furniture supplies and repairs	418	36
Information retrieval and access	284	284
Legal fees	245	312
Maintenance	283	299
Motor vehicles	319	297
Operational expenses	572	446
Other supplies and services	500	436
Other supplies & services (goods provided below fair value)	77	62
Project costs	59	79
Security	327	304
Service provider – payroll and finance systems	199	167
Stationery	171	182
Telecommunications	366	305
Travel	419	314
Other Expenses	27	26
	10 605	**8 998**

* Total external audit fees relating to the 2008–09 financial year were estimated to be $62 500 (2007–08: $45 100) excluding GST. 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 2009

Note 2 continued

	2009 $'000	2008 $'000
(d) Employee expenses		
Employee benefits		
Salaries and wages	21 884	20 058
Annual leave	1 582	1 462
Employer superannuation contributions*	3 050	2 793
Long service leave*	418	381
Other employee benefits	966	812
Employee related expenses		
Worker's compensation premium*	207	188
Payroll Tax*	1 315	1 203
Other employee related expenses	769	853
	30 191	**27 750**

* 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 293.5 full time equivalent employees at 30 June 2009 (305.3 full time equivalent at 30 June 2008).

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.

Robert Needham held the position of Chairperson for both financial years ending 30 June 2008 and 30 June 2009. The Chairperson's total remuneration for the 2008–09 year was $413 549 ($420 680 for the 2007–08 year).

(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.

		2009 $	2008 $
David Gow		45 731	46 078
Ann Gummow		46 850	46 078
Judith Bell	(Commenced May 2008)	46 850	3 964
Philip Nase	(Commenced November 2008)	29 191	-
Hon. Douglas Drummond QC	(Ceased April 2008)	-	37 609
Julie Cork	(Ceased November 2007)	-	17 247
	Total	**168 622**	**150 976**

Notes to and forming part of the financial statements

for the year ended 30 June 2009

Note 2(d) continued

(iii) Executives' remuneration

The executives' remuneration covers senior executives (SES1 or above) who are employed under contract by the Commission.

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

	2009	2008
$100 000 to $119 000	1	1
$120 000 to $139 999		1
$140 000 to $159 999	1	5
$160 000 to $179 999	4	2
$180 000 to $199 999	3	1
$200 000 to $219 999		
$220 000 to $239 999	1	1
$240 000 to $259 999		1
$260 000 to $279 999	1	
Total	**11**	**12**

The total remuneration of executives shown above for 2008-09 was $2 014 404 ($2 007 399 for 2007–08).

The amount calculated as executive remuneration in these financial statements includes direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals, motor vehicle costs and fringe benefits tax. This amount will therefore differ from the advertised executive remuneration packages which do not include the latter items.

Note 3: Cash and cash equivalents

	2009	2008
	$'000	$'000
Cash on hand	40	40
Cash at bank	2 349	2 443
Deposits on call	2 361	6 439
	4 750	**8 922**

Included in the deposits on call above is a $0.300m bank guarantee pursuant to a lease agreement.

Notes to and forming part of the financial statements

for the year ended 30 June 2009

	2009 $'000	2008 $'000

Note 4: Receivables

	2009 $'000	2008 $'000
GST receivable	179	585
Long service leave reimbursement	93	32
Interest receivable	2	41
Other receivables	104	14
	378	**672**

As at balance date, there were no debtors past due nor impaired.

Note 5: Other assets

	2009 $'000	2008 $'000
Prepayments – salaries	272	-
Prepayments – other	413	359
	685	359

Note 6: Property, plant and equipment

	2009 $'000	2008 $'000
Motor vehicles at cost	1 079	1 021
Less: Accumulated depreciation	(268)	(208)
	811	**813**
Computer equipment at cost	919	546
Less: Accumulated depreciation	(398)	(397)
	521	**149**
General and technical equipment at cost	1 453	1 279
Less: Accumulated depreciation	(411)	(697)
	1 042	**582**
Leasehold improvements at cost	13 995	5 155
Less: Accumulated depreciation	(1 289)	(5 033)
	12 706	**122**
Work in progress	84	10 650
Cultural and art assets	25	-
Total	**15 189**	**12 316**

The Commission had 10 assets with a written down value of zero which were still in use at 30 June 2009. The original cost of these assets totalled $123 288.

