Financial Statements

General information

These financial statements cover the Crime and Misconduct Commission, an independent statutory body established under the *Crime and Misconduct Act 2001*, which reports directly to the Queensland Parliament.

For financial reporting purposes, the Commission is a statutory body in the terms of the *Financial Accountability Act 2009*, and is subsequently consolidated into the whole-of-government financial report.

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@ccc.qld.gov.au> or visit the Commission's website at <www.ccc.qld.gov.au>.

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

Contents

Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Income from Continuing Operations			
Grants and other contributions	2	51,295	50,143
Interest		587	611
Other revenue	3	204	82
Total Revenue		52,086	50,836
Gains on disposal of assets	4	78	41
Total Income from Continuing Operations		**52,164**	**50,877**
Expenses from Continuing Operations			
Employee expenses	5	35,868	36,005
Supplies and services	7	12,141	10,763
Depreciation and amortisation	8	2,550	2,544
Finance costs	9	72	58
Other expenses	10	951	651
Total Expenses from Continuing Operations		**51,582**	**50,021**
Operating Result from Continuing Operations		**582**	**856**
Total Comprehensive Income		**582**	**856**

The accompanying notes form part of these statements.

Statement of Financial Position
as at 30 June 2014

	Notes	2014 $'000	2013 $'000
Current Assets			
Cash and cash equivalents	11	12,038	9,269
Receivables	12	658	952
Other current assets	13	496	507
Total Current Assets		**13,192**	**10,728**
Non-Current Assets			
Intangible assets	14	394	511
Property, plant and equipment	15	13,006	13,202
Other non-current assets	13	17	6
Total Non-Current Assets		**13,417**	**13,719**
Total Assets		**26,609**	**24,447**
Current Liabilities			
Payables	16	3,765	2,437
Lease liabilities	17	309	309
Accrued employee benefits	18	2,658	2,178
Other current liabilities	20	2	2
Total Current Liabilities		**6,734**	**4,926**
Non-Current Liabilities			
Lease liabilities	17	2,443	2,825
Provisions	19	1,956	1,802
Total Non-Current Liabilities		**4,399**	**4,627**
Total Liabilities		**11,133**	**9,553**
Net Assets		**15,476**	**14,894**
Equity			
Contributed equity		12,221	12,221
Accumulated surplus		3,247	2,665
Asset revaluation surplus		8	8
Total Equity		**15,476**	**14,894**

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2014

	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	TOTAL
	$'000	$'000	$'000	$'000
Balance as at 1 July 2012	**1,809**	**8**	**13,572**	**15,389**
Operating result from continuing operations	856	–	–	856
Transactions with Owners as Owners:				
- Non Appropriated equity withdrawal	–	–	(1,351)	(1,351)
Balance as at 30 June 2013	**2,665**	**8**	**12,221**	**14,894**
Balance as at 1 July 2013	**2,665**	**8**	**12,221**	**14,894**
Operating result from continuing operations	582	–	–	582
Transactions with Owners as Owners:				
- Non Appropriated equity withdrawal	–	–	–	–
Balance as at 30 June 2014	**3,247**	**8**	**12,221**	**15,476**

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Inflows			
Grants and other contributions		50,752	49,668
Interest receipts		563	650
GST input tax credits from ATO		2,313	2,187
GST collected from customers		68	35
Other		205	94
Outflows			
Employee expenses		(36,986)	(37,974)
Supplies and services		(9,191)	(10,393)
GST paid to suppliers		(2,440)	(2,185)
GST remitted to ATO		(28)	(32)
Other		(260)	(170)
Net cash provided by operating activities	21	**4,996**	**1,880**
Cash flows from investing activities			
Inflows			
Sales of property, plant and equipment		182	217
Outflows			
Payments for property, plant and equipment		(2,409)	(1,052)
Net cash used in investing activities		**(2,227)**	**(835)**
Cash flows from financing activities			
Outflows			
Equity withdrawals		–	(1,351)
Net cash used in financing activities		**–**	**(1,351)**
Net increase in cash and cash equivalents		2,769	(306)
Cash and cash equivalents at beginning of financial year		9,269	9,575
Cash and cash equivalents at end of financial year	11	**12,038**	**9,269**

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements 2013–14

Objectives and principal activities of the Commission

Notes to and forming part of the Financial Statements 2013–14

Objectives and principal activities of the Crime and Misconduct Commission

The objectives of the Commission are threefold.

1. ***Reduced impact of major crime in Queensland***

   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. ***A trustworthy public sector****

   The Commission is charged with improving integrity and reducing the incidence of misconduct in Queensland's public sector agencies. Our jurisdiction covers misconduct* within the police service, public service departments, statutory authorities, government-owned corporations, universities, local governments, courts, prisons and state elected officials. The Commission receives and assesses complaints about misconduct, investigates the most serious official misconduct, takes a lead role in working with public sector agencies to develop and maintain effective integrity systems and build their capacity to prevent and deal with misconduct, monitors how these agencies deal with complaints, and undertakes related research, intelligence and misconduct prevention activities. The Commission also has a legislative role of conducting research into police powers and methods of operation and undertakes misconduct-related research required by legislation or referred by the government.

