About the Financial statements

Statement of Financial Performance

The Statement of Financial Performance measures the entity's financial performance over a specific period (usually 12 months), by comparing revenues received against expenses incurred. Excess revenue over expenses results in an operating surplus, while excess expenses over revenue results in an operating deficit.

For the year ended 30 June 2011, the CMC's expenses exceeded revenues received by $0.236m, resulting in an operating deficit. The main factor contributing to the operating deficit is an additional write-off of lease payments in accordance with AASB 117 *Leases*, which requires the annual lease expense to be recognised on a straight-line basis over the term of the lease if lease increases are fixed.

Statement of Financial Position

The Statement of Financial Position depicts the financial health of an entity at the end of the reporting period. It presents the value of the assets held, amounts owing (liabilities) and the equity (net worth) of the entity.

As at 30 June 2011, the CMC's equity decreased by $0.236m — its current year operating deficit. This is represented by an increase in liabilities.

Assets

Assets are items of value controlled by an entity from which future economic benefits are expected to flow to the entity. Assets are classed as 'current assets' or 'non-current assets'.

Current assets are those assets that can be readily converted into cash within the next 12 months. The CMC's current assets include cash, trade debtors and other receivables, and prepaid expenditure.

Non-current assets are those assets not easily converted into cash and that an entity does not expect to convert into cash within the next 12 months. At 30 June 2011, the CMC's non-current assets of $15.873m included the book value of leasehold improvements, motor vehicles, computer and other equipment, artwork and software.

Liabilities

Liabilities are the amounts owed by the entity. Similar to assets, they are classed as 'current liabilities' and 'non-current liabilities'.

Current liabilities are amounts owing that an entity plans to pay within the next 12 months. For the CMC, current liabilities include amounts owing to suppliers (usually settled on 30-day terms), amounts owing to employees for leave entitlements, provisions for expenditure based on contractual obligations expected to be incurred within the next 12 months, and lease incentive liabilities for Green Square.

Non-current liabilities are those liabilities that an entity is not expected to pay within 12 months or has no legal requirement to settle the debt within the next 12 months. The CMC's non-current liabilities relate to amounts owing to employees for leave entitlements not expected to be taken within the next 12 months, lease liabilities for Green Square, and deferred lease liabilities that have arisen due to recognising lease expense payments on a straight-line method over the term of the lease. This smoothing of lease payments will extinguish the deferred lease liability by the end of the lease term.

Net Assets

This figure is calculated as the difference between total assets and total liabilities, and equals the equity of the entity.

Equity

Equity is the net worth of the entity and is represented by total assets less total liabilities in the Statement of Financial Position. An entity's equity balance is made up of initial capital (contributions), accumulated surplus/deficit and reserves.

The CMC's capital contribution of $13.944m comprises the closing equity balances of the former Criminal Justice Commission and the former Queensland Crime Commission as at 31 December 2011 ($4.237m) and the equity injection from government for the Green Square leasehold fit-out ($9.707m).

The accumulated surplus of $1.899m at 30 June 2011 consists of current year and prior year's operating results.

2010–11

Financial Statements

Statement of Changes in Equity

The Statement of Changes in Equity details movements in the equity of an entity during the reporting period. The equity balance is affected by the operating result (surplus or deficit) for the period, equity injections or withdrawals, and asset revaluations. For 2010–11, the CMC's equity movement was due to the operating deficit of $0.236m.

Cash Flow Statement

The Cash Flow Statement shows the actual movements of cash during the financial year. During the year ended 30 June 2011, the CMC received $51.228m in cash and paid out $47.743m in cash to manage its operating activities. In addition, $1.582m of cash was spent to invest in capital acquisitions (non-current assets).

The CMC's cash balance at 30 June 2011 was $9.448m compared to $7.545m at 30 June 2010. The increase in cash in mainly due to lower capital purchases ($1.582m) compared to non-cash depreciation write-offs ($2.158m), resulting in a build up of cash reserves. Another contributing factor is the timing of creditor payments.

Notes to and forming part of the financial statements

The notes to the financial statements provide a more detailed breakup of line items presented in the financial statements. They also disclose other matters such as the CMC's accounting policies, outstanding commitments at the end of the reporting period, and other financial disclosures including key executive management personnel and remuneration. The financial statements should be read in conjunction with these accompanying notes.

These financial statements cover the Crime and Misconduct Commission, an independent statutory body established under the *Crime and Misconduct Act 2001.*

The Commission is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Commission is:

Level 2, North Tower Green Square
515 St Pauls Terrace
Fortitude Valley QLD 4006

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information relating to the Commission's financial statements, please call 07 3360 6060, email mailbox@cmc.qld.gov.au or visit the Commission's internet site <www.cmc.qld.gov.au>.

Amounts shown in these financial statements may not add to the correct sub-totals due to rounding.

Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Income			
Revenue			
Grants and other contributions	2	48,658	44,833
Other revenues	3	890	938
Gains			
Gains from sale of property, plant and equipment	4	14	13
Total Income		**49,562**	**45,784**
Expenses			
Employee expenses	5	34,354	31,100
Supplies and services	7	12,664	10,071
Depreciation and amortisation	8	2,158	1,751
Finance costs	9	66	–
Other expenses	10	556	1,228
Total Expenses		**49,798**	**44,150**
Operating Surplus (Deficit)		**(236)**	**1,634**
Other Comprehensive Income		**–**	**–**
Total Comprehensive Income		**(236)**	**1,634**

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2011

	Notes	2011 $'000	2010 $'000
Current Assets			
Cash and cash equivalents	11	9,448	7,545
Receivables	12	918	507
Other	13	531	519
Total Current Assets		**10,897**	**8,571**
Non-Current Assets			
Intangible assets	14	490	438
Property, plant and equipment	15	15,324	14,637
Other	13	59	51
Total Non-Current Assets		**15,873**	**15,126**
Total Assets		**26,770**	**23,697**
Current Liabilities			
Payables	16	3,513	2,112
Lease liabilities	17	309	300
Accrued employee benefits	18	1,602	1,612
Provisions	19	170	80
Other	20	3	5
Total Current Liabilities		**5,597**	**4,109**
Non-Current Liabilities			
Lease liabilities	17	3,122	2,998
Accrued employee benefits	18	814	511
Provisions	19	1,394	–
Total Non-Current Liabilities		**5,330**	**3,509**
Total Liabilities		**10,927**	**7,618**
Net Assets		**15,843**	**16,079**
Equity			
Contributed equity		13,944	13,944
Accumulated surplus		1,899	2,135
Total Equity		**15,843**	**16,079**

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2011

	Accumulated Surplus		Contributed Equity		TOTAL	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance as at 1 July	2,135	501	13,944	13,944	16,079	14,445
Operating Surplus (Deficit) for the period	(236)	1,634	–	–	(236)	1,634
Balance as at 30 June	**1,899**	**2,135**	**13,944**	**13,944**	**15,843**	**16,079**

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Cash flows from operating activities			
Inflows			
Grants and other contributions		48,294	43,752
Interest receipts		774	431
GST input tax credits from ATO		2,155	2,107
GST collected from customers		28	52
Other		(23)	481
Outflows			
Employee expenses		(34,083)	(29,842)
Supplies and services		(11,182)	(10,159)
GST paid to suppliers		(2,286)	(2,200)
GST remitted to ATO		(26)	(56)
Other		(166)	(126)
Net cash provided by operating activities	21	**3,485**	**4,440**
Cash flows from investing activities			
Inflows			
Sales of property, plant and equipment		1	–
Outflows			
Payments for property, plant and equipment		(1,481)	(1,207)
Payments for intangibles		(102)	(438)
Net cash (used) in investing activities		**(1,582)**	**(1,645)**
Net increase (decrease) in cash and cash equivalents		1,903	2,795
Cash and cash equivalents at beginning of financial year		7,545	4,750
Cash and cash equivalents at end of financial year	11	**9,448**	**7,545**

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2011

Objectives and principal activities of the Commission

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*

The Crime and Misconduct Commission (CMC) works with the Queensland Police Service (QPS) and other law enforcement agencies to fight major crime as defined in the *Crime and Misconduct Act 2001.* It does this through a range of law enforcement and crime prevention initiatives including 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. In addition, 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, government-owned corporations, universities, local governments, courts, prisons, and on the part of state-elected officials. The CMC handles complaints about misconduct, investigates the most serious official misconduct, develops and maintains effective integrity systems for enhanced responsibility and accountability across the public sector, takes a lead role in building the capacity of agencies to prevent and deal with misconduct, monitors how agencies deal with complaints, 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 Commission provides the state's witness protection service. The majority of protected witnesses are referred to the CMC by the QPS.

Note 1: Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission has prepared these financial statements in compliance with section 43(1) of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2011, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit statutory body. Except where stated, the historical cost convention is used.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

(b) 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 timing 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.

(c) Trust Transactions and Balances

The Commission undertakes certain trustee transactions on behalf of individuals as a result of operational activities.

As the Commission acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 25. Applicable audit arrangements are also shown.

(d) Grants and Contributions

Government grants and contributions are non-reciprocal in nature and are recognised as revenue in the year in which the Commission obtains control over them.

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

(e) Cash and Cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June, 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 amounts due at the time of sale or service delivery, that is, the agreed sale/contract price. Settlement of these amounts is required within 30 days from invoice date. Receivables also include accrued interest income and GST input tax credits receivable.

The collectability of receivables is assessed periodically with allowance being made for impairment if required. All known bad debts are written off in the period in which they are recognised.

