About the Financial Statements

Introduction

The financial statements highlight the CMC's financial performance and overall position as at 30 June 2012. The financial statements consist of five parts, viz.

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to and forming part of the Financial Statements.

The financial statements are prepared by the Commission's finance staff, are examined by the CMC's Audit Committee, Executive Leadership Group and internal audit, and are then audited by the Queensland Auditor-General.

Statement of Comprehensive Income

The Statement of Comprehensive Income (SOCI) measures the entity's financial performance over a specific period (usually 12 months). The SOCI comprises a profit and loss statement which compares revenues received against expenses incurred. Excess revenue over expenses results in an operating surplus, while excess expenses over revenue results in an operating deficit. The SOCI also includes other comprehensive income which comprises items of income and expenses that are not recognised in the profit and loss.

For the year ended 30 June 2012, the CMC's expenses exceeded revenues received by $0.090m, resulting in a small operating deficit. The CMC also had other comprehensive income of $0.008m as a result of a revaluation increment due to the CMC revaluing its artwork during the financial year.

Statement of Financial Position

The Statement of Financial Position provides a snapshot of 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 2012, the CMC's equity decreased by $0.462m, comprising its current year operating deficit of $0.090m and a non-appropriated equity adjustment of $0.372m, used to fund temporary high-priority initiatives.

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 are not easily converted into cash and that an entity does not expect to convert into cash within the next 12 months.

At 30 June 2012, the CMC's non-current assets of $15.597m included the book value of leasehold improvements, motor vehicles, computer and other equipment, artwork and software (intangibles).

Liabilities

Liabilities are the amounts owed by the entity. Similarly 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 owed 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 which an entity is not expected to pay within 12 months or which have 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, provision for costs to restore the leased premises to its original condition, lease incentive liabilities for leased premises and deferred lease liabilities which have arisen due to recognising lease expense payments on a straight-line method over the term of the lease. The smoothing of lease payments over the term of the lease will extinguish the deferred lease liability by the end of the lease term.

Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of the CMC as at 30 June 2012.

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 $13.572m comprises the closing equity balances of the former Criminal Justice Commission and the former Queensland Crime Commission as at 31 December 2001 of $4.237m, an equity injection from government for the Green Square leasehold fitout in the 2007–08 financial year of $9.707m, and a non-appropriated equity withdrawal of $0.372m in the current financial year.

The accumulated surplus of $1.809m at 30 June 2012 consists of current year and prior year's operating results. In addition the CMC has an asset revaluation surplus of $0.008m as a result of a revaluation increment due to the CMC revaluing its artwork during the financial year

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.

Cash Flow Statement

This statement shows the actual movements of cash during the financial year. During the 2011–12 financial year, the CMC received $52.452m (2010–11 — $51.228m) in cash and paid out $50.358m (2010–11 — $47.743m) in cash to manage its operating activities. In addition, cash of $1.595m (2010–11 — $1.582m) was spent to invest in capital acquisitions.

The CMC's cash balance at 30 June 2012 was $9.575m compared with $9.448m at 30 June 2011. The increase in cash is mainly due to lower capital purchases of $1.595m compared with non-cash depreciation write-offs of $2.280m, resulting in a build-up of cash reserves. Also contributing 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.