3. ***An effective witness protection service***

   The Commission provides the State's Witness Protection Program for persons who are in need of protection and who are in danger because of helping a law enforcement agency. The Commission works in close cooperation with all witness protection units in Australia and New Zealand. Although the majority of witness protection referrals are received from the QPS, referrals can also be received from other state or Commonwealth law enforcement agencies.

   Refer to Note 27.

   *Misconduct is official misconduct and police misconduct.

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 Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, 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.

Notes to and forming part of the Financial Statements 2013–14

(b) The Reporting Entity
The financial statements include the value of all assets, liabilities, equity, revenues and expenses of the Commission. The Commission does not control any other entities.

(c) 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.

(d) Trust Transactions and Balances
The Commission undertakes certain trustee transactions on behalf of individuals as a result of operational activities. The Commission also undertakes trustee transactions when it acts as host of the Australian Public Sector Anti-Corruption Conference (APSACC).

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 and Note 26 respectively. Applicable audit arrangements are also shown.

(e) 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 or the right to receive them.

Contributed assets are recognised at their fair value. The accounting treatment for contributions of goods or services is explained in Note 1(s).

(f) Interest
Interest revenue is recognised as the interest accrues.

(g) Special Payments
Special payments include ex gratia expenditure and other expenditure that the Commission is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the Commission maintains a register setting out details of all special payments greater than $5000. The total of all special payments (including those of $5000 or less) is disclosed separately within Other Expenses (Note 10). However, descriptions of the nature of special payments are only provided for special payments greater than $5000.

(h) 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.

(i) Receivables
Receivables consist of:

- Contractual receivables, such as trade debtors and accrued interest income
- Statutory receivables for GST input tax credits receivable

Contractual receivables are classified as financial instruments (Refer Note 1(u) and Note 24). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments as they do not arise from a contract.

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.

Notes to and forming part of the Financial Statements 2013–14

(i) Receivables (cont'd)

The collectability of receivables is assessed periodically with allowance being made for impairment if required. All known bad debts were written off as at 30 June 2014.

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.

(j) Prepayments

Invoices paid in advance for goods and services yet to be received are recognised as a prepayment if the value of the invoice is greater than or equal to $1000. Recognition occurs at the time the invoice is processed for payment.

(k) 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. However, 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.*

(l) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of $5000 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.

(m) 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,* AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation.

The Commission's heritage and cultural assets comprises of artwork. The Commission makes an assessment of the fair value of the artwork on an annual basis, with a comprehensive revaluation undertaken by an independent professional valuer at least once every five years.

The Commission revalued its artwork during the 2011–12 financial year (refer to Note 15). As at 30 June 2014, the revalued amount has been judged by the management of the Commission to materially represent their fair value.

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

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.

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

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

Notes to and forming part of the Financial Statements 2013–14

(n) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Unobservable inputs are data, assumptions and judgements that are not available publically, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Commission include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Commission's assets/liabilities and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Commission for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Commission's valuations of assets or liabilities are eligible for categorisation into level 1 and 2 of the fair value hierarchy. More specific fair value information about the Commission's Property, Plant and Equipment is outlined in Note 15.

(o) Intangible Assets

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 assets have a zero residual value.

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

Software

The Commission's intangible assets consist of software for the Electronic Document and Records Management System (eDRMS) and the Web Content and Intranet Management System. The design, licensing and implementation costs of the software has been capitalised and is amortised on a straight-line basis over the period of the expected benefit to the Commission (refer to Note 14).

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

Property, plant and equipment are 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.

Notes to and forming part of the Financial Statements 2013–14

(p) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment (cont'd)

Assets and software under construction (work-in-progress) are not depreciated or amortised 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 plant and equipment and intangible assets consisting of software 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 %
Plant and Equipment:	
General and technical equipment and furniture	1.5 – 26.1
Computer equipment	8.9 – 48.9
Motor vehicles	6.4 – 34.5
Leasehold improvements	7.7 – 15.5
Intangible Assets:	
Software	11.1 – 27.0

Heritage and cultural assets, which are considered to have an indefinite useful life, are not depreciated. Items comprising the Commission's technical library are expensed on acquisition.

(q) Impairment of Non-Current Assets

Impairment of non-current physical and intangible 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. The Commission did not impair any assets during the financial year.

(r) 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.

Notes to and forming part of the Financial Statements 2013–14

(s) 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.

(t) Payables

Payables consist of:

- Contractual payables, such as trade creditors and police salary reimbursements to the Queensland Police Service.
- Statutory payables, such as payroll tax and fringe benefits tax payable.

Contractual payables are classified as financial instruments (Refer Note 1(u)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments as they do not arise from a contract.