Other debtors generally arise from transactions outside the usual operating activities of the Commission and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

(g) Prepayments

The Commission has determined that only prepayments on invoices greater than and equal to $1,000 will be recognised in its accounts. Recognition occurs at the time the invoice is processed for payment.

(h) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. 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, including architect fees and engineering design fees. Any training costs are expensed as incurred.

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.*

(i) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of $5,000 are capitalised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred.

(j) Revaluations of Non-Current Physical and Intangible Assets

Heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. As these assets were only acquired in the 2008–09 financial year, the cost of these assets has been assessed by the management of the Commission to materially represent their fair value at the end of the reporting period.

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years.

Any revaluation increment arising on the revaluation of these assets will be credited to the asset revaluation surplus, except to the extent it reverses a revaluation decrement previously recognised as an expense.

A decrease in the carrying amount on revaluation is charged as an expense, to the extent that it exceeds the balance, if any, in the asset revaluation surplus.

The Commission did not revalue any assets during the financial year.

Plant and equipment, including leasehold improvements and associated work in progress are recognised at cost in accordance with Treasury's *Non-Current Asset Policies*. The carrying amounts for plant and equipment measured at cost approximate their fair value.

Materiality concepts under AASB 1031 are considered in determining whether the difference in the carrying amount and the fair value of an asset is material.

(k) Intangible Assets

AASB 138 *Intangible Assets* defines an intangible asset as an identifiable non-monetary asset without physical substance.

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The Commission's intangible asset has a zero residual value.

It has been determined that there is not an active market for the Commission's intangible asset. As such, the asset is recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Software purchased

The Commission's intangible asset consists of TRIM software for the Electronic Document and Records Management System (eDRMS). The licensing and implementation costs of this software has been capitalised and are amortised on a straight-line basis over the period of the expected benefit to the Commission, namely, nine years. Refer to Note 14.

The software was rolled out across the Commission in July and August 2010.

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost, less its estimated residual value, progressively over its estimated useful life to the Commission.

All intangible assets of the Commission have finite useful lives and are amortised on a straight-line basis.

Assets and software under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment or intangible assets.

Any expenditure that increases the originally 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.

The depreciable amount of improvements to or on leasehold assets is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

The useful lives of general and technical equipment, computer equipment and leasehold improvements were reviewed during the reporting period and adjusted where necessary. For each class of depreciable asset the following depreciation and amortisation rates are used.

Class	Rate %	Useful Life
Plant and Equipment:		
General and technical equipment	1.5–33.33	3–10 years
Computer equipment	12.5–33.3	3–8 years
Motor vehicles	20	5 years
Leasehold improvements	7.6–14.5	7–13 years
Intangible Assets:		
Software purchased	11.1	9 years

Cultural and art assets are not depreciated. Items comprising the Commission's technical library are expensed on acquisition.

(m) Impairment of Non-Current Assets

Impairment of non-current assets is the decline in the service potential of an asset over and above the use reflected through depreciation.

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.

(m) Impairment of Non-Current Assets (cont'd)

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised as income.

(n) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement. Finance leases effectively transfer substantially all risks and benefits incidental to ownership from the lessor to the lessee. Under an operating lease, the lessor retains substantially all the risks and benefits.

Operating lease payments are recognised as an expense on a straight line basis as representative of the time pattern of benefits derived from the leased assets, even if the payments are not on that basis. Differences between lease expense recognised and payments made are recorded as a deferred lease liability.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

The Commission does not hold any finance leases.

(o) Payables

Trade creditors are recognised upon receipt of the goods or services and are measured at the agreed purchase/contract price. Amounts owing are unsecured, and are generally settled on 30-day terms.

(p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents — held at fair value through profit and loss
- Receivables — held at amortised cost
- Payables — held at amortised cost.

The Commission does not enter into transactions for speculative purposes, or for hedging.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 24.

(q) Services Received Free of Charge or for Nominal 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.

(r) Employee Benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

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.

Wages, Salaries and Sick Leave

Salaries and wages due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees, and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

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 related on-costs.

The value of any annual leave benefits not expected to be taken within the next 12 months are classified as a non-current liability and is recognised at its present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employee's long service leave. 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 Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements, pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 6 for disclosures on key executive management personnel and remuneration.

(s) Provisions

Provisions are recorded when the Commission has a present obligation, either legal or constructive as a result of a past event, and the amount of the provision can be reliably measured.

They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using the appropriate discount rate. The amounts recognised as provisions in relation to the dismantling, removal and restoration of assets in accordance with 'make good' provisions of leasing arrangements have been included in the cost of the assets.

(t) Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

(u) Insurance

The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(v) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from and payable to the ATO are recognised (refer to Note 12).

(w) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairperson and Finance Manager at the date of signing the Management Certificate.

