

We manage our financial resources responsibly to deliver national law enforcement information systems and services.

Chapter 4

Financial information

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Financial overview

In 2015–16 CrimTrac recorded an operating surplus of \$12.244 million compared to a surplus of \$0.627 million for 2014–15. These figures exclude asset revaluation adjustments. During 2015–16 there were no instances of significant non-compliance with the finance law.

Total revenue for 2015–16 was \$80.666 million compared with \$74.858 million for 2014–15. Revenue from the National Police Checking Service (NPCS) increased from \$69.561 million in 2014–15 to \$76.376 million in 2015–16; an increase of \$6.815 million. The increase in NPCS revenue was due to growth in the volume of chargeable criminal history checks conducted by CrimTrac, from 3.75 million in 2014–15 to 4.01 million in 2015–16 (+6.9%).

Total expenses for 2015–16 were \$68.422 million a decrease of \$5.809 million from the 2014–15 expenses total of \$74.231 million. Employee expenses reduced from \$24.500 million in 2014–15 to \$23.217 million in 2015–16 consistent with the fall in average staffing levels from 214 in 2014–15 to 210 in 2015–16. Supplier expenses decreased by \$3.648 million compared to \$39.773 million in 2015–16. The decrease can be attributed to one of expenses in the 2014–15 financial year including: media campaign costs for the Australian Cybercrime Online Reporting Network and one-off software licencing costs.

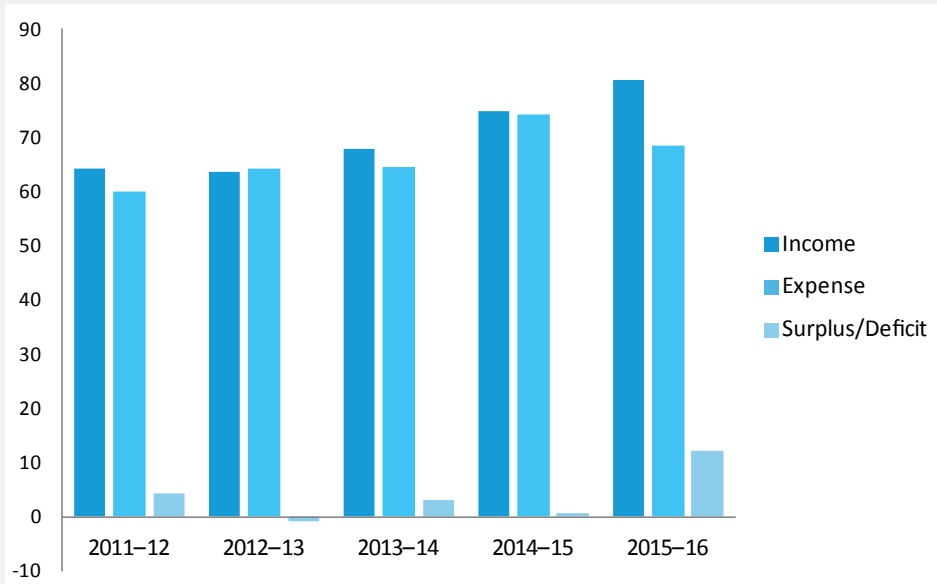
Project activity amounted to \$13.119 million in 2015–16, compared to \$16.539 million for 2014–15. Project expenditure on system development is capitalised where the work will provide future economic benefits or expensed where the expenditure is not eligible for capitalisation under the Australian Accounting Standards. Major project activity during 2015–16 included work towards a National Domestic Violence Information Sharing System, the National Firearms Initiative, the Biometrics at the Border project, Enhanced Network Capability, the Biometrics Identification Services project.

At 30 June 2016 CrimTrac total assets were \$171.284 million; an increase of \$13.677 million from the 30 June 2015 total assets of \$157.607 million. Asset increases included a \$4.399 million increase in capital assets and a \$3.466 million increase in cash reserves (including the Official Public Account receivable).

At 30 June 2016, total liabilities were \$18.205 million, an increase of \$1.433 million from the 30 June 2015 total liabilities of \$16.772 million. The increase was largely due to the increase in supplier payables from \$8.827 million to \$11.092 million at 30 June 2016. The net asset (assets minus liabilities) position improved by \$12.244 million in line with the operating surplus.

The figure below reflects CrimTrac’s total income, expenses and surplus or deficit over the past five years.