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

(u) 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. Certain financial assets and liabilities arise under statute rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments* and are therefore not recognised as financial instruments, for example, GST receivable and fringe benefits tax payable.

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. Apart from cash and cash equivalents, the Commission holds no financial assets at fair value through profit or loss.

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

(v) 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.

(v) Employee Benefits (cont'd)

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.

As the Commission expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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.

Not all annual leave entitlements are expected to be paid within 12 months therefore, in accordance with AASB 119 *Employee Benefits*, the value of annual leave owing at the end of the reporting period is measured as "other long term employee benefits" and 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. However, as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, the full value of the annual leave liability is classified as a current liability under accrued employee benefits, in accordance with AASB 101 *Presentation of Financial Statements*.

Refer to Note 1(ad) and Note 18.

Long service leave
Under the Queensland Government's long service leave central scheme, a levy is made on the Commission to cover the cost of employees' 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.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is 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 Management Personnel and Remuneration
Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 6 for the disclosures on key executive management personnel and remuneration.

Notes to and forming part of the Financial Statements 2013–14

(w) 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 leasehold improvement assets.

(x) 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. Refer to Note 23.

(y) 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.

(z) 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).

(aa) Accounting Estimates and 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:

- Valuation of Property, Plant and Equipment – (Note 15)
- Accrued Employee Benefits (Note 18)
- Provisions (Note 19)
- Commitments for Expenditure (Note 22)
- Contingencies (Note 23).
- Depreciation and Amortisation (Note 8)

The Australian government passed its Clean Energy Act in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The government plans to abolish the tax from 1 July 2014. Given the nature of activities performed at the Commission, the withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the Commission’s critical accounting estimates, assumptions and management judgments.

Notes to and forming part of the Financial Statements 2013–14

(ab) Issuance of Financial Statements

The financial statements are authorised for issue by the Acting Chief Executive Officer and the Finance and Administration Manager at the date of signing the Management Certificate.

(ac) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1000 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.

(ad) New and Revised Accounting Standards

Accounting policies applied during 2012–13 were only amended where required by Australian accounting standards. Australian accounting standard changes applicable for the first time for 2013–14 have had minimal effect on the Commission's financial statements, as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the Commission's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value.

The impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made, in respect of such assets and liabilities.

The Commission's artwork is the only item of property, plant and equipment which is measured at fair value. The valuation methodologies (including instructions to valuers, data used and assumptions made) relating to this asset were reviewed during the financial year and assessed as compliant with AASB 13.

AASB 13 has required more information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements that are substantially based on data that is "not observable" (i.e. accessible outside the Commission), the amount of information disclosed has increased. Note 1(n) explains some of the principles underpinning the additional fair value information disclosed. Note 15, Property, plant and equipment, sets out this additional information.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. The revised AASB 119 includes changed criteria for accounting for employee benefit liabilities as "short-term employee benefits".

Under the revised AASB 119, "short-term benefits" will only include benefits that are expected to be wholly settled before 12 months after the end of the reporting period in which the employees provide the associated service. If that criterion is not met, such benefits will need to be categorised and accounted for as "other long-term employee benefits", which may comprise both current and non-current components.

Based on prior history, it is not expected that staff annual leave entitlements will be wholly settled within 12 months of the end of the reporting period. Therefore, these entitlements are now measured according to the AASB 119 requirements for other "long-term employee benefits". Refer to note 1(v) and Note 18.

The revised AASB 119 clarifies the concept of "termination benefits" and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for "other long-term employee benefits".

(ad) New and Revised Accounting Standards (cont'd)

Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The change in criterion has no impact on reporting requirements for long service leave entitlements as the Commission is a member of the Queensland Government's long service leave central scheme, which holds the liability on whole-of-government basis. The revised AASB also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets.

The Commission only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, these changes to AASB 119 will have no impact on the Commission.

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential financial reporting framework for preparing general purpose financial statements, consisting of two tiers of reporting requirements. Tier 1 requirements comprise the full range of AASB recognition, presentation and disclosure requirements, while Tier 2 requires fewer disclosures.

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 and Trade is the regulator. Queensland Treasury and Trade's policy decision requires the Commission to adopt Tier 1 reporting requirements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Commission.

The Commission is not permitted to adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. 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 the respective commencement dates.

At the date of authorisation of the financial report, new or amended Australian Accounting Standards and Interpretations relevant to the Commission (as listed below) had been issued, which have mandatory application dates for future reporting periods.

Standard/Interpretation	**Applicable for annual reporting periods beginning on or after:**
AASB 9 *Financial Instruments*	1 January 2017
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	1 January 2017
AASB 1055 *Budgetary Reporting*	1 July 2014

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.

Notes to and forming part of the Financial Statements 2013–14

(ad) New and Revised Accounting Standards (cont'd)

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.

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 2017–18 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(u) and Note 24).

In the case of the Commission's receivables, as they are short term in nature, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the 2014–15 Queensland Government's Service Delivery Statements, the Commission will need to include the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows, in these financial statements.