(x) Judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgments that have the potential to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year. Such estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Accrued Employee Benefits (Note 18)
- Provisions (Note 19)
- Commitments for Expenditure (Note 22)
- Contingencies (Note 23).

(y) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(z) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2010–11. Only one amendment to the Australian accounting standard applicable for the first time for 2010–11 was relevant to the Commission, as explained below.

AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* included certain amendments to AASB 117 *Leases* that revised the criteria for classifying leases involving land and buildings.

Consequently, the Commission was required to reassess the classification of the land elements of all unexpired leases entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases. The outcome of the Commission's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

As at 30 June 2011, new or amended standards and interpretations, as listed below, had been issued that have mandatory application dates for future reporting periods.

The Commission is not permitted to adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective.

The Commission applies standards and interpretations in accordance with their respective commencement dates.

Standard/Interpretation	**Applicable for annual reporting periods beginning on or after:**
AASB 9 *Financial Instruments* (December 2010)	1 January 2013
AASB 1053 *Application of Tiers of Australian Accounting Standards*	1 July 2013
AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	1 July 2013
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)	1 January 2013

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value.

Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are the sole payments of principal and interest on the principal amount outstanding.

(z) New and Revised Accounting Standards (con't)

Assuming no change in the types of transactions that the Commission enters into, it is not expected that any of the Commission's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013–14 financial statements, all of the Commission's financial assets will be required to be classified as 'financial assets required to be measured at fair value through profit or loss' (instead of the measurement classifications presently used in Note 1(p) and Note 24. In the case of the Commission's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.

Tier 1 requirements comprise the full range of AASB recognition, presentation and disclosure requirements, while Tier 2 requires fewer disclosures. AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* sets out the details of which disclosures in standards and interpretations are not required under Tier 2 reporting.

Pursuant to AASB 1053, public sector entities such as the Commission may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of the regulator to require application of the Tier 1 requirements. In the case of the Commission, Queensland Treasury is the regulator. Queensland Treasury's policy decision requires the Commission to adopt Tier 1 reporting requirements.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

	2011 $'000	2010 $'000
Note 2: Grants and Other Contributions		
Queensland Government	48,288	43,752
Goods and services received below fair value*	363	1,081
Other	7	–
Total	**48,658**	**44,833**

* ***Received from***	***Goods/Services***		
Queensland Police Service	Salary and vehicle costs (Operation Tesco)	–	411
Department of Justice and Attorney-General	Database searches	1	4
Department of Premier and Cabinet	Salary costs	–	55
Department of Public Works	Archival services	362	388
Australian Crime Commission	Telephone intercept services	–	223
Total		**363**	**1,081**

	2011 $'000	2010 $'000
Note 3: Other Revenues		
Interest	801	505
Australian Public Sector Anti-Corruption Conference (APSACC)	–	206
Other	89	227
Total	**890**	**938**
Note 4: Gains		
Gain on sale of property, plant and equipment	14	13
Total	**14**	**13**
Note 5: Employee Expenses		
Employee Benefits		
Wages and salaries	24,371	22,356
Annual leave expense*	1,874	1,734
Employer superannuation contributions*	3,334	3,110
Long service leave levy*	561	423
Termination benefits	425	29
Other employee benefits	1,199	1,106
Employee Related Expenses		
Workers' compensation premium*	215	205
Payroll tax	1,486	1,345
Other employee related expenses	889	792
Total	**34,354**	**31,100**

* Refer to Note 1(r).

Note 5: Employee Expenses (cont'd)

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	2011	2010
Number of employees	325	313.5

Note 6: Key Executive Management Personnel and Remuneration

(a) 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 Authorities*. The remuneration amounts shown include superannuation.

	2011 $'000	2010 $'000
David Gow (ceased 1 October 2010)	13,936	47,033
Ann Gummow*	103,704	89,149
Judith Bell	46,850	48,652
Phillip Nase	46,850	48,652
Marilyn McMeniman (commenced 29 April 2011)	9,541	–
Total	**220,881**	**233,486**

* Commissioner Ann Gummow's remuneration includes an amount of $63,856 (2010: $46,470) for acting as Chairperson during the financial year.

Note 6: Key Executive Management Personnel and Remuneration (cont'd)

(b) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing, and controlling the activities of the Commission as a whole during 2010–11. Further information on these positions can be found in the body of the Annual Report under the section relating to leadership and executive management.