CrimTrac financial summary 2011–12 to 2015–16 (\$million)



Revenue derived from the National Police Checking Service has increased in line with increased volumes which have grown from 3.02 million checks in 2011–12 to 4.01 million checks in 2015–16. Expenses have remained relatively steady over the same period, other than the one off items incurred in 2014–15 discussed above, despite the increased number of police information systems supported.

Outcome performance

CrimTrac has one outcome, which is ‘access to information that supports law enforcement agencies through collaborative national information systems and services’. The outcome is delivered by the Agency’s national law enforcement information systems and services program.

The following tables report actual appropriation, payments, budgets and actual expenses against the outcome.

Agency resource statement 2015–16

	Actual Available Appropriations for 2015–16 \$'000	Payments Made 2015–16 \$'000	Balance Remaining \$'000
SPECIAL ACCOUNTS			
Opening balance	120,117		
Appropriation receipts	–		
Non-appropriation receipts to special accounts	82,541		
Payments made		79,075	
Closing Balance			123,583
Total resourcing and payments	202,658	79,075	

The closing balance of the CrimTrac Special Account as at 30 June 2016 was \$123.583 million (2014–15: \$120.117 million). As a non-appropriated agency, these funds are available for future delivery of agency outcomes.

Expenditure and staffing by outcome

Outcome 1: Access to information that supports law enforcement agencies through collaborative national information systems and services.	Budget 2015–16 \$'000	Actual Expenses 2015–16 \$'000	Variation \$'000
Outcome 1:			
Departmental expenses–Special accounts	73,121	68,422	4,699
Total for Outcome 1	73,121	68,422	4,699
Outcome 1 totals by appropriation type			
Departmental expenses–Special accounts	73,121	68,422	4,699
Total expenses for Outcome 1	73,121	68,422	4,699
	Budget 2015–16	Actual 2015–16	
Average staffing level (number)	229	210	

Audited financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Justice

I have audited the accompanying annual financial statements of CrimTrac for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Opinion

In my opinion, the financial statements of CrimTrac:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of CrimTrac as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Chief Executive Officer of the Australian Criminal Intelligence Commission is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chief Executive Officer of the Australian Criminal Intelligence Commission is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Sean Benfield
Audit Principal
Delegate of the Auditor-General
Canberra
13 September 2016

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

CrimTrac merged into the Australian Crime Commission to form the Australian Criminal Intelligence Commission from 1 July 2016. In accordance with Section 17A of the *Public Governance, Performance and Accountability Rule 2014* the Australian Criminal Intelligence Commission has prepared the 2015-2016 financial statements of CrimTrac.

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

From 1 July 2016, the debts and obligations of CrimTrac will be met and paid by the Australian Criminal Intelligence Commission.

In our opinion, at the date of this statement, there are reasonable grounds to believe the Australian Criminal Intelligence Commission will be able to pay its debts as and when they fall due.

Signed.....
Chris Dawson, APM
Chief Executive Officer
Australian Criminal Intelligence Commission

13 September 2016

Signed.....
Yvette Whitaker
Chief Financial Officer
Australian Criminal Intelligence Commission

13 September 2016

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2016

		2016	Budget	
	Notes	\$'000	2016	2015
			\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	23,217	26,562	24,500
Suppliers	1.1B	36,125	35,925	39,773
Depreciation and amortisation	2.2A	8,921	10,634	9,798
Write-down of assets	2.2A	159	-	160
Total expenses		68,422	73,121	74,231
Own-Source Income				
Own-source revenue				
Rendering of services	1.2A	80,585	72,302	74,627
Other revenue	1.2B	81	70	231
Total own-source revenue		80,666	72,372	74,858
Total own-source income		80,666	72,372	74,858
Net cost of services		12,244	(749)	627
Surplus (deficit)		12,244	(749)	627
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	-	(414)
Total other comprehensive income		-	-	213
Total comprehensive income		12,244	(749)	213

The above statement should be read in conjunction with the accompanying notes.
Budget Variances Commentary: Refer Note 6.1 for major variance explanations.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