These budgeted statements will need to be presented consistently with the corresponding (actual) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

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.

Notes to and forming part of the Financial Statements 2013–14

		2014 $'000	2013 $'000
Note 2: Grants and Other Contributions			
Queensland Government grant		50,752	49,661
Goods and services received below fair value*		543	475
Other		–	7
Total		**51,295**	**50,143**
***Received from**	***Goods/Services***		
Department of Science, Information Technology, Innovation and the Arts	Archival services	253	294
Queensland Police Service	Salary and training costs	290	157
Australian Security Academy Pty Ltd	Training provided	–	24
Total		**543**	**475**
Note 3: Other Revenue			
Australian Public Sector Anti-Corruption Conference (APSACC)*		102	–
Car parking		36	44
Sundry revenue		66	38
Total		**204**	**82**

*Refer to Note 26.

	2014 $'000	2013 $'000
Note 4: Gains on Disposal of Assets		
Gains from disposal of property, plant and equipment	78	41
Total	**78**	**41**
Note 5: Employee Expenses		
Employee Benefits		
Wages and salaries	25,991	25,440
Annual leave expense*	1,808	1,698
Employer superannuation contributions*	3,531	3,542
Long service leave levy*	606	598
Termination benefits	128	1,019
Other employee benefits	1,555	1,484
Employee Related Expenses		
Workers compensation premium*	270	382
Payroll tax*	1,564	1,546
Other employee related expenses	415	296
Total	**35,868**	**36,005**

*Refer to Note 1 (v).

Notes to and forming part of the Financial Statements 2013–14

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:

	2014	2013
Number of employees	329	303

Note 6: Key Management Personnel and Remuneration Expenses

(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.

	2014 $'000	2013 $'000
Judith Bell (term expired 2 June 2013)	–	43
Phillip Nase (term expired 5 November 2013)	17	47
Marilyn McMeniman	47	47
George Fox	47	47
Michael Keelty (6 December 2013 to 30 June 2014)	26	–
Sydney Williams (commenced 6 December 2013)	26	–
Total	**163**	**184**

Refer to Note 27.

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

*(b) Key Management Personnel**

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission as a whole during 2013–14. Further information on these positions can be found in the body of the Annual Report under the section relating to leadership and executive management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	**Date appointed to position (Date resigned from position)**
Chairperson	Responsible for the efficient, effective and economic administration of the Commission.	**Acting** – CEO / *Crime and Misconduct Act 2001*	22 May 2013
Assistant Commissioner, Misconduct	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.	**Acting** – SES4 / *Crime and Misconduct Act 2001*	2 April 2013
Assistant Commissioner, Crime	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.	**Current** – SES4 /*Crime and Misconduct Act 2001*	9 January 2012
Executive General Manager	Responsible for participating collaboratively in the overall management of the Commission and, in particular, to achieve objectives set by the Commission for overall organisational performance and corporate service functions.	**Outgoing** – SES4 / *Crime and Misconduct Act 2001*	27 April 2011 to 27 December 2013
		Acting – SES4 / *Crime and Misconduct Act 2001*	29 November 2013 to 30 June 2014

*Refer to Note 27.

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

(c) Remuneration Expenses

Chief Executive's Remuneration

The remuneration paid to the Chairperson is determined by the Governor- in-Council and is equivalent to the superannuable salary of the President of the Court of Appeal as provided for under the *Judicial Remuneration Act 2007.*

For the 2013–14 year, the remuneration of judicial personnel increased by 2.4% in accordance with Remuneration Tribunal determination 2013/12.

The current Acting Chairperson's condition of employment includes an expense of office allowance, a motor vehicle allowance equivalent to that of a Chief Executive Officer of a Queensland Government Department appointed under the *Public Service Act 2008*, and non-monetary benefits consisting of car parking benefits, leave equivalent to the public service, and superannuation benefits.

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 2013–14 year, the remuneration of senior executive personnel increased by 2.2% in accordance with government policy.

Remuneration expenses for key management personnel comprise the following components:

- Short-term employee expenses which include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
  - non-monetary benefits — consisting of provision of vehicles together with fringe benefits tax applicable to the benefit and car parking benefits.
- Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination 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.
- Performance bonuses are not paid under contracts in place.