Current Incumbents

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chairperson	The Chairperson is responsible for the efficient, effective and economic administration of the Commission.	*Crime and Misconduct Act 2001*	8 February 2010
Assistant Commissioner, Crime	The Assistant Commissioner, Crime is responsible for participating collaboratively in the overall management of the Commission, in particular to achieve objectives set by the Commission for the performance of its major Crime, Proceeds of Crime and Intelligence functions.	*Crime and Misconduct Act 2001*	1 January 2002
Assistant Commissioner, Misconduct	The Assistant Commissioner, Misconduct is responsible for participating collaboratively in the overall management of the Commission, in particular to achieve objectives set by the Commission for the performance of its function to improve the integrity of and to reduce the incidence of misconduct in the public sector.	*Crime and Misconduct Act 2001*	14 June 2010
Executive General Manager*	The Executive General Manager is responsible for participating collaboratively in the overall management of the Commission and in particular to achieve objectives set out by the Commission for the overall organisational performance and corporate service functions.	*Crime and Misconduct Act 2001*	27 April 2011

** Following a review of the Commission's governance arrangements during the first quarter of the financial year, the position of Executive General Manager was created to support the Chairperson in ensuring the efficient, effective and economic administration of the Commission. Prior to the creation of this position, there were a number of senior officers who undertook managerial duties but had less scope to plan, direct and control the activities of the Commission as a whole. These positions do not meet the definition of key executive management personnel, and are therefore not included in this report.*

Note 6: Key Executive Management Personnel and Remuneration (cont'd)

(c) Key Executive Management Personnel Remuneration

Chairperson Remuneration

The Chairperson's remuneration is provided for under the *Judicial Remuneration Act 2007*.

Martin Moynihan AO QC was appointed to the position of Chairperson on 8 February 2010. Mr Moynihan was previously a Justice of the Supreme Court of Queensland and is consequently entitled to a pension under the *Judges (Pension and Long Leave) Act 1957*. Mr Moynihan has elected to have his salary entitlement payable by the Commission reduced by the amount of his judicial pension.

The Chairperson's condition of employment also includes entitlement to private use of a motor vehicle or a motor vehicle allowance, leave equivalent to the public service except for long service leave, and superannuation benefits. Mr Moynihan has elected to have a motor vehicle allowance paid to him.

The Chairperson is not eligible for a performance bonus.

Senior Executive Remuneration

Remuneration policy for the Commission's senior executive personnel is based on rates set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*, and approved by the Minister. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

For the 2010–11 year, the remuneration of senior executive personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:

- Short-term employee benefits that include:
  - Base — consisting of base salary, allowances and leave entitlements paid and provided for the entire part or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amounts expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits — consisting of provision of vehicles together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include long service leave accrued.
- Post-employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for the termination.

Note 6: Key Executive Management Personnel and Remuneration (cont'd)

(c) Key Management Personnel Remuneration (cont'd)

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long-term employee benefits and post-employment benefits.

1 July 2010 – 30 June 2011

Position	Short-Term Employee Benefits		Long-Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	$'000	$'000	$'000	$'000	$'000	$'000
Chairperson	243	–	–	22	–	265
Assistant Commissioner, Crime	175	26	7	24	–	232
Assistant Commissioner, Misconduct	208	20	9	24	–	261
Executive General Manager (appointed 27 April 2011)	40	2	1	4	–	47
Total Remuneration	**666**	**48**	**17**	**74**	**–**	**805**

Note 6: Key Executive Management Personnel and Remuneration (cont'd)

(c) Key Management Personnel Remuneration (cont'd)

1 July 2009 – 30 June 2010

Position	Short-Term Employee Benefits		Long-Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	$'000	$'000	$'000	$'000	$'000	$'000
Chairperson (resigned 31 December 2009)	266	19	–	23	–	308
Acting Chairperson (1 January to 7 February 2010)	40	–	–	6	–	46
Chairperson (appointed 8 February 2010)	93	–	–	10	–	103
Assistant Commissioner, Misconduct * (resigned 25 November 2009)	138	1	3	10	–	152
Acting Assistant Commissioner, Misconduct (1 July 2009 to 13 June 2010)	178	–	–	17	–	195
Assistant Commissioner, Misconduct (appointed 14 June 2010)	13	–	–	1	–	14
Assistant Commissioner, Crime	194	26	7	24	–	251
Total Remuneration	**922**	**46**	**10**	**91**	**–**	**1,069**

** The Assistant Commissioner, Misconduct was on leave from 1 July 2009 to 25 November 2009. The position was filled by acting roles until a permanent appointment was made.*

Note 7: Supplies and Services

	2011 $'000	2010 $'000
Rental expense – operating lease	4,499	3,893
Books and publications	149	175
Computer software/services	138	296
Consultants	419	120
Contractors	315	163
Electricity	327	327
Employment agency staff	150	240
Equipment*	1,351	289
Furniture supplies and repairs	75	15
Information retrieval and access costs	718	451
Legal fees	680	536
Court ordered costs	182	22
Maintenance	704	540
Motor vehicles	522	518
Operational expenses	530	598
Transcripts	127	164
Security services	401	395
Service provider – payroll and finance systems	117	159
Stationery	186	180
Telecommunications	414	356
Travel	428	379
Other supplies and services	232	255
Total	**12,664**	**10,071**

* Includes $966,019 paid for the standard operating environment (SOE) replacement which occurs once every 4 years. The cost of individual computer workstations is below $5,000 and therefore, does not meet the asset recognition threshold.