Notes to and forming part of the financial statements
for the year ended 30 June 2009

Note 6 continued

Movements during the reporting period

	Motor vehicles		Computer equipment		General and technical equipment		Cultural and art assets		Leasehold Improvements		Work in progress		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	813	759	149	225	582	471	0	0	122	627	10 650	0	12 316	2 082
Acquisitions	420	482	373	82	909	247	25	0	2 960	0	84	10 650	4 771	11 488
Disposals	(217)	(237)	19	0	(60)	13	0	0	0	0	0	0	(258)	(224)
Transfers	0	0	248	0	(248)	0	0	0	10 650	0	(10 650)	0	0	0
Depreciation	(205)	(191)	(268)	(158)	(141)	(176)	0	0	(1 026)	(505)	0	0	(1 640)	(1 030)
Carrying amount at 30 June	811	813	521	149	1 042	471	25	0	12 706	122	84	10 650	15 189	12 316

Notes to and forming part of the financial statements
for the year ended 30 June 2009

	2009 $'000	2008 $'000

Note 7: Payables

	2009 $'000	2008 $'000
Current:		
Trade creditors	834	839
	834	**839**

Note 8: Accrued employee benefits

	2009 $'000	2008 $'000
Current:		
Accrued salaries and wages	170	500
Accrued long service leave levy	68	71
Annual leave	1 381	1 225
Other employee related expenses	144	163
	1 763	**1 959**
Non-current:		
Annual leave	363	345
	363	**345**

Note 9: Other liabilities

	2009 $'000	2008 $'000
Current:		
Unearned revenue – grants	–	615
Lease incentive	300	295
	300	**910**
Non-current:		
Lease incentive	3 297	3 577
	3 297	**3 577**

Notes to and forming part of the financial statements
for the year ended 30 June 2009

Note 10: Cash Flow Statement — disclosures

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

	2009 $'000	2008 $'000
Cash on hand	40	40
Cash at bank	2 349	2 443
Deposits on call	2 361	6 439
	4 750	**8 922**

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

	2009 $'000	2008 $'000
Operating surplus/(deficit)	(194)	-
Non-cash items		
Depreciation expense	1 640	1 030
Gain on sale of property, plant and equipment	(2)	(16)
Loss on sale of property, plant and equipment	105	18
Change in assets and liabilities:		
(Increase) Decrease in GST input tax credits receivable	406	(391)
(Increase) Decrease in LSL reimbursement receivable	(61)	21
(Increase) Decrease in interest receivable	39	(33)
(Increase) Decrease in other receivable	(90)	29
(Increase) Decrease in prepayments	(326)	18
(Decrease) Increase in accounts payable	(5)	546
(Decrease) Increase in salaries payable	(330)	93
(Decrease) Increase in LSL payable	(3)	14
(Decrease) Increase in provision for annual leave	174	120
(Decrease) Increase in other employee related expenses	(19)	(33)
(Decrease) Increase in lease incentive liability	(275)	-
(Decrease) Increase in unearned revenue — grants	(615)	615
Net cash provided by operating activities	**444**	**2 031**

Notes to and forming part of the financial statements
for the year ended 30 June 2009

Note 11: Financial instruments

(a) Categorisation of financial instruments

	Notes	2009 $'000	2008 $'000
Financial assets			
Cash and cash equivalents	3	4 750	8 922
Receivables	4	378	672
Total		**5 128**	**9 594**
Financial liabilities			
Payables	7	834	839
Lease incentive	9	3 597	3 872
Total		**4 431**	**4 711**

The fair value of financial assets and financial liabilities approximate their nominal value.

(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 Commission's maximum exposure to credit risk based on contractual amounts net of any allowances.

Maximum exposure to credit risk

Financial assets			
Cash and cash equivalents	3	4 750	8 922
Receivables	4	378	672
Total		**5 128**	**9 594**

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 Commission 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 on the basis of cash flows relating to the repayment of the principal amount outstanding at balance date.

Notes to and forming part of the financial statements
for the year ended 30 June 2009

Note 11(c) continued

	Notes	Payable at 30 June 2009 < 1 year	1–5 years	> 5 years	Total
Financial liabilities					
Payables	7	834	–	–	834
Lease incentive	9	300	1 199	2 098	3 597
		1 134	**1 199**	**2 098**	**4 431**

	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**

(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 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 $47 100 (2008: $88 820).