Notes to and forming part of the Financial Statements 2013–14

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

(c) Remuneration Expenses (cont'd)

1 July 2013 – 30 June 2014

Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Acting Chairperson 22 May 2013 to current	495	-	11	53	-	559
Acting Assistant Commissioner, Misconduct 2 April 2013 to current	223	-	-	26	-	249
Assistant Commissioner, Crime	54	16	5	5	-	80
Acting Assistant Commissioner, Crime 2 April 2013 to 1 April 2014	161	-	-	15	-	176
Executive General Manager – up to 27 December 2013	116	-	3	12	67	198
Acting Executive General Manager 29 November 2013 to 30 June 2014	125	-	-	12	-	137
Total Remuneration	**1,174**	**16**	**19**	**123**	**67**	**1,399**

Notes to and forming part of the Financial Statements 2013–14

1 July 2012 – 30 June 2013

Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	Monetary Expenses $'000
Chairperson – up to 3 April 2013	365	26	17	40	11	459
Acting Chairperson Various periods during the financial year	116	–	–	8	–	124
Acting Chairperson 22 May 2013 to current	53	–	1	6	–	60
Assistant Commissioner, Misconduct – up to 22 May 2013	132	22	4	14	2	174
Acting Assistant Commissioner, Misconduct 2 April 2013 to current	52	–	–	7	–	59
Assistant Commissioner, Crime	160	21	5	18	–	204
Acting Assistant Commissioner, Crime 2 April 2013 to current	54	–	–	4	–	58
Executive General Manager	229	–	18	23	–	270
Director, Office of the Commission – up to 6 July 2012	4	–	–	–	–	4
Total Remuneration	**1,165**	**69**	**45**	**120**	**13**	**1,412**

Notes to and forming part of the Financial Statements 2013–14

	2014 $'000	2013 $'000
Note 7: Supplies and Services		
Rental expense – operating lease	4,348	4,399
Computer maintenance and software	1,320	779
Consultants and contractors	450	396
Corporate service providers	119	127
Electricity	343	293
Furniture and equipment (non asset)	798	224
Telecommunications and access costs	1,229	1,147
Legal costs	806	723
Building and equipment maintenance	379	369
Motor vehicles	431	475
Operational expenses	613	584
Security	466	445
Travel	396	354
Other supplies and services	443	448
Total	**12,141**	**10,763**

	2014 $'000	2013 $'000
Note 8: Depreciation and Amortisation		
Depreciation and amortisation were incurred in respect of:		
Motor vehicles	377	365
Computer equipment	469	485
General and technical equipment	202	197
Leasehold improvements	1,385	1,382
Software	117	115
Total	**2,550**	**2,544**

	2014 $'000	2013 $'000
Note 9: Finance Costs		
Unwinding the discount*	72	58
Total	**72**	**58**

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

Notes to and forming part of the Financial Statements 2013–14

Note 10: Other Expenses

	2014 $'000	2013 $'000
External audit fees*	64	62
Insurance	31	29
Services received free of charge (see Note 2)	543	475
Losses from disposal of property, plant and equipment	150	6
Special payments**		
Ex-gratia payments	41	69
APSACC – seed money for future conferences (see Note 26)	102	–
Sundry expenses	20	10
Total	**951**	**651**

* Total audit fees paid to the Queensland Audit Office relating to the 2013–14 financial statements are estimated to be $64,000 (2013: $64,000). There are no non-audit services included in this amount.

**Included in special payments is an amount of $41,304 (2013: $38,930) paid to external legal counsel for legal assistance provided to staff involved with the Parliamentary Crime and Misconduct Committee (PCMC) Inquiry into the release and destruction of Fitzgerald Inquiry documents, in March 2013.

Refer to Note 1(g).

Note 11: Cash and Cash Equivalents

	2014 $'000	2013 $'000
Imprest accounts	25	25
Cash at bank	462	1,946
Term deposits*	11,551	7,298
Total	**12,038**	**9,269**

* Term deposits are held with major banking institutions, and earned interest rates between 3.21 % and 4.44% (2013: 3.93% and 5.9%). Included in term deposits is a bank guarantee of $48,600 pursuant to a lease agreement.

Note 12: Receivables

	2014 $'000	2013 $'000
Contractual Receivables		
Trade debtors*	4	14
Long service leave reimbursements	59	463
Interest receivable	108	84
Sundry debtors*	20	12
	191	**573**
Statutory Receivables		
GST receivable	511	384
GST payable	(44)	(5)
	467	**379**
Total	**658**	**952**

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

Refer to Note 1(i).

Notes to and forming part of the Financial Statements 2013–14

	2014 $'000	2013 $'000
Note 13: Other Assets		
Current		
Prepayments	496	507
Total	**496**	**507**
Non-Current		
Prepayments	17	6
Total	**17**	**6**
Note 14: Intangible Assets		
Software		
At cost	752	752
Less: Accumulated amortisation	(358)	(241)
	394	**511**
Total	**394**	**511**
Intangibles Reconciliation		
Software		
Carrying amount at 1 July	511	626
Amortisation*	(117)	(115)
Carrying amount at 30 June	**394**	**511**

The Commission's software comprises software licensing and implementation costs (including capitalised salary costs) for the TRIM Electronic Document and Records Management System ($0.540m) and the Web Content and Intranet Management System ($0.212m). The cost of the software is being amortised on a straight-line basis over the period of the expected benefit to the Commission, namely, 9 and 4 years respectively.