		2016	Budget	
	Notes	\$'000	2016	2015
			\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents ¹		3,656	600	5,011
Trade and other receivables	2.1A	134,698	119,284	124,065
Total financial assets		138,354	119,884	129,076
Non-financial assets				
Land and buildings	2.2A	1,524	1,728	2,070
Property, plant and equipment	2.2A	11,331	6,280	9,657
Intangibles	2.2A	17,713	19,576	14,551
Prepayments	2.2D	2,362	3,212	2,253
Total non-financial assets		32,930	30,796	28,531
Total assets		171,284	150,680	157,607
LIABILITIES				
Payables				
Suppliers	2.3A	11,092	5,735	8,827
Other payables	2.3B	211	274	1,183
Total payables		11,303	6,009	10,010
Provisions				
Employee leave provisions	4.1	6,902	7,832	6,762
Total provisions		6,902	7,832	6,762
Total liabilities		18,205	13,841	16,772
Net assets		153,079	136,839	140,835
EQUITY				
Reserves		3,363	3,777	3,363
Retained earnings		149,716	133,062	137,472
Total equity		153,079	136,839	140,835

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

Budget Variances Commentary: Refer Note 6.1 for major variance explanations.

1. Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and cash held in bank accounts.

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

	Retained earnings		Asset revaluation surplus			Total equity	
	2016	Budget 2016	2015	2016	2015	Budget 2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	137,472	133,811	136,845	3,363	3,777	140,835	140,622
Comprehensive income							
Surplus (deficit) for the period	12,244	(749)	627	-	-	12,244	627
Other comprehensive income	-	-	-	-	(414)	-	(414)
Total comprehensive income	12,244	(749)	627	-	(414)	12,244	213
Closing balance as at 30 June	149,716	133,062	137,472	3,363	3,777	153,079	140,835

The above statement should be read in conjunction with the accompanying notes.
Budget Variances Commentary: Refer Note 6.1 for major variance explanations.

CASH FLOW STATEMENT*for the period ended 30 June 2016*

		2016	Budget	
	Notes	2016	2016	2015
		\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Sale of goods and rendering of services		82,541	79,497	82,126
Total cash received		82,541	79,497	82,126
Cash used				
Employees		22,996	26,562	24,675
Suppliers		42,524	39,440	39,218
Net GST paid		4,115	3,610	3,342
Total cash used		69,635	69,612	67,235
Net cash from operating activities	3.1	12,906	9,885	14,891
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		1,688	11,100	6,100
Purchase of intangibles		7,752	-	5,065
Total cash used		9,440	11,100	11,165
Net cash used by investing activities		9,440	11,100	11,165
FINANCING ACTIVITIES				
Cash used				
Net transfers to (from) the Official Public Account		4,821	(1,215)	455
Total cash used		4,821	(1,215)	455
Net cash used by financing activities		4,821	(1,215)	455
Net increase/(decrease) in cash held		(1,355)	-	3,271
Cash and cash equivalents at the beginning of the reporting period		5,011	600	1,740
Cash and cash equivalents at the end of the reporting period		3,656	600	5,011

The above statement should be read in conjunction with the accompanying notes.
Budget Variances Commentary: Refer Note 6.1 for major variance explanations.

Overview

1. Objectives of CrimTrac

CrimTrac was an Australian Government controlled, not-for-profit entity for the reporting period.

CrimTrac's objectives set out in the Inter-Governmental Agreement signed in July 2000 were:

- a) the provision of high quality information services that:
 - i) meet the needs of the Australian policing community;
 - ii) establish best practice service models in relation to the provision of information to support policing; and
 - iii) are project-oriented and cost-benefit driven to achieve outcomes;
- b) support for the jurisdictions in the implementation and use of CrimTrac services; and
- c) providing controlled access to appropriate information by duly accredited third parties.

CrimTrac carried out the financial and operational functions assigned to it in the July 2000 Inter-Governmental Agreement. CrimTrac was a listed agency under the *Public Governance, Performance and Accountability Act 2013* and operated as part of the Australian Government Attorney-General's portfolio.

CrimTrac merged into the Australian Crime Commission (ACC) to form the Australian Criminal Intelligence Commission (ACIC) on 1 July 2016. The Australian Crime Commission Act was amended to facilitate the transfer of CrimTrac's functions into the ACC creating the ACIC. The purpose of the ACIC is to make Australia safer through improved national ability to discover, understand and respond to current and emerging crime threats and criminal justice issues. The agency, through its investigative, research and information delivery services, works with law enforcement partners to improve the ability to stop criminals exploiting emerging opportunities and perceived gaps in law enforcement information.