Financial instruments	**Carrying amount ($'000)**	**2009 Interest rate risk –1%**		**+1%**	
		Profit ($'000)	Equity ($'000)	Profit ($'000)	Equity ($'000)
Cash	4 710	(47)	(47)	47	47

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

Notes to and forming part of the financial statements

for the year ended 30 June 2009

Note 12: Commitments for expenditure

(a) Capital expenditure commitments

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

	2009 $'000	2008 $'000
Capital Expenditure		
Not later than one year	321	2 901
Later than one year and not later than five years	–	–
	321	**2 901**

(b) Operating commitments

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

Lease commitments

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

Not later than one year	3 559	4 548
Later than one year and not later than five years	14 609	13 949
Later than five years	8 210	11 785
	26 378	**30 282**

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

Not later than one year	237	254
Later than one year and not later than five years	195	199
	432	**453**

Other commitments

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

Not later than one year	108	609
	108	**609**

Note 13: Contingent liabilities

As at 30 June 2009, the Commission did not have any contingent liabilities.

Notes to and forming part of the financial statements

for the year ended 30 June 2009

Note 14: Money held in trust

At 30 June 2009, the Crime and Misconduct Commission held $6 111 (2008: $25 606) in trust for a number of people as a result of operational activities. As the Commission performed only a custodial role in respect of the balances, they are not recognised in the financial statements but are disclosed here for information purposes.

The Queensland Auditor-General performed the audit of the Commission's trust transactions in 2008–09.

Note 15: Special payments

Two ex-gratia special payments of $5 000 each were made by the Crime and Misconduct Commission during the 2008–09 year.

Note 16: Australian Public Sector Anti-Corruption Conference (APSACC)

The Crime and Misconduct Commission hosted the second Australian Public Sector Anti-Corruption Conference (APSACC) which was held in Brisbane during the period 28–31 July 2009. The conference was jointly organised by the Commission, the NSW Independent Commission Against Corruption (ICAC) and the WA Corruption and Crime Commission (CCC). The three agencies entered into a formal agreement for the management and delivery of the conference.

As part of the agreement, a joint account was opened in Brisbane and, at 30 June 2009, there was $150 341 in the account. Also, at 30 June 2009, a further $47 500 was held by the Commission in its operating account on behalf of the conference organising committee and, at balance date, this amount was recorded in the Commission's balance sheet as a payable. These funds have since been transferred to the APSACC joint account. The joint agreement requires that a minimum of $150 000 be held in the joint account for the delivery of the next APSACC to be held in Perth.

An events management firm was engaged by the conference organising committee to manage conference registrations, to accept registration fees and to organise delegates' accommodation, venue hire and other administrative and financial tasks. The events management company provided financial updates to the conference organising committee.

The Commission incurred salary and other costs associated with organising and hosting the conference and will seek to recoup at least some of these costs, depending on the financial outcome of the APSACC.

As at 30 June 2009, the Commission's expected share of revenue, expenses and commitments at the end of the conference could not be accurately estimated. Although indications pointed to a small surplus, it is likely that, if this is the case, the three agencies will agree to retain further funds from the joint venture to defray additional travel and other costs for the next conference in Western Australia, with the purpose of encouraging as many delegates as possible to attend that conference.

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 2009 and of the financial position of the Commission at the end of that year.

H R Bennett

Helen Bennett
Financial Manager

Date: 27 August 2009

Robert Needham
Chairperson

Date: 27 August 2009

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 auditor's report relates to the financial report of the Crime and Misconduct Commission for the financial year ended 30 June 2009 included on the Crime and Misconduct Commission's website. The Commission is responsible for the integrity of the Crime and Misconduct Commission's website. I have not been engaged to report on the integrity of the Crime and Misconduct Commission's website. The auditor's 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.

Report on the Financial Report

I have audited the accompanying financial report of Crime and Misconduct Commission which comprises the balance sheet as at 30 June 2009, 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 to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *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 *Auditor-General Act 2009* 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.40 of the *Auditor-General Act 2009* –

(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 2008 to 30 June 2009 and of the financial position as at the end of that year.

DIRECTOR OF AUDIT
28 AUG 2009
QUEENSLAND AUDIT OFFICE

J P BEH FCPA
(as Delegate of the Auditor-General of Queensland)

Brisbane
Queensland Audit Office