Note 8: Depreciation and Amortisation

	2011 $'000	2010 $'000
Motor vehicles	212	216
Computer equipment	334	312
General and technical equipment	172	163
Leasehold improvements	1,390	1,060
Software purchased	50	–
Total	**2,158**	**1,751**

Note 9: Finance Costs

	2011 $'000	2010 $'000
Unwinding the discount*	66	–
Total	**66**	**–**

* Finance costs relate to the unwinding of the discount for the provision for restoration costs. Also refer to Note 19.

Note 10: Other Expenses

	2011 $'000	2010 $'000
External audit fees*	61	87
Insurance	21	20
Goods and services received free of charge (see Note 2)	363	1,081
Losses from disposal of property, plant and equipment	27	21
Special payments		
Ex-gratia payments	43	–
Other	41	19
Total	**556**	**1,228**

* Total external audit fees relating to the 2010–11 financial year are estimated to be $59,800 (2010: $64,000). There are no non-audit services included in this amount.

Note 11: Cash and Cash Equivalents

	2011 $'000	2010 $'000
Imprest accounts	30	30
Cash at bank	1,049	195
Term deposits*	8,369	7,320
Total	**9,448**	**7,545**

***** Term deposits are held with major banking institutions, and earned interest rates between 5.25% and 6.35% (2010: 3.40% and 6.05%). Included in term deposits is a $0.349m bank guarantee pursuant to lease agreements.

Note 12: Receivables

	2011 $'000	2010 $'000
Trade debtors*	80	22
GST receivable	411	279
GST payable	(2)	(3)
	409	276
Long service leave reimbursements	264	93
Interest receivable	103	76
Other*	62	40
Total	**918**	**507**

***** As at reporting date, there were no debtors that required an allowance for impairment.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	2011 $'000	2010 $'000
Note 13: Other Assets		
Current		
Prepayments – salaries	95	166
Prepayments – supplies and services	436	353
Total	**531**	**519**
Non-Current		
Prepayments – supplies and services	59	51
Total	**59**	**51**

	2011 $'000	2010 $'000
Note 14: Intangible Assets		
Software Purchased		
At cost	540	–
Less: Accumulated amortisation	(50)	–
	490	–
Software Work in Progress		
At cost	–	438
Total	**490**	**438**

Note 14: Intangible Assets (cont'd)

Intangibles Reconciliation	**Software Purchased**		**Software Work in Progress**		**Total**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 July	–	–	438	–	438	–
Acquisitions	102	–	–	438	102	438
Transfers between classes	438	–	(438)	–	–	–
Amortisation	(50)	–	–	–	(50)	–
Carrying amount at 30 June	**490**	**–**	**–**	**438**	**490**	**438**

Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

The Commission's Software purchased comprises software licensing and implementation costs (including capitalised salary costs) for the TRIM Electronic Document and Records Management System which was rolled out across the Commission during July and August 2010.

Note 15: Property, Plant and Equipment

	2011 $'000	2010 $'000
Motor vehicles:		
At cost	1,074	1,112
Less: Accumulated depreciation	(265)	(307)
	809	805
Computer equipment:		
At cost	1,582	1,228
Less: Accumulated depreciation	(742)	(404)
	840	824
General and technical equipment:		
At cost	1,457	1,344
Less: Accumulated depreciation	(565)	(412)
	892	932
Leasehold improvements:		
At cost	16,113	14,365
Less: Accumulated depreciation	(3,355)	(2,349)
	12,758	12,016
Cultural and art assets:		
At fair value	25	25
Work in progress:		
At cost	–	35
Total	**15,324**	**14,637**

The Commission has plant and equipment with an original cost of $1.594m and a written down value of zero still being used in the provision of services.

Note 15: Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation	Motor vehicles		Computer equipment		General and technical equipment		Leasehold improvements		Cultural and art assets		Work in progress		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Carrying amount at 1 July	**805**	**811**	**824**	**521**	**932**	**1,042**	**12,016**	**12,706**	**25**	**25**	**35**	**84**	**14,637**	**15,189**
Acquisitions*	459	454	348	554	134	121	2,097	286	–	–	–	35	3,038	1,450
Disposals	(243)	(244)	–	–	–	(7)	–	–	–	–	–	–	(243)	(251)
Transfers between classes	–	–	2	61	(2)	(61)	35	84	–	–	(35)	(84)	–	–
Depreciation	(212)	(216)	(334)	(312)	(172)	(163)	(1,390)	(1,060)	–	–	–	–	(2,108)	(1,751)
Carrying amount at 30 June	**809**	**805**	**840**	**824**	**892**	**932**	**12,758**	**12,016**	**25**	**25**	**–**	**35**	**15,324**	**14,637**