CrimTrac was structured to meet one outcome:

Outcome 1: Access to information that supports law enforcement agencies through collaborative national information systems and services.

CrimTrac's activities contributing toward this outcome were classified as departmental as its activities involved the use of assets, liabilities, revenues and expenses controlled or incurred by CrimTrac in its own right. As CrimTrac had a single outcome the Statement of Comprehensive Income reflects the revenue and expenses associated with delivering the outcome. No separate Outcome reporting is included in the supporting notes.

2. Basis of Preparation of the Financial Statements

As noted above, CrimTrac in its current form ceased to exist on 30 June 2016 and its functions, assets, liabilities and commitments transferred to the Australian Criminal Intelligence Commission with effect from 1 July 2016. There has been no change in the structure or amounts of funding provided to the former CrimTrac and all of its functions are continuing in the ACIC. The financial statements have been prepared on this basis.

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The Financial Statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

3. New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

There were no new standards, revised standards, interpretations or amending standards issued prior to the signing of the statement by the Chief Executive and Chief Financial Officer that were applicable to the current reporting period and had a financial impact on CrimTrac.

Future Australian Accounting Standard Requirements

No new accounting standards, revised standards, interpretations or amending standards issued prior to the signing of the statement by the Chief Executive and Chief Financial Officer and applicable to the future reporting period are expected to have a material future financial impact on the merged entity (ACIC).

4. Accounting policy

Accounting policies in relation to specific financial statement items are detailed under the corresponding note that forms part of the financial statements. Any financial statement item that doesn't require detailed break-down in the notes that forms part of the financial statements is summarised and disclosed on the face of the statements.

5. Taxation

The agency is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

6. Events after the reporting period

CrimTrac merged into the Australian Crime Commission (ACC) to form the Australian Criminal Intelligence Commission (ACIC) on 1 July 2016. From that date the ACIC assumed responsibility for all functions of the former CrimTrac.

NOTE 1.1: EXPENSES

	2016 \$'000	2015 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	16,822	17,674
Superannuation:		
Defined contribution plans	1,834	1,893
Defined benefit plans	2,196	2,099
Leave and other entitlements	2,099	2,314
Separation and redundancies	266	520
Total employee benefits	23,217	24,500

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the agency is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the agency's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave was calculated using the short hand method provided by the Australian Government Actuary. The estimate of the present value of the liability takes into account attrition rates and pay increases through progression and inflation.

Separation and Redundancy

Where appropriate, provision is made for separation and redundancy benefit payments. CrimTrac recognises a provision for termination when it has developed a detailed formal plan for the termination and has informed the employee affected that it will carry out the termination.

Superannuation

Staff of CrimTrac are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation schemes chosen by the employee. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other schemes are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

CrimTrac makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the agency's employees. CrimTrac accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

Significant accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, CrimTrac has made assumptions or estimates in measuring the staff leave provisions that have the most significant impact on the amounts recorded in the financial statements.

Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

NOTE 1.1: EXPENSES (CONTINUED)

	2016 \$'000	2015 \$'000
Note 1.1B: Suppliers		
Goods and services		
Information technology	17,036	20,587
Jurisdiction fees	7,230	6,260
Contractors	3,759	2,235
Consultants	705	1,914
Training and development	530	550
Travel and accommodation	471	716
General office expenses	452	365
Physical security	384	395
Legal fees	323	404
Marketing and communication	287	1,498
Internal audit consultants	277	396
Other goods and services	400	331
Total goods and services supplied or rendered	31,854	35,651
Other suppliers		
Operating lease rentals		
Minimum lease payments	3,801	3,556
Workers compensation expenses	470	566
Total other suppliers	4,271	4,122
Total suppliers	36,125	39,773
Leasing commitments¹		
Within 1 year	3,911	3,645
Between 1 to 5 years	6,855	7,945
More than 5 years	2,228	3,151
Total operating lease commitments	12,994	14,741

1. Lease commitment values are exclusive of GST.

Operating leases included are effectively non-cancellable agreements and comprise:

<i>Nature of Lease</i>	<i>General description of leasing arrangements</i>
Leases for office accommodation	The current eight year office accommodation lease ends in 2018. The lease contains an option to extend for a further five years at CrimTrac's discretion, following a market review. Lease payments are subject to annual fixed increases.
Leases for data centres	The primary data centre lease ends in 2018 and may be extended for a further three terms of two years. The secondary data centre lease is for ten years ending in 2023.