As at 30 June 2014, the TRIM Electronic Document and Records Management System had a remaining useful life of 5 years and a carrying amount of $0.310m, whilst the Web Content and Intranet Management System had a remaining useful life of 1.5 years and a carrying amount of $0.084m. Refer to Note 1(o).

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

Notes to and forming part of the Financial Statements 2013–14

Note 15: Property, Plant and Equipment

	2014 $'000	2013 $'000
Motor vehicles:		
At cost	1,396	1,134
Less: Accumulated depreciation	(469)	(436)
	927	698
Computer equipment:		
At cost	2,740	2,364
Less: Accumulated depreciation	(1,303)	(987)
	1,437	1,377
General and technical equipment:		
At cost	1,743	1,590
Less: Accumulated depreciation	(672)	(901)
	1,071	689
Leasehold improvements:		
At cost	16,994	16,476
Less: Accumulated depreciation	(7,456)	(6,071)
	9,538	10,405
Cultural and art assets:		
At fair value	33	33
Total	**13,006**	**13,202**

The Commission has plant and equipment with an original cost of $0.807m (2013: $1.703m) and a written down value of zero still being used in the provision of services.

As at 30 June 2014, the Commission had plant and equipment with an original cost of $0.253m and a written down value of zero awaiting disposal. It is anticipated that these assets will be disposed of in the first quarter of the 2014–15 financial year.

Notes to and forming part of the Financial Statements 2013–14

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 (Level 3)##		Work in progress		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	**698**	**753**	**1,377**	**1,403**	**689**	**785**	**10,405**	**11,941**	**33**	**33**	–	**–**	**13,202**	**14,915**
Acquisitions	712	488	528	459	709	104	–	–	–	–	459	–	2,408	1,051
Disposals	(106)	(178)	–	–	(148)	(3)	–	–	–	–	–	–	(254)	(181)
Transfers between classes	–	–	–	–	23	–	436	–	–	–	(459)	–	–	–
Restoration cost adjustment#	–	–	–	–	–	–	82	(154)	–	–	–	–	82	(154)
Depreciation	(377)	(365)	(468)	(485)	(202)	(197)	(1,385)	(1,382)	–	–	–	–	(2,432)	(2,429)
Carrying amount at 30 June	**927**	**698**	**1,437**	**1,377**	**1,071**	**689**	**9,538**	**10,405**	**33**	**33**	–	**–**	**13,006**	**13,202**

Included in leasehold improvements is an amount of $1.689m (2013: $1.607m) for the estimate of restoration costs for the leased premises, which has been recognised as a provision. The estimate of restoration costs was reassessed as at 30 June 2014 and discounted to reflect the present value of these obligations using a rate that reflects current market assessments and risks specific to the liability. Refer to Note 19.

Relates to categorisation of fair values recognised as at 30 June 2014.

Notes to and forming part of the Financial Statements 2013–14

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

Level 3 significant valuation inputs and relationship to fair value

Description	Fair Value at 30 June 2014
Artwork	$33,000

The Commission revalued its artwork during the 2011–12 financial year. The valuation was performed by Jan Manton of Jan Manton Art, an approved valuer of Contemporary Australian Art since 1970. As there is no active market for the Commission's cultural assets, the valuation methodology was based on the value of previous pieces of art sold by the artist, Sebastian Di Mauro.

As at 30 June 2014, the revalued amount has been judged by the management of the Commission to materially represent their fair value. The Commission considers that changes in unobservable inputs to a different amount would not result in a significantly higher or lower fair value measurement.

Refer to Notes 1(m) and 1(n).

Note 16: Payables

	2014 $'000	2013 $'000
Contractual Payables		
Trade creditors	1,625	1,074
Queensland Police Service*	2,010	1,244
	3,635	**2,318**
Statutory Payables		
Payroll Tax	95	84
Fringe Benefits Tax	35	34
Withholding Tax	–	1
	130	**119**
Total	**3,765**	**2,437**

* Reimbursement of staff salaries and related on-costs for police seconded to the Commission.

Refer to Note 1(t).

Note 17: Lease Liabilities

	2014 $'000	2013 $'000
Current		
Lease incentive liability	309	309
Total	**309**	**309**
Non-Current		
Lease incentive liability	1,820	2,129
Deferred lease liability	623	696
Total	**2,443**	**2,825**

Refer to Note 1(r).

Notes to and forming part of the Financial Statements 2013–14

	2014 $'000	2013 $'000
Note 18: Accrued Employee Benefits		
Wages outstanding	430	72
Annual leave entitlements	2,111	1,988
Long service leave levy payable	117	118
Total	**2,658**	**2,178**

Note 19: Provisions

	2014 $'000	2013 $'000
Restoration costs	1,956	1,802
Total	**1,956**	**1,802**
Movements in provisions		
Restoration Costs		
Balance at 1 July	1,802	1,898
Provision recognised	82	(154)
Unwinding the discount	72	58
Balance at 30 June	**1,956**	**1,802**

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 using a rate that reflects current market assessments and risks specific to the liability.