* Included in acquisitions for leasehold improvements is an amount of $1.328m for the estimate of restoration costs for the leased premises, which has been recognised as a provision. Refer to Note 19.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	2011 $'000	2010 $'000
Note 16: Payables		
Trade creditors	3,379	1,996
Other	134	116
Total	**3,513**	**2,112**

Note 17: Lease Liabilities

	2011 $'000	2010 $'000
Current		
Lease incentive liability	309	300
Total	**309**	**300**
Non-Current		
Lease incentive liability	2,748	2,998
Deferred lease liability	374	–
Total	**3,122**	**2,998**

Note 18: Accrued Employee Benefits

	2011 $'000	2010 $'000
Current		
Wages outstanding	129	37
Annual leave	1,367	1,509
Long service leave levy payable	106	66
Other	–	–
Total	**1,602**	**1,612**
Non-Current		
Annual leave	814	511
Total	**814**	**511**

Note 19: Provisions

	2011 $'000	2010 $'000
Current		
Telephone interception access costs*	170	80
Total	**170**	**80**
Non-Current		
Restoration costs**	1,394	–
Total	**1,394**	**–**
Movements in provisions		
Access Costs*		
Balance at 1 July	80	–
Provision recognised	90	80
Balance at 30 June	**170**	**80**

* Provision for one-off infrastructure costs associated with enhancing telephone intercept capabilities in conjunction with the Australian Crime Commission. Refer to Note 22(c).

Note 19: Provisions (cont'd)

	2011 $'000	2010 $'000
Restoration Costs**		
Balance at 1 July	–	–
Provision recognised	1,328	–
Unwinding the discount	66	–
Balance at 30 June	**1,394**	–

** The provision for restoration costs relate to clauses in the lease agreement for Green Square and the offsite premises which require the CMC to restore the leased premises to their original condition. The estimate of the restoration costs has been included in the cost of the leasehold assets. Refer to Note 15.

The provision has been discounted to reflect the present value of these obligations.

Note 20: Other Current Liabilities

	2011 $'000	2010 $'000
Unearned revenue	3	5
Total	**3**	**5**

Note 21: Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2011 $'000	2010 $'000
Operating surplus/(deficit)	(236)	1,634
Depreciation expense	2,158	1,751
Loss on sale of property, plant and equipment	27	21
Gain on sale of property, plant and equipment	(14)	(13)
Unwinding the discount on provision for restoration costs	66	–
Change in asset and liabilities:		
(Increase)/decrease in trade debtors	(58)	(20)
(Increase)/decrease in GST input tax receivable	(132)	(92)
(Increase)/decrease in long service leave reimbursement receivable	(171)	–
(Increase)/decrease in interest receivable	(27)	(74)
(Increase)/decrease in other receivables	(22)	64
(Increase)/decrease in prepayments	(20)	115
Increase/(decrease) in accounts payable	1,401	1,161
Increase/(decrease) in accrued employee benefits	293	114
Increase/(decrease) in GST payable	(1)	(5)
Increase/(decrease) in provisions	90	80
Increase/(decrease) in unearned revenue	(2)	3
Increase/(decrease) in lease liability	133	(299)
Net cash from operating activities	**3,485**	**4,440**

Note 22: Commitments for Expenditure

(a) Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2011 $'000	2010 $'000
Not later than one year	4,815	4,777
Later than one year and not later than five years	21,024	20,116
Later than five years	–	5,305
Total	**25,839**	**30,198**

Operating leases are entered into as a means of acquiring access to office accommodation, equipment and storage facilities.

Operating leases for accommodation have a renewal option that is exercisable at market prices.

Lease payments are generally fixed and no lease arrangements create restrictions on other financing transactions.

(b) Vehicle Lease Commitments

Commitments under vehicle leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2011 $'000	2010 $'000
Not later than one year	234	218
Later than one year and not later than five years	156	199
Total	**390**	**417**

(c) 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:

	2011 $'000	2010 $'000
Payable:		
Not later than one year	287	444
Total	**287**	**444**

Capital expenditure commitments include expenditure in relation to one-off infrastructure costs associated with enhancing telephone intercept capabilities in conjunction with the Australian Crime Commission. Refer to Note 19.

(d) Other Expenditure Commitments

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

	2011 $'000	2010 $'000
Payable:		
Not later than one year	630	165
Total	**630**	**165**

Note 23: Contingencies

Litigation in progress

As at 30 June 2011, there were 11 cases (2010: 7 cases) in ongoing litigation involving the Commission.

It is not possible to make a reliable estimate of the final costs that could be recovered or is payable from these cases at this time.

The Commission is insured against general liability with the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Commission would be able to claim back, less a $10,000 deductible, the amount paid to successful litigants.

Note 24: Financial Instruments

(a) ***Categorisation of Financial Instruments***

The Commission has the following categories of financial assets and financial liabilities:

Category:	Note	2011 $'000	2010 $'000
Financial assets			
Cash and cash equivalents	11	9,448	7,545
Receivables	12	918	507
Total		**10,366**	**8,052**
Financial liabilities			
Payables	16	3,513	2,112
Total		**3,513**	**2,112**

(b) ***Financial Risk Management***

The Commission's activities expose it to a variety of financial risks — interest rate risk, credit risk, liquidity risk and market risk.

The Commission provides written principles for overall risk management, as well as policies covering specific areas. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by the Corporate Support Division under policies approved by the Commission.

(c) ***Credit Risk Exposure***

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge its obligation.

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 allowance for impairment.

Note 23: Financial Instruments (cont'd)

(c) *Credit Risk Exposure (cont'd)*

The following represents the Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk *Category:*	**Note**	**2011 $'000**	**2010 $'000**
Financial Assets			
Cash	11	9,448	7,545
Receivables	12	918	507
Total		**10,366**	**8,052**

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.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired financial assets are disclosed in the following tables:

2011 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 days $'000	**30–60 days $'000**	**61–90 days $'000**	**More than 90 days $'000**	**Total $'000**
Receivables		53	–	2	55
Total	**–**	**53**	**–**	2	**55**

2010 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 days $'000	**30–60 days $'000**	**61–90 days $'000**	**More than 90 days $'000**	**Total $'000**
Receivables	–	–	12	–	12
Total	**–**	**–**	**12**	**–**	**12**

Note 24: Financial Instruments (cont'd)

(d) ***Liquidity Risk***

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 sufficient 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, based on undiscounted cash flows relating to the liabilities at reporting date.

		2011 Payable in			Total
	Note	**< 1 year**	**1–5 years**	**> 5 years**	
Financial liabilities					
Payables	16	3,513	–	–	3,513
Total		**3,513**	**–**	**–**	**3,513**

		2010 Payable in			Total
	Note	**< 1 year**	**1–5 years**	**> 5 years**	
Financial liabilities					
Payables	16	2,112	–	–	2,112
Total		**2,112**	**–**	**–**	**2,112**

(e) ***Market Risk***

The Commission does not trade in foreign currency and is not materially 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.

Note 24: Financial Instruments (cont'd)

(f) ***Interest Rate Sensitivity Analysis***

The following interest rate sensitivity analysis is based on a report similar to that provided to management, depicting the outcome on net income 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 $94,180 (2010: $75,150). This is mainly attributable to the Commission's exposure to variable interest rates on cash deposited in interest bearing accounts.

Financial Instrument	Carrying amount $'000	2011 Interest rate risk			
		−1%		+1%	
		Operating Result	Equity	Operating Result	Equity
Cash	9,418	(94)	(94)	94	94
Potential impact		**(94)**	**(94)**	**94**	**94**

Financial Instrument	Carrying amount $'000	2010 Interest rate risk			
		−1%		+1%	
		Operating Result	Equity	Operating Result	Equity
Cash	7,515	(75)	(75)	75	75
Potential impact		**(75)**	**(75)**	**75**	**75**

(g) ***Fair Value***

The Commission considers that the carrying amount of receivables and payables is a fair approximation of their fair value because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Note 25: Trust Transactions and Balances

At 30 June 2011, the Commission held $4,061 (2010: $4,061) in trust for a number of benefactors as a result of operational activities.

The Queensland Auditor-General performed the audit of the Commission's trust transactions for 2010–11.

Certificate of the Crime and Misconduct Commission

for the year ended 30 June 2011

This general purpose financial report has been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) 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 transactions of the Crime and Misconduct Commission for the financial year ended 30 June 2011 and of the financial position of the Commission at the end of that year.

Sighted and signed

Radhika Munien CPA
Finance Manager

Date: 25 August 2011

Sighted and signed

Martin Moynihan AO QC
Chairperson

Date: 25 August 2011

Independent Auditor's Report

To the Crime and Misconduct Commission

Report on the Financial Report

I have audited the accompanying financial report of the Crime and Misconduct Commission, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairperson and Finance Manager.

The Commission's Responsibility for the Financial Report

The Commission is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Commission's responsibility also includes such internal control as the Commission determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used 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 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 all 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.

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 relation to the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report presents 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 2010 to 30 June 2011 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Crime and Misconduct Commission for the year ended 30 June 2011. Where the financial report is included on the Crime and Misconduct Commission's website the Commission is responsible for the integrity of the Crime and Misconduct Commission's website and 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 subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

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

DIRECTOR OF AUDIT
29 AUG 2011
QUEENSLAND AUDIT OFFICE

Queensland Audit Office
Brisbane