Accounting Policy

CrimTrac leases office accommodation and data centre facilities under operating lease agreements. Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased asset. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight line basis.

NOTE 1.2: OWN-SOURCE INCOME

	2016	2015
	\$'000	\$'000

Own-Source Revenue**Note 1.2A: Rendering of Services**

Rendering of services	80,585	74,627
Total rendering of services	80,585	74,627

Accounting Policy

CrimTrac receives revenue from rendering of services.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) The probable economic benefits associated with the transaction will flow to CrimTrac.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

	2016	2015
	\$'000	\$'000

Note 1.2B: Other Revenue

Resources received free of charge - audit services	81	71
Other resources received free of charge	-	160
Total other revenue	81	231

Accounting Policy*Resources Received Free of Charge*

Resources received free of charge are recognised as revenue when, and only when a fair value can be reliably measured and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

NOTE 2.1: FINANCIAL ASSETS

	2016	2015
	\$'000	\$'000

Note 2.1A: Trade and Other Receivables

Trade receivables	14,754	8,959
GST receivable from ATO	17	-
Official Public Account receivable	119,927	115,106
Total trade and other receivables	134,698	124,065

Trade and other receivables aged as follows

Not overdue	134,089	123,875
Overdue by		
0 to 30 days	130	190
31 to 60 days	388	-
61 to 90 days	-	-
More than 90 days	91	-
Total trade and other receivables	134,698	124,065

Impairment allowances for 2016 is Nil (2015: Nil).

Credit terms for services were within 30 days (2015: 30 days).

Accounting Policy*Loans and Receivables*

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where CrimTrac becomes party to a contract and has a legal right to receive cash. Trade receivables are derecognised on payment. Loans & receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

NOTE 2.2: NON-FINANCIAL ASSETS**Note 2.2A: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Property, Plant and Equipment and Intangibles****Reconciliation of the opening and closing balances of leasehold improvements, property, plant and equipment and intangibles for 2016**

	Leasehold improvements	Property, plant and equipment	Computer software - internally developed	Computer software - purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015					
Gross book value	2,118	13,523	47,760	5,108	68,509
Accumulated depreciation, amortisation and impairment	(48)	(3,866)	(35,723)	(2,594)	(42,231)
Total as at 1 July 2015	2,070	9,657	12,037	2,514	26,278
Additions					
Purchase	43	5,309	7,616	402	13,370
Revaluation recognised in other comprehensive income	-	-	-	-	-
Depreciation/amortisation	(589)	(3,557)	(3,596)	(1,179)	(8,921)
Other movements					
Transfers ¹	-	-	553	(553)	-
Disposals/Write-offs	-	(78)	(81)	-	(159)
Total as at 30 June 2016	1,524	11,331	16,529	1,184	30,568
Total as at 30 June 2016 represented by					
Gross book value	2,161	18,735	44,532	4,799	70,227
Accumulated depreciation, amortisation and impairment	(637)	(7,404)	(28,003)	(3,615)	(39,659)
Total as at 30 June 2016	1,524	11,331	16,529	1,184	30,568

1. Software reclassified as internally developed as it was the lesser part of a capitalised internal project.

NOTE 2.2: NON-FINANCIAL ASSETS (CONTINUED)

Note 2.2A: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Property, Plant and Equipment and Intangibles (continued)

	2016 \$'000	2015 \$'000
Capital commitments¹		
Significant commitments for non-financial assets purchases:		
Within 1 year	12,491	516
Between 1 to 5 years	6,475	-
More than 5 years	-	-
Total capital commitments	18,966	516

1. Capital commitments include commitment to purchase leasehold improvements, property, plant and equipment and intangibles. Commitments are reported above excluding GST.

NOTE 2.2: NON-FINANCIAL ASSETS (CONTINUED)**Note 2.2A: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Property, Plant and Equipment and Intangibles (continued)**

Reconciliation of the opening and closing balances of leasehold improvements, property, plant and equipment and intangibles for 2015

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software - internally developed \$'000	Computer software - purchased \$'000	Total \$'000
As at 1 July 2014					
Gross book value	4,621	7,449	44,181	3,781	60,032
Accumulated depreciation, amortisation and impairment	(1,459)	(670)	(31,128)	(1,290)	(34,547)
Total as at 1 July 2014	3,162	6,779	13,053	2,491	25,485
Additions					
Purchase	18	6,085	3,735	1,327	11,165
Revaluation recognised in other comprehensive income	(414)	-	-	-	(414)
Depreciation/amortisation	(696)	(3,204)	(4,594)	(1,304)	(9,798)
Other movements					
Transfers	-	-	-	-	-
Disposals/Write-offs	-	(3)	(157)	-	(160)
Total as at 30 June 2015	2,070	9,657	12,037	2,514	26,278
Total as at 30 June 2015 represented by					
Gross book value	2,118	13,523	47,760	5,108	68,509
Accumulated depreciation, amortisation and impairment	(48)	(3,866)	(35,723)	(2,594)	(42,231)
Total as at 30 June 2015	2,070	9,657	12,037	2,514	26,278

NOTE 2.2: NON-FINANCIAL ASSETS (CONTINUED)

Accounting Policy

Property, Plant and Equipment

Asset Recognition

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. CrimTrac does not have any 'make good' provisions as at 30 June 2016 (2015: Nil).

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Plant & equipment	Depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to CrimTrac using the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2016	2015
Leasehold improvements	Effective lease term	Effective lease term
Property, plant and equipment	3 to 10 years	3 to 10 years

Software licences with the renewable term of one year are treated as prepayments at the time of purchases and expensed over the one year term.

Impairment

All assets were assessed for impairment as at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if CrimTrac were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

CrimTrac's intangibles comprise purchased and internally developed software. Software assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of CrimTrac's software is from 3 to 10 years (2015: 3 to 10 years). All software assets were assessed for indications of impairment as at 30 June 2016.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, CrimTrac has made assumptions or estimates in measuring the fair value of the assets that have the most significant impact on the amounts recorded in the financial statements.

The fair value of CrimTrac's leasehold improvements and property, plant & equipment has been taken to be the market value or depreciated replacement costs as determined by an independent valuer. In some instances, CrimTrac's leasehold improvements are purpose-built and some specialised property, plant & equipment may in fact realise more or less in the market.

NOTE 2.2: NON-FINANCIAL ASSETS (CONTINUED)**Note 2.2B: Fair Value Measurements, Valuation Techniques and Inputs Used**

	Fair value measurements at the end of the reporting period		Level ¹	For Levels 2 and 3 fair value measurements		Inputs used
	2016 \$'000	2015 \$'000		Valuation technique(s) ²		
Non-financial assets						
Leasehold improvements	1,524	2,070	Level 3	Depreciated Replacement Cost	Estimated replacement cost. Expected useful life.	
Property, plant and equipment	11,331	9,657	Level 3	Depreciated Replacement Cost	Estimated replacement cost. Expected useful life.	
Total fair value measurements of assets in the statement of financial position	12,855	11,727				

1. Level 3 measurements use inputs where there are no observable market for fair value measurement.

2. The future economic benefits of CrimTrac's non-financial assets are not primarily dependent on their ability to generate cash flows. CrimTrac has not disclosed the qualitative information about the significant unobservable inputs used for the level 3 measurement for the above classes.

All leasehold improvements and property, plant & equipment is measured at fair value in the statement of financial position. CrimTrac procured valuation services from Pickles Valuation Services in (Property, Plant and Equipment 2013-14, Leasehold Improvements 2014-15) and relied on valuation models provided. The supplier provided written assurance to CrimTrac that the valuation methodology used was compliant with AASB 13.

The reconciliation of level 3 fair value measurements for the property, plant and equipment is shown in the table below as it comprises assets that use level 2 & 3 fair value measurement technique, conversely the level 3 fair value measurement technique used by the leasehold improvements not shown in the level 3 fair value measurement reconciliation table below as they are reflected in the asset movement table above.

NOTE 2.2: NON-FINANCIAL ASSETS (CONTINUED)**Note 2.2C: Reconciliation for Recurring Level 3 Fair Value Measurements**

	2016	2015
	\$'000	\$'000
Leasehold Improvements		
As at 1 July¹	2,070	3,162
Total losses recognised in net cost of services ²	(589)	(696)
Total losses recognised in other comprehensive income	-	(414)
Purchases	43	18
Total as at 30 June	1,524	2,070
Property, Plant and Equipment		
As at 1 July¹	9,657	1,936
Total losses recognised in net cost of services ²	(3,635)	(3,207)
Purchases	5,309	6,085
Transfers into Level 3 ³	-	4,843
Total as at 30 June	11,331	9,657

1. Opening balance as determined in accordance with AASB13.
2. These losses are presented in the Statement of Comprehensive Income under depreciation and write-down of assets.
3. In 2014-15, computer equipment was transferred from Level 2 to Level 3 as the valuation data was from the 2013-14 financial year and no longer qualified to be included in Level 2.