Note 20: Other Current Liabilities

	2014 $'000	2013 $'000
Unearned revenue	2	2
Total	**2**	**2**

Notes to and forming part of the Financial Statements 2013–14

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

	2014 $’000	2013 $’000
Operating result from continuing operations	582	856
Depreciation and amortisation expense	2,550	2,544
Losses on disposal of property, plant and equipment	150	6
Gains on disposal of property, plant and equipment	(78)	(41)
Unwinding the discount on provision for restoration costs	72	58
Change in asset and liabilities:		
(Increase)/decrease in trade debtors	10	9
(Increase)/decrease in GST input tax receivable	(127)	2
(Increase)/decrease in long service leave reimbursement receivable	404	(390)
(Increase)/decrease in interest receivable	(24)	38
(Increase)/decrease in other receivables	(8)	3
(Increase)/decrease in prepayments	–	5
Increase/(decrease) in accounts payable	1,329	(694)
Increase/(decrease) in accrued employee benefits	479	(296)
Increase/(decrease) in GST payable	39	5
Increase/(decrease) in lease liability	(382)	(224)
Increase/(decrease) in unearned revenue	–	(1)
Net cash from operating activities	**4,996**	**1,880**

Note 22: Commitments for Expenditure

(a) Non-Cancellable Operating Lease

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

	2014 $’000	2013 $’000
Not later than one year	5,448	5,257
Later than one year and not later than five years	5,427	10,914
Total	**10,875**	**16,171**

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.

Notes to and forming part of the Financial Statements 2013–14

	2014 $'000	2013 $'000
(b) Vehicle Lease Commitments		
Commitments under vehicle leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	119	136
Later than one year and not later than five years	201	37
Total	**320**	**173**
(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:		
Payable:		
Not later than one year	56	–
Total	**56**	**–**
(d) Other Expenditure Commitments		
Other expenditure inclusive of anticipated GST, committed at the end of the period but not recognised in the accounts, are as follows:		
Payable:		
Not later than one year	954	580
Later than one year and not later than five years	425	11
Total	**1,379**	**591**

Note 23: Contingencies

Litigation in progress

As at 30 June 2014, the following cases were ongoing before various courts, naming the Commission as either an applicant or respondent:

	2014 Number of cases	2013 Number of cases
Court of Appeal/High Court	5	2
Supreme Court	5	5
Queensland Civil and Administrative Tribunal (QCAT)	4	9
Family Court	–	1
Total	**14**	**17**

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. The amounts disclosed exclude statutory amounts (e.g. GST receivable and fringe benefits tax payable). Refer to Notes 1(i) and (t).

Category:	Note	2014 $'000	2013 $'000
Financial assets			
Cash and cash equivalents	11	12,038	9,269
Contractual receivables	12	191	573
Total		**12,229**	**9,842**
Financial liabilities			
Contractual payables	16	3,635	2,318
Total		**3,635**	**2,318**

(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 Strategy and Services Division under policies approved by the Commission.

The Commission measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(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.

Notes to and forming part of the Financial Statements 2013–14

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

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 ***Category:***	**Note**	**2014** **$'000**	**2013** **$'000**
Financial Assets			
Cash and cash equivalents	11	12,013	9,244
Contractual receivables	12	191	573
Total		**12,204**	**9,817**

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. Credit risk in relation to trade debtors is also monitored by management by reviewing the ageing of receivables on a monthly basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position. Ageing of past due but not impaired financial assets are disclosed in the following tables:

2014 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	–	–	–	–	–
Total	–	–	–	–	–

2013 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	–	–	–	8	8
Total	**–**	**–**	**–**	**8**	**8**

(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.

Notes to and forming part of the Financial Statements 2013–14

(d) ***Liquidity Risk (cont'd)***

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

		2014 Payable in			**Total**
	Note	**< 1 year**	**1–5 years**	**> 5 years**	
		$'000	**$'000**	**$'000**	**$'000**
Financial liabilities					
Contractual payables	16	3,635	–	–	3,635
Total		**3,635**	–	–	**3,635**

		2013 Payable in			**Total**
	Note	**< 1 year**	**1–5 years**	**> 5 years**	
		$'000	**$'000**	**$'000**	**$'000**
Financial liabilities					
Contractual payables	16	2,318	–	–	2,318
Total		**2,318**	**–**	**–**	**2,318**

(e) ***Market Risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk — namely, currency risk, interest rate risk and other price risk.

The Commission does not trade in foreign currency and is not exposed to significant foreign currency risk through its payables relating to purchases of supplies from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

The Commission is not materially exposed to commodity price changes.

The Commission is exposed to interest rate risk through cash deposited in interest bearing accounts. Management monitors movement in interest rates on a regular basis.

The Commission does not undertake any hedging in relation to interest risk, and manages its risk as per the liquidity risk management strategy articulated in the Commission's Financial Management Practice Manual.

(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 $120,130 (2013: $92,440). This is mainly attributable to the Commission's exposure to variable interest rates on cash deposited in interest bearing accounts.