	2016	2015
	\$'000	\$'000

Note 2.2D: Prepayments

Prepayments - no more than 12 months	1,982	1,866
Prepayments - more than 12 months	380	387
Total prepayments	2,362	2,253

No indicators of impairment were found for prepayments.

NOTE 2.3: PAYABLES

	2016 \$'000	2015 \$'000
Note 2.3A: Suppliers		
Trade creditors and accruals	9,977	7,557
Operating lease rentals	1,115	1,270
Total suppliers	11,092	8,827
Suppliers expected to be settled		
No more than 12 months	10,271	7,712
More than 12 months	821	1,115
Total suppliers	11,092	8,827
Settlement was usually made within 30 days.		
Note 2.3B: Other Payables		
Wages and salaries	80	701
Superannuation	15	134
GST payable to the ATO	-	313
Other	116	35
Total other payables	211	1,183
Other payables expected to be settled		
No more than 12 months	211	1,183
Total other payables	211	1,183

Accounting Policy*Financial Liabilities*

Supplier and other payables are classified as 'other financial liabilities' and are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are derecognised on payment.

Lease incentives are recognised as other payables and amortised over the period of the lease on straight line basis.

NOTE 2.4: SPECIAL ACCOUNTS

	2016	2015
	\$'000	\$'000

National Policing Information Systems and Services Special Account¹

Balance brought forward from previous period	120,117	116,391
Total increases	82,541	82,126
Available for payments	202,658	198,517
Total decreases	(79,075)	(78,400)
Total balance carried to the next period	123,583	120,117

1. Legal authority: *Public Governance, Performance and Accountability Act 2013 section 78.*

Establishing instrument: *Financial Management and Accountability Determination 2006/07.*

Purpose: The purposes of the National Policing Information Systems and Services Special Account, in relation to which amounts may be debited from the Special Account, are:

- a) scoping, developing, procuring, implementing and operating new and existing information technology systems and services in relation to the agency and its stakeholders and clients; and
- b) to repay to an original payer amounts credited to the Special Account and residual after any necessary payments made for a purpose mentioned in paragraph a); and
- c) activities that are incidental to a purpose mentioned in paragraphs a) or b); and
- d) to reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment; and
- e) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

To avoid doubt, incidental activities include:

- a) the administration of the Special Account; and
- b) dealing with direct and indirect costs.

NOTE 3.1: CASH FLOW RECONCILIATION

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	3,656	5,011
Statement of financial position	<u>3,656</u>	<u>5,011</u>
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	12,244	627
Adjustments for non-cash items		
Depreciation/amortisation	8,921	9,798
Losses from asset disposal / write-offs	159	160
Movements in assets and liabilities		
Assets		
(Increase) / decrease in goods/services receivable	(10,633)	(46)
Adjustment for non-operating movement in OPA receivable	4,821	455
(Increase) / decrease in prepayments	(109)	879
Liabilities		
Increase / (decrease) in supplier payables	2,265	3,189
Adjustment for supplier payables for assets (non-operating movement)	(3,930)	-
Increase / (decrease) in other payables	(972)	68
Increase / (decrease) in employee provisions	<u>140</u>	<u>(239)</u>
Net cash from operating activities	<u>12,906</u>	<u>14,891</u>

NOTE 4.1: PROVISIONS

	2016	2015
	\$'000	\$'000
Employee leave provisions expected to be settled		
No more than 12 months	2,451	2,225
More than 12 months	4,451	4,537
Total employee provisions	6,902	6,762

NOTE 4.2: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2016	2015
	\$	\$
Short-term employee benefits		
Salary	789,264	665,793
Salary packaged benefits	92,860	44,825
Total short-term employee benefits	<u>882,124</u>	<u>710,618</u>
Post-employment benefits		
Superannuation	207,439	164,686
Total post-employment benefits	<u>207,439</u>	<u>164,686</u>
Other long-term employee benefits		
Annual leave	66,191	53,524
Long-service leave	24,822	13,316
Total other long-term employee benefits	<u>91,013</u>	<u>66,840</u>
Total senior management personnel remuneration expenses¹	<u>1,180,576</u>	<u>942,144</u>
Total number of senior management personnel¹	<u>4</u>	<u>4</u>

1. This note includes both substantive and acting SES arrangements, where acting arrangements exceed six months. The item is a headcount of the number of people included in the calculations. For 2015-16 the SES full time equivalent was 3.7, which includes a temporary SES position to facilitate the government's policy decision to merge CrimTrac with the Australian Crime Commission. In 2014-15 there were 3.0 full time equivalent SES.

NOTE 5.1 : FINANCIAL INSTRUMENTS

	Notes	2016 \$'000	2015 \$'000
Note 5.1A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash and cash equivalents		3,656	5,011
Trade receivables	2.1A	14,754	8,959
Total financial assets		18,410	13,970
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	2.3A	9,977	7,557
Total financial liabilities		9,977	7,557

Note 5.1B: Credit Risk

CrimTrac is exposed to minimal credit risk on financial assets, represented by cash and cash equivalents and trade and other receivables. This amount, equal to total receivables for services as at 30 June 2016, was \$14.754 million (2015:\$8.959 million). CrimTrac has assessed the risk of the default on payment to be nil in 2016 (2015: Nil).

Note 5.1C: Liquidity Risk

CrimTrac had sufficient available financial assets to meet all financial liabilities as at 30 June 2016.

NOTE 6.1 : EXPLANATIONS OF MAJOR VARIANCES BETWEEN BUDGET AND ACTUAL

The following tables provide a comparison of the original budget as presented in the 2015–16 Portfolio Budget Statements (PBS) to the 2015–16 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

Variations are considered to be ‘major’ based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 1% of the relevant category (Income, Expenses and Equity totals); or an item below this threshold but is considered important for the reader’s understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Explanation for major variances	Affected line items (and statement)
<p>Employees</p> <p>The average full time equivalent employees for 2016 was 210 against a budget of 229. Also, the employee time attributed to capital projects and capitalised, was higher than expected, resulting in lower wages expense.</p>	<p><i>Employee benefits expense (Statement of Comprehensive Income), Employee provisions (Statement of Financial Position), Operating cash used - employees (Cash Flow Statement)</i></p>
<p>Own-source revenue from National Police Checking Service</p> <p>For 2015–16, CrimTrac billed 4.0 million National Police Checks against a budget of 3.7 million checks. Check volumes for the National Police Checking Services are demand driven and not controlled by CrimTrac.</p>	<p><i>Own source revenue (Statement of Comprehensive Income), Trade and other receivables (Statement of Financial Position), Operating cash received - (Cash Flow Statement), Surplus for 2016 - (Statement of Changes in Equity)</i></p>
<p>Timing of supplier payments</p> <p>Several large supplier contract expenses were accrued as liabilities at 30 June 2016 and paid in July 2016. These payments required additional cash drawn from the Official Public Account as at 30 June 2016.</p>	<p><i>Cash and cash equivalents (Statement of Financial Position), Suppliers expense (Statement of Comprehensive Income), Suppliers payable (Statement of Financial Position), Prepayments (Statement of Financial Position), Operating cash used - suppliers (Cash Flow Statement)</i></p>
<p>Property plant and equipment and intangibles</p> <p>Due to the timing of the 2015–16 budget process the opening balances for property, plant and equipment and intangibles were based on estimated closing positions as at 30 June 2015 rather than the audited closing balances. In addition, some of the capital expenditure planned for 2014–15 and 2015–16 was delayed, resulting in lower than budget capital expenditure for 2015–16 and lower than expected depreciation/amortisation expense.</p>	<p><i>Depreciation and amortisation (Statement of Comprehensive Income), Property, plant and equipment (Statement of Financial Position), Intangibles (Statement of Financial Position), Investing cash used (Cash Flow Statement)</i></p>
<p>Revaluation of leasehold improvements</p> <p>An independent valuer revalued leasehold improvement as at 31 May 2015 resulting in a \$0.414 million revaluation decrement to the leasehold improvement balance. The outcome of the revaluation could not be estimated for 2015–16 budgeting purposes.</p>	<p><i>Changes in asset revaluation surplus (Statement of Comprehensive Income), Land and buildings (Statement of Financial Position)</i></p>