Notes to and forming part of the Financial Statements 2013–14

(f) ***Interest Rate Sensitivity Analysis (cont'd)***

Financial Instrument	**Carrying amount $'000**	**2014 Interest rate risk**			
		−1%		**+1%**	
		Operating Result $'000	**Equity $'000**	**Operating Result $'000**	**Equity $'000**
Cash and cash equivalents	12,013	(120)	(120)	120	120
Potential impact		**(120)**	**(120)**	**120**	**120**

Financial Instrument	**Carrying amount $'000**	**2013 Interest rate risk**			
		−1%		**+1%**	
		Operating Result $'000	**Equity $'000**	**Operating Result $'000**	**Equity $'000**
Cash and cash equivalents	9,244	(92)	(92)	92	92
Potential impact		**(92)**	**(92)**	**92**	**92**

(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 2014, the Commission held $15,151 (2013: $9,361) in trust for a number of benefactors as a result of operational activities.

The Queensland Audit Office performed a review of the Commission's trust transactions for 2013–14.

Notes to and forming part of the Financial Statements 2013–14

Note 26: Australian Public Sector Anti-Corruption Conference (APSACC)

The Australian Public Sector Anti-Corruption Conference (APSACC) is a national conference which is held biennially and hosted by Queensland's Crime and Misconduct Commission (CMC), the New South Wales Independent Commission against Corruption (ICAC) and Western Australia's Corruption and Crime Commission (CCC) on a rotational basis amongst the three states, through a joint venture (non-profit) agreement.

All agencies are involved in the planning and organisation of the event. All three parties are entitled to an equal distribution of any conference profit or shortfall; however, these funds are retained as seed money to fund future conferences rather than being distributed to the agencies.

APSACC 2013 was hosted by the ICAC in Sydney in November 2013. As at 30 June 2014, the accounts for APSACC 2013 had been finalised and reflect a surplus of $435,765. All parties have agreed to retain the surplus funds as seed money to fund the future conference, rather than being distributed to the agencies. (Refer to Note 3 and Note 10.)

The Commission will host the next Australian Public Sector Anti-Corruption Conference in November 2015.

As at 30 June 2014, the Commission held $396,150 of seed money in trust to cover expenses for the APSACC 2015.

Note 27: Events Occurring after Balance Date

The Commission underwent three major reviews during the 2012–13 financial year — namely, the review of the *Crime and Misconduct Act 2001* and related matters by the Independent Advisory Panel, the Parliamentary Crime and Misconduct Committee Inquiry into the release and destruction of Fitzgerald Inquiry documents, and the administrative review of the Commission by Michael Keelty AO.

The *Crime and Misconduct and Other Legislation Amendment Act 2014* was passed on 21 May 2014 as a consequence of the recommendations from these reviews, and came into effect from 1 July 2014.

The new legislation changes the focus of the renamed Crime and Corruption Commission (CCC) to investigating serious corrupt conduct. In addition to changes in the Commission's misconduct jurisdiction, there are changes to the Commission's research and prevention functions, and administrative and governance arrangements.

Commissioners will now comprise a Chairman, a part-time Deputy Chairman, 2 part-time Ordinary Commissioners and a Chief Executive Officer. The commissioners are responsible for providing strategic leadership and direction for the performance of the Commission's functions.

The Chairman is the Chair of the Commission and is responsible for the proper performance of the Commission's functions. The Chairman is not subject to the direction of the commissioners in the performance of a function or exercise of a power in an investigation, hearing, operation or other proceeding under the Act or another Act.

The Chief Executive Officer is responsible for the administration of the Commission and must perform the functions and exercise the powers delegated to the Chief Executive Officer either under section 269 of the Act or by the Chairman.

Additionally, under the new provisions, the title of Assistant Commissioner, Misconduct and Assistant Commissioner, Crime has been renamed Senior Executive Officer (Corruption) and Senior Executive Officer (Crime), respectively.

Effective 1 July 2014, the Commission has put in place an organisational structure to ensure that it best meets the requirements of the *Crime and Corruption Act 2001* and the outcomes of the administrative review of the Commission.

Certificate of the Crime and Misconduct Commission

These general purpose financial statements have 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;

(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 2014 and of the financial position of the Commission at the end of that year; and

(c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.

Sighted and signed

Radhika Munien CPA
Finance and Administration Manager
Crime and Corruption Commission

Date: 26 August 2014

Sighted and signed

Dianne McFarlane
Acting Chief Executive Officer
Crime and Corruption Commission

Date: 26 August 2014

Independent Auditor's Report

To the Crime and Corruption 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 2014, 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 Acting Chief Executive Officer and the Finance and Administration 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 gives a true and fair view and 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.

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 be removed only 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

(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

 (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 2013 to 30 June 2014 and of the financial position as at the end of that year; and

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

AUDITOR GENERAL
29 AUG 2014
OF QUEENSLAND

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane