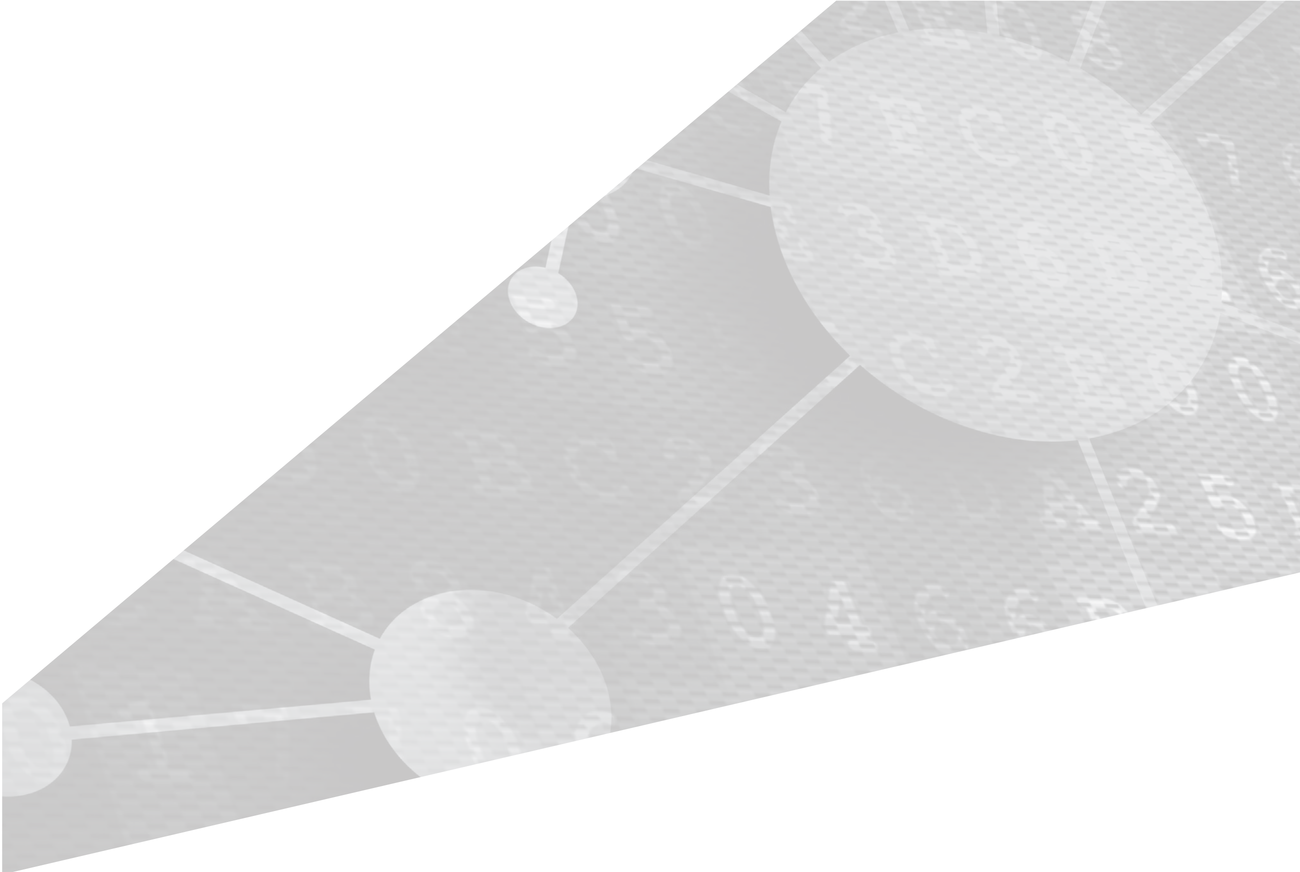


We manage our finances and assets responsibly to support our work against serious and organised crime.

Chapter 7

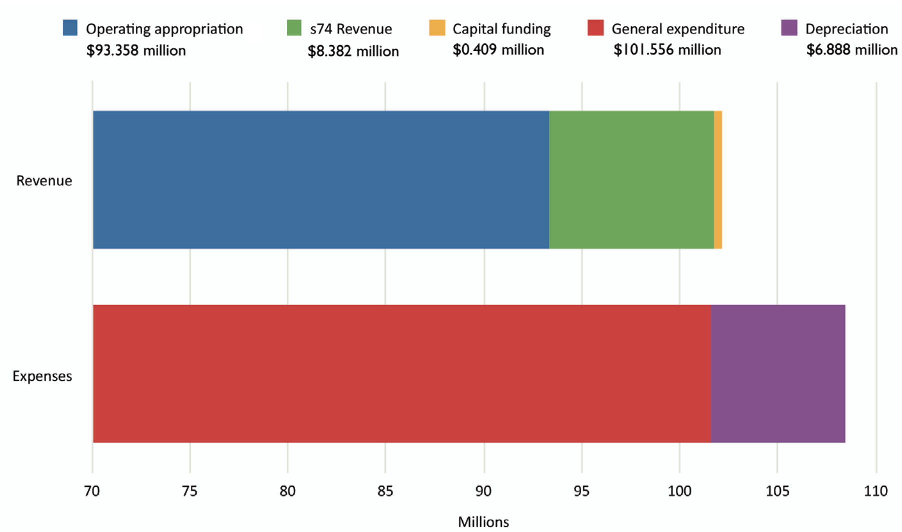
Financial performance

Overview of our financial performance

The ACC's financial result for 2014–15 was a deficit of $6.295 million. The accounting standards require non-operating items such as unfunded depreciation expenses and capital funding income from portfolio agencies to be recognised as operating activity. With the exclusion of unfunded depreciation and capital funding, the ACC would have realised a surplus of $0.184 million for the financial year.

The ACC received an unmodified audit opinion from the Australian National Audit Office.

Revenue and expenditure analysis 2014–15



Appropriation for 2014–15

The ACC's total appropriation for 2014–15 was $98.370 million, which included $93.358 million operating budget, $4.812 million Departmental Capital Budget and a net equity injection of $0.200 million.

A breakdown of operating appropriation for 2014–15 is provided in the following chart.

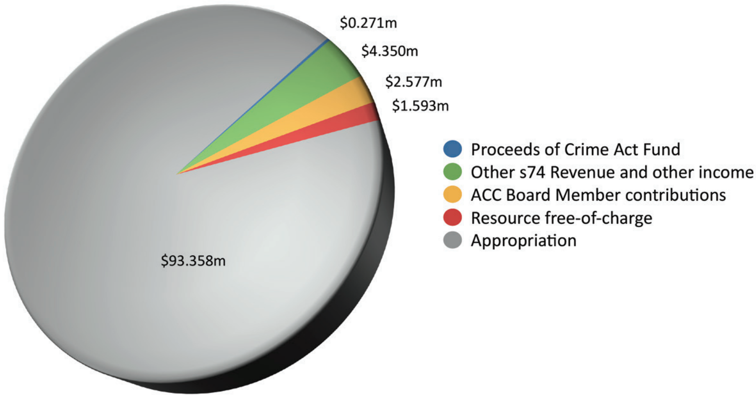
Operating appropriation 2014–15

The tied funding included:

- $1.945 million to fund Project Wickenby investigations and prosecutions. Project Wickenby was a joint operation with the Australian Taxation Office and other key agencies to gather intelligence on, investigate and prosecute abusive tax haven arrangements.
- $1.723 million to ensure a continued capability to intercept communications to reduce the incidence and impact of serious and organised crime. This program is being conducted jointly with the Australian Federal Police and the Australian Security Intelligence Organisation.
- $5.315 million to contribute to the whole-of-government effort to counter the threat of foreign fighters and Islamist extremism.
- The remaining $3.877 million in other tied funding included:
  - $0.844 million to generate intelligence targeting unexplained wealth for the Australian Taxation Office
  - $1.599 million funding for the Australian Gangs Intelligence Coordination Centre
  - $0.284 million to support Operation Sovereign Borders
  - $1.150 million one-off fund to manage pre-existing measures affecting the public sector.

Revenue for 2014–15 included $93.358 million appropriation (which includes the tied funding described above) and $8.791 million in own source revenue. Own source revenue includes $4.621 million received for the provision of services, $2.577 million from inter-governmental agreements, and $1.593 million in resources received free-of-charge. All own source revenue is received from Commonwealth, state and territory agencies and reflects their continuing contribution in managing nationally significant crime.

Revenue 2014–15



The ACC's internal controls that ensure compliance with our financial responsibilities include:

- senior management involvement in budget development, allocation and monitoring
- internal and external reporting, including financial information to the ACC Board on the overall agency position and monthly reporting to the Department of Finance
- full engagement with the ACC Audit Committee
- periodic review of the Accountable Authority Instructions to ensure compliance with the *Public Governance Performance and Accountability Act 2013*
- regular audits by the Australian National Audit Office and the ACC's Internal Audit Team
- online financial delegation training and accreditation for staff
- National Manager endorsement to identify breaches of financial management practices under the *Public Governance Performance and Accountability Act 2013* and to provide assurance to the Accountable Authority for the compliance certification to be provided to the Minister for Justice and Minister for Finance
- centralised administration of procurement, property leases, assets, travel, credit cards, fleet vehicles, mobile phones and laptops.

Agency Resource Statement 2014–15

	Actual available appropriations for 2014–15 $'000	Payments made 2014–15 $'000	Balance remaining $'000
	(a)	(b)	(a-b)
Ordinary annual services **Departmental appropriation**			
Prior year departmental appropriation (incl. S.74 Relevant agency receipts)	$28.588	$28.588	$0
Departmental appropriation (including Departmental Capital Budget)	$98.193[1]	$67.062[2]	$31.131
S.74 Relevant agency receipts	$15.843[2]	$14.400	$1.443
Total ordinary annual services	**$142.624**	**$110.050**	**$32.574**
Other services **Departmental non-operating**			
Equity injections[3]	$3.422	$200	$3.222
Total other services	**$3.422**	**$200**	$3.222
Total resourcing and payments	$146.046	$110.250	$35.796

1. The annual department appropriation includes $0.023 million quarantined and unavailable for use due to the implementation of the mandatory telecommunications data retention measure.
2. The S.74 relevant agency receipts and the payments from departmental appropriation not adjusted for GST.
3. The equity injection funded for counter terrorism and national security was $3.422 million, of which $3.222 million has been re-phased to future years.

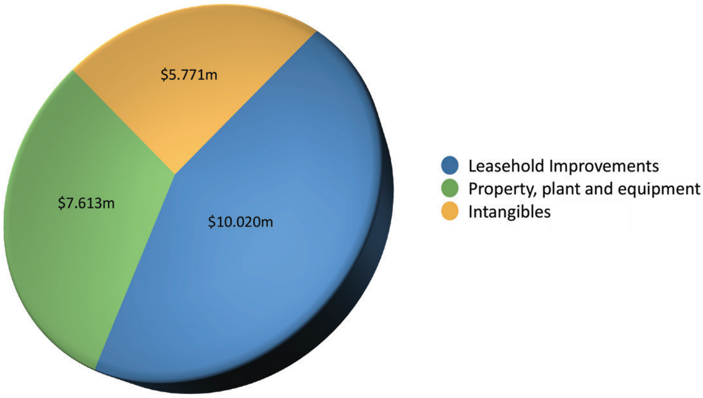
Asset management

During 2014–15 we engaged the Australian Valuation Service Office (AVSO) to undertake a full revaluation of leasehold improvements and property, plant and equipment. It is currently ACC policy to undertake a full revaluation every three years and a desk top review each year in between. The aim of the desk top review is to determine whether the asset's book value materially differs from its fair value and adjust accordingly.

Our asset mix at the end of 2014–15 comprised:

- $10.020 million—leasehold improvements
- $7.613 million—property, plant and equipment (includes assets under construction)
- $5.771 million—intangibles (includes assets under construction)

Fixed assets 2014–15



Property

We have ACC offices in each capital city to support delivery of our national service. Our national property and accommodation strategy supports a clear and unified ACC culture and identity through a common look and feel to our offices, while also incorporating state-specific requirements. This strategy also aims to define in advance the requirements for each property location and to take advantage of positioning and favourable property market conditions where they exist. This year we took advantage of favourable market conditions in Sydney and Brisbane to reduce our footprint and ensure compliance with per person density requirements. We will continue to use this approach as our other office leases expire and/or new opportunities present themselves.

Purchasing

Our approach to procuring property and services, including consultancies, is consistent with the Commonwealth Procurement Rules. The Commonwealth Procurement Rules are applied to activities through the Accountable Authority Instructions and supporting operational policies and procedures, which are reviewed for consistency with the Commonwealth Procurement Framework. The procurement framework reflects the core principle governing Australian Government procurement—value for money. Our policies and procedures also focus on:

- encouraging competitive, non-discriminatory procurement processes
- efficient, effective economical and ethical use of resources
- accountability and transparency.

During 2014–15 we continued to participate in whole-of-government coordinated procurement initiatives and used clustering and piggybacking opportunities to lower tendering costs and provide savings through economies of scale.

Consultants

During 2014–15, the ACC entered into 12 new consultancy contracts, involving total actual expenditure of $0.384 million (inc. GST). In addition, one ongoing consultancy contract was active during 2014–15, which involved consultancy expenditure of $0.045 million (inc. GST), taking the total consultancy expense to $0.429 million (inc. GST). Information on the value of contracts and consultancies is available on the AusTender website at <*www.tenders.gov.au*>.

Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, or provide independent advice, information or creative solutions to assist in the ACC's decision-making. Prior to engaging consultants, we take into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. We make decisions to engage a consultant in accordance with the *Public Governance, Performance and Accountability Act 2013* and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

Exempt contracts

During the reporting period we did not publish the details of two contracts with a total value of $5.873 million (inc. GST) on AusTender. These contracts were not published due to the ACC's exemption under section 105D of the *Public Governance Performance and Accountability Act 2013*.

Procurement initiatives to support small business

The ACC supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website: <*www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/*>.

The ACC recognises the importance of ensuring that small businesses are paid on time. We support the use of SMEs through various means including the use of template contracts for both low risk and higher risk procurements and compliance with the Government's Supplier Pay on Time or Pay Interest Policy.

Access clauses

During the reporting period we did not enter any contracts of $100 000 or more that excluded provision for access by the Auditor-General.

Grants and sponsorships

Information on grants awarded by the ACC during the period 1 July 2014 to 30 June 2015 is available at <*https://www.crimecommission.gov.au/about-us/governance*>.

Audited financial statements

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Justice

I have audited the accompanying annual financial statements of the Australian Crime Commission for the year ended 30 June 2015, 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;
- Schedule of Commitments; and
- Notes to the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Chief Executive Officer of the Australian Crime 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 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 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.

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

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.

Opinion

In my opinion, the financial statements of the Australian Crime Commission:

(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 the Australian Crime Commission as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

24 September 2015

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 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*.

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

Signed................................	Signed................................
Chris Dawson, APM Chief Executive Officer	Yvette Whittaker Chief Financial Officer
24 September 2015	24 September 2015

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	**65,228**	63,656
Suppliers	4B	**31,174**	29,433
Depreciation and amortisation	8A	**6,888**	7,347
Finance costs—unwinding of discount		**74**	97
Write-down of property, plant and equipment	8A	**19**	13
Services provided by State, Territory and Other Commonwealth Agencies	4C	**5,061**	5,309
Total expenses		**108,444**	105,855
Own-Source Income			
Own-source revenue			
Rendering of services	5A	**7,074**	6,746
Other revenue	5B	**1,717**	2,084
Total own-source revenue		**8,791**	8,830
Total own-source income		**8,791**	8,830
Net cost of services		**-99,653**	-97,025
Revenue from Government–Departmental Appropriations		**93,358**	90,495
Deficit attributable to the Australian Government		**-6,295**	-6,530
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves—leasehold improvements and property, plant and equipment		**2,544**	-
Changes in asset revaluation reserves—provision for restoration obligations		**61**	213
Total other comprehensive income		**2,605**	213
Total comprehensive loss attributable to the Australian Government		**-3,690**	-6,317

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Cash and cash equivalents		**740**	1,317
Trade and other receivables	7	**33,903**	29,390
Total financial assets		**34,643**	30,707
Non-financial assets			
Leasehold improvements	8A	**10,020**	6,949
Property, plant and equipment	8A	**7,613**	6,513
Intangibles	8A	**5,771**	7,317
Prepayments	8B	**1,915**	2,047
Total non-financial assets		**25,319**	22,826
Total assets		**59,962**	53,533
LIABILITIES			
Payables			
Suppliers	9A	**6,689**	6,403
Other payables	9B	**7,258**	3,731
Total payables		**13,947**	10,134
Provisions			
Employee leave provisions	10A	**18,307**	16,787
Provisions for restoration obligations	10B	**2,085**	2,311
Total provisions		**20,392**	19,098
Total liabilities		**34,339**	29,232
Net assets		**25,623**	24,301
EQUITY			
Contributed equity		**33,091**	28,079
Reserves		**8,478**	5,873
Accumulated deficit		**-15,946**	-9,651
Total equity		**25,623**	24,301

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

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Opening balance	**-9,651**	-3,121	**5,873**	5,660	**28,079**	25,764	**24,301**	28,303
Comprehensive income								
Deficit for the period	**-6,295**	-6,530	**-**	-	**-**	-	**-6,295**	-6,530
Other comprehensive income	**-**	-	**2,605**	213	**-**	-	**2,605**	213
Total comprehensive income	**-6,295**	-6,530	**2,605**	213	**-**	-	**-3,690**	-6,317
Transactions with owners								
Contributions by owners								
Equity injection—Appropriations	**-**	-	**-**	-	**3,422**	573	**3,422**	573
Departmental capital budget	**-**	-	**-**	-	**4,812**	1,742	**4,812**	1,742
Transfers to owners								
Section 51 reduction—Appropriations Act (No 4)—2014–15	**-**	-	**-**	-	**-3,222**	-	**-3,222**	-
Total transactions with owners	**-**	-	**-**	-	**5,012**	2,315	**5,012**	2,315
Closing balance as at 30 June	**-15,946**	-9,651	**8,478**	5,873	**33,091**	28,079	**25,623**	24,301

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

CASH FLOW STATEMENT

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**90,838**	90,631
Rendering of services		**7,538**	7,248
Net GST received		**3,045**	2,734
Total cash received		**101,421**	100,613
Cash used			
Employees		**63,708**	64,076
Suppliers		**31,403**	32,680
Section 74 receipts transferred to OPA		**1,443**	255
Other		**3,468**	3,251
Total cash used		**100,022**	100,262
Net cash from operating activities	11	**1,399**	351
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		**6,664**	1,311
Purchase of intangibles		**324**	2,011
Total cash used		**6,988**	3,322
Net cash used by investing activities		**-6,988**	-3,322
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**5,012**	2,315
Total cash received		**5,012**	2,315
Net cash from financing activities		**5,012**	2,315
Net decrease in cash held		**-577**	-656
Cash and cash equivalents at the beginning of the reporting period		**1,317**	1,973
Cash and cash equivalents at the end of the reporting period		**740**	1,317

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

SCHEDULE OF COMMITMENTS

as at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments[1]	**-5,347**	-3,279
Total commitments receivable	**-5,347**	-3,279
Commitments payable		
Capital commitments		
Land and buildings	**185**	-
Property, plant & equipment	**820**	-
Intangibles	**55**	-
Total capital commitments	**1,060**	-
Other commitments		
Operating leases[2]	**49,877**	27,386
Other[3]	**7,887**	8,686
Total other commitments	**57,764**	36,072
Net commitments by type	**53,477**	32,793
BY MATURITY		
Commitments receivable		
Capital income		
One year or less	**-96**	-
Total capital income	**-96**	-
Operating lease income		
Within 1 year	**-686**	-762
Between 1 to 5 years	**-2,389**	-1,597
More than 5 years	**-1,459**	-131
Total operating lease income	**-4,534**	-2,490
Other commitments receivable		
Within 1 year	**-534**	-465
Between 1 to 5 years	**-183**	-324
Total other commitments receivable	**-717**	-789
Total commitments receivable	**-5,347**	-3,279
Commitments payable		
Capital commitments		
One year or less	**1,060**	-
Total capital commitments	**1,060**	-
Operating lease commitments		
Within 1 year	**7,545**	8,377
Between 1 to 5 years	**26,280**	17,567
More than 5 years	**16,052**	1,442
Total operating lease commitments	**49,877**	27,386
Other Commitments		
Within 1 year	**5,876**	5,116
Between 1 to 5 years	**2,011**	3,570
Total other commitments	**7,887**	8,686
Total commitments payable	**58,824**	36,072
Net commitments by maturity	**53,477**	32,793

SCHEDULE OF COMMITMENTS (CONTINUED)

as at 30 June 2015

1. Commitments are GST inclusive where relevant.
2. Operating leases included are effectively non-cancellable agreements and comprise:

Nature of Lease	General description of leasing arrangements
Leases for office accommodation	Lease payments are subject to terms as detailed in the lease agreement.
Leases for the provision of motor vehicles	No contingent rentals exist and there were no renewal or purchase options available to the ACC.
Leases for other equipment held	No contingent rentals exist and there are no renewal or purchase options available to the ACC.

3. Other commitments included are effectively non-cancellable agreements for software maintenance & support, information technology infrastructure maintenance & support, and guarding services.

This schedule should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Objectives of the Australian Crime Commission (ACC)

The ACC is Australia's national criminal intelligence agency with specialist investigative capabilities. The ACC's objective is to reduce serious organised crime threats of most harm to Australians and the national interest by working across national boundaries to provide Australia with the ability to discover, understand and respond to nationally relevant serious and organised crime. The ACC does this by proactively discovering new and emerging threats, bringing together its specialist capabilities to fill intelligence gaps and to create innovative ways to prevent and disrupt serious and organised crime activity.

The ACC is structured to meet one outcome and one program:

Reduced serious and organised crime threats of most harm to Australians and the national interest including through providing the ability to discover, understand and respond to such threats.

The continued existence of the agency in its present form and with its present outcome/program is dependent on Government policy and on continuing funding by Parliament for the ACC.

ACC activities contributing toward these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the ACC in its own right.

1.2 Basis of Preparation of the Financial Statements

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

The Minister for Finance and the Minister for Justice entered into an agreement that applies under other instrument (Division 4) of the PGPA rule. The agreement concerns the provision of annual financial statements by the ACC and states that the ACC will prepare its financial statements in accordance with the modified provision S105D (42) (5) of the PGPA rule.

The financial statements have been prepared in accordance with:

a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; 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.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the ACC has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of ACC'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, ACC's leasehold improvements are purpose-built and some specialised property, plant & equipment may in fact realise more or less in the market; and
- 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.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements
The ACC has adopted AASB 2015-7 earlier than the application date. This standard exempts not-for-profit public sector entities from disclosing the fair value measurement of property, plant and equipment assets which are primarily held for internal or policy use, rather than to generate future cash flows.

During the 2014-15 financial year several accounting standards and interpretations were issued prior to the signing of the financial statements by the Accountable Authority and Chief Financial Officer and are applicable to the current reporting period. The accounting standards that had a material effect on the ACC's 2014-15 financial statements are summarised below.

Accounting Standard	Main changes	Impact on the ACC's financial statements
AASB 1055 ***Budgetary Reporting***	Requires reporting of budgetary information by not-for-profit entities within the General Government Sector (however, Comparative budgetary information in respect to the previous reporting period is not required to be disclosed). In particular: ▪ original budget presented to Parliament; ▪ variance of actual from budget; and ▪ explanations of significant variances.	The ACC has disclosed budgetary information in the notes forming part of the financial statements. In particular, following are disclosed in the note: ▪ original budget presented to Parliament; ▪ variance of actual from budget; and ▪ explanations of significant variance.

All other new accounting standards did not have a material effect and are not expected to have a future material effect on the ACC's financial statements.

Future Australian Accounting Standard Requirements
During the 2014–15 financial year several accounting standards and interpretations were issued or amended by the Australian Accounting Standards Board which are effective for future reporting periods, however those future standards and interpretation are not expected to have any material impact on the ACC's future financial statements.

1.5 Revenue

The ACC receives revenue from intergovernmental agreements. These are recognised as own-source revenue from State and Territory Police.

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 the ACC.

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.

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

Revenue from Government
Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the ACC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Sale of Assets
Revenue from disposal of assets is recognised when control of the asset has passed to the buyer.

1.6 Transactions with the Government as Owner

Equity Injections
Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

1.7 Employee Benefits

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.

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 ACC'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 has been determined by reference to Financial Reporting Rule 32 using the short-hand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy
Provision is made for separation and redundancy benefit payments. The ACC recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation
The majority of the ACC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). A small number of staff are members of employee nominated superannuation funds, as allowed under the ACC's enterprise agreement.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other employee nominated superannuation funds 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.

The ACC makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ACC 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.

1.8 Leases

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 straight line basis.

The ACC leases office accommodation, motor vehicles and other equipment under operating lease agreements.

1.9 Fair Value Measurement

The ACC deems transfers between the levels of fair value hierarchy to have occurred at the end of the reporting period.

1.10 Financial Assets

Cash & Cash Equivalent
Cash is recognised at its nominal amount. Cash and cash equivalents include:

a) cash on hand; and

b) cash held in bank accounts.

Loans and Receivables
Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the ACC 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.

1.11 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.

1.12 Contingent Liabilities and Contingent Assets

The ACC had no quantifiable or unquantifiable contingent assets or liabilities as at 30 June 2015 (2014: nil).

1.13 Acquisition of Assets

Assets are recorded at cost on acquisition. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value.

1.14 Property, Plant and Equipment

Asset Recognition Threshold
Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for leasehold improvements costing less than $150,000 (2013-14: $150,000) and property, plant and equipment costing less than $2,000 (2013-14: $2,000), which are expensed in the year of acquisition. Purchases of ICT infrastructure such as PC's, laptops, monitors and other portable items that are used to deliver end user application are capitalised regardless of the value of the asset purchased.

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. This is particularly relevant to 'make good' provisions in property leases taken up by the ACC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the ACC's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations
Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Fair value assessments are conducted every year to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. Independent valuations are conducted every 3 years by an external valuer. The most recent independent valuation was conducted as at 30 June 2015.

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

Depreciation
Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ACC using, in all cases, 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:

	2015	2014
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3–5 years	3–5 years

Impairment
All assets were assessed for impairment at 30 June 2015. 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.

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
The ACC's intangibles comprise internally developed software for internal use and externally purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. There were no accumulated impairment losses in 2015.

Purchases of software are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $2,000 (2013-14: $2,000), which are expensed. Dependent on the stage of development, internally developed software is recognised at cost in the Statement of Financial Position, except for purchases costing less than $20,000 (2013-14: $20,000), which are expensed.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the ACC's software are 3 to 5 years (2013–14: 3 to 5 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.

1.15 Taxation

The ACC 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.

1.16 Special note for non- corporate Commonwealth entities under the PGPA Act (formerly the prescribed agencies under the FMA Act)

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in Williams v Commonwealth [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

The Australian Government is considering whether the Australian Institute of Criminology (AIC) should be merged with the ACC, but a final decision has not been made. In the interim, the ACC and AIC will continue to exist and operate as separate entities, while working together on expanding existing relationships.

There were no other subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Australian Crime Commission.

NOTE 3: NET CASH APPROPRIATION ARRANGEMENTS

	2015 $'000	2014 $'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations[1]	**3,198**	1,030
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**-6,888**	-7,347
Total comprehensive loss—as per the Statement of Comprehensive Income	**-3,690**	-6,317

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

NOTE 4: EXPENSES

	2015 $'000	2014 $'000
Note 4A: Employee Benefits		
Wages and salaries	**46,470**	46,052
Superannuation		
Defined contribution plans	**4,588**	4,323
Defined benefit plans	**4,096**	3,928
Leave and other entitlements	**8,833**	8,385
Separation and redundancies	**1,241**	968
Total employee benefits	**65,228**	63,656
Note 4B: Suppliers		
Goods and services		
Consultants & contractors	**2,194**	1,922
Operational expenses	**1,834**	1,554
Staff development and training	**1,434**	1,250
Motor vehicle expenses	**169**	174
Office expenses	**857**	842
Communication	**3,151**	2,890
Legal expenses	**1,566**	1,903
Travel	**3,128**	2,558
Property and security expenses	**3,431**	3,760
IT support and maintenance	**3,624**	3,199
Other	**436**	284
Total goods and services	**21,824**	20,336
Goods and services are made up of		
Provision of goods—related parties	**14**	50
Provision of goods—external parties	**816**	1,202
Rendering of services—related parties	**3,750**	3,104
Rendering of services—external parties	**17,244**	15,980
Total goods and services	**21,824**	20,336
Other suppliers		
Operating lease rentals—external parties		
Minimum lease payments	**8,353**	8,349
Workers compensation expenses	**997**	748
Total other suppliers	**9,350**	9,097
Total suppliers	**31,174**	29,433
Note 4C: Services provided by State, Territory and other Commonwealth Agencies		
Paid services	**3,468**	3,342
Services provided free of charge		
Police services	**1,498**	1,875
Remuneration of auditors	**95**	92
Total Services provided by State, Territory and other Commonwealth Agencies	**5,061**	5,309

NOTE 5: OWN-SOURCE INCOME

	2015 $'000	2014 $'000
Own-Source Revenue		
Note 5A: Rendering of Services		
Rendering of services—related parties	**3,732**	3,756
Rendering of services—external parties	**3,342**	2,990
Total rendering of services	**7,074**	6,746
Note 5B: Other Revenue		
Resources received free of charge		
Police services	**1,498**	1,875
Remuneration of auditors	**95**	92
Other	**124**	117
Total other revenue	**1,717**	2,084

NOTE 6: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

Fair value measurement must be classified into one of three fair value measurement hierarchy levels depending on the inputs used in the measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the ACC can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			**For Level 2 and 3 fair value measurements**	
	2015 $'000	2014 $'000	**Level 2 or Level 3**[1]	**Valuation technique(s)**[2]	**Inputs used**
Non-financial assets[3]					
Leasehold improvements	**10,020**	6,949	Level 3	Depreciated Replacement Cost (DRC)	Replacement cost new and consumed economic benefit/ obsolescence of asset
Property, plant and equipment	**1,573**	4,003	Level 2	Market Approach	Adjusted market transactions of similar assets
	5,730	2,317	Level 3	Depreciated Replacement Cost (DRC)	Replacement cost new and consumed economic benefit/ obsolescence of asset
Total fair value measurements of assets in the statement of financial position[4]	**17,323**	13,269			

1. The ACC did not measure any financial liabilities, non-financial liabilities or non-financial assets at fair value on a non-recurring basis as at 30 June 2015.
2. Changes were made to the valuation techniques used for some of the assets in the property, plant and equipment class. During the revaluation process, the Depreciated Replacement Cost approach was considered more appropriate for those assets than the market approach, hence the valuation technique was changed from level 2 to 3.
3. For the ACC highest and best use of all non-financial assets are the same as their current use.
   The ACC has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of the ACC's non-financial assets are not primarily dependent on their ability to generate cash flows. The ACC has not disclosed qualitative information about the significant unobservable inputs or a narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.
4. The total fair value of leasehold improvements and property, plant & equipment excludes assets under construction not measured at fair value.

NOTE 6: FAIR VALUE MEASUREMENTS (CONTINUED)

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

Recurring and non-recurring Level 3 fair value measurements—valuation processes
The ACC tests the procedures of the valuation model at least once every 12 months (with a formal valuation undertaken once every 3 years). For the 2014–15 financial year, the ACC engaged Australian Valuation Solutions (AVS) to undertake a full revaluation of leasehold improvements and property, plant and equipment assets and confirmed that the models developed are in compliance with AASB 13.

Significant level 3 inputs used by the ACC are derived and evaluated as follows:

Leasehold Improvements—Consumed economic benefit/Obsolescence of asset
Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The accumulated depreciation has been determined based on professional judgement regarding physical, economic and external obsolescence factors.

Property, Plant and Equipment—Consumed economic benefit/Obsolescence of asset
Operational equipment has been measured using the cost approach. Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated deprecation. The accumulated deprecation has been determined based on professional judgement regarding physical, economic and external obsolescence factors.

Note 6B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

The ACC had no transfers between level 1 and 2 of the measurement hierarchy.

NOTE 6: FAIR VALUE MEASUREMENTS (CONTINUED)

Note 6C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements–reconciliation for assets

	Non-financial assets					
	Leasehold improvements		Property, plant and equipment		Total	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
As at July[1]	**6,949**	9,617	**2,317**	3,486	**9,266**	13,103
Total losses recognised in net cost of services[2]	**-2,111**	-2,741	**-1,092**	-1,178	**-3,203**	-3,919
Changes in asset revaluation Level 3—property, plant and equipment[3]	**1,197**	-	**354**	-	**1,551**	-
Purchases	**3,985**	73	**1,941**	14	**5,926**	87
Sales	**-**	-	**-1**	-5	**-1**	-5
Transfers into Level 3[4]	**-**	-	**2,211**	-	**2,211**	-
Total as at 30 June	**10,020**	6,949	**5,730**	2,317	**15,750**	9,266

1. Opening balance as determined in accordance with AASB 13.
2. These losses are presented in the Statement of Comprehensive Income under depreciation and amortisation.
3. This reflects the fair value increment of Level 3 property, plant and equipment.
4. Some of the assets in the property, plant & equipment class were reclassified into level 3 due to change in the valuation technique applied to those assets in that class.

The ACC's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.9.

NOTE 7: FINANCIAL ASSETS

	2015 $'000	2014 $'000
Note 7: Trade and Other Receivables		
Trade receivables—related parties	**98**	98
Trade receivables—external parties	**644**	42
Appropriations receivables—existing programs	**32,551**	28,588
GST receivable from the Australian Taxation Office	**610**	662
Total trade and other receivables	**33,903**	29,390
Trade and other receivables expected to be recovered		
No more than 12 months	**33,903**	29,390
Total trade and other receivables	**33,903**	29,390
Trade and other receivables aged as follows		
Not overdue	**33,661**	29,390
Overdue by		
0 to 30 days[1]	**242**	-
Total trade and other receivables	**33,903**	29,390

Credit terms for goods and services were within 30 days (2014: 30 days).

1. Impairment allowances for 2015 is nil (2014:Nil)

NOTE 8: NON–FINANCIAL ASSETS

Note 8A: 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 2015

	Leasehold improvements $'000	Property, plant & equipment $'000	Computer software–internally developed $'000	Computer software–purchased $'000	Total $'000
As at 1 July 2014					
Gross book value	13,875	12,812	12,468	2,105	41,260
Accumulated depreciation/amortisation	-6,926	-6,299	-5,871	-1,385	-20,481
Total as at 1 July 2014	6,949	6,513	6,597	720	20,779
Additions					
Purchase	3,985	2,416	245	342	6,988
Revaluation recognised in other comprehensive income	1,197	1,347	-	-	2,544
Depreciation/amortisation	-2,111	-2,923	-1,553	-301	-6,888
Other movements					
Transfers	-	263	-509	246	-
Disposals	-	-3	-	-16	-19
Total as at 30 June 2015	10,020	7,613	4,780	991	23,404
Total as at 30 June 2015 represented by					
Gross book value	10,020	7,613	12,205	2,597	32,435
Accumulated depreciation/amortisation	-	-	-7,425	-1,606	-9,031
Total as at 30 June 2015	10,020	7,613	4,780	991	23,404

No indicators of impairment were identified for leasehold improvements, property, plant and equipment and intangibles.

No leasehold improvements, property, plant and equipment and intangibles were expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. As at 30 June 2015, an independent valuer conducted the revaluations.

A revaluation increment of $1.20m for leasehold improvements (2014: Nil) and a revaluation increment of $1.34m for property, plant and equipment (2014: Nil) were credited to the asset revaluation surplus by asset class and included in the equity section of the Statement of Financial Position. No increments/decrements were expensed in 2015 (2014: Nil).

NOTE 8: NON–FINANCIAL ASSETS (CONTINUED)

Note 8A: 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 2014

	Leasehold improvements $'000	Property, plant & equipment $'000	Computer software–internally developed $'000	Computer software–purchased $'000	Total $'000
As at 1 July 2013					
Gross book value	13,802	11,620	11,148	1,535	38,105
Accumulated depreciation/amortisation	-4,185	-3,074	-4,643	-1,386	-13,288
Total as at 1 July 2014	9,617	8,546	6,505	149	24,817
Additions					
Purchase	73	1,238	1,320	691	3,322
Depreciation/amortisation	-2,741	-3,258	-1,228	-120	-7,347
Other movements					
Disposals	-	-13	-	-	-13
Total as at 30 June 2014	6,949	6,513	6,597	720	20,779
Total as at 30 June 2014 represented by					
Gross book value	13,875	12,812	12,468	2,105	41,260
Accumulated depreciation/amortisation	-6,926	-6,299	-5,871	-1,385	-20,481
Total as at 30 June 2014	6,949	6,513	6,597	720	20,779

Note 8B: Prepayments

	2015 $'000	2014 $'000
Prepayments–no more than 12 months	**1,739**	1,767
Prepayments–more than 12 months	**176**	280
Total prepayments	**1,915**	2,047

No indicators of impairment were found for prepayments.

NOTE 9: PAYABLES

	2015 $'000	2014 $'000
Note 9A: Suppliers		
Trade creditors and accruals	**5,607**	4,987
Operating lease rentals	**1,082**	1,416
Total suppliers	**6,689**	6,403
Suppliers expected to be settled		
No more than 12 months	**5,629**	5,327
More than 12 months	**1,060**	1,076
Total suppliers	**6,689**	6,403
Suppliers–related parties	**932**	620
Suppliers–external parties	**5,757**	5,783
Total suppliers	**6,689**	6,403

Settlement was usually made within 30 days.

	2015 $'000	2014 $'000
Note 9B: Other Payables		
Wages and salaries	**1,744**	1,516
Superannuation	**302**	253
Lease incentives[1]	**3,454**	1,295
Unearned income	**1,443**	510
Other	**315**	157
Total other payables	**7,258**	3,731
Other payables expected to be settled		
No more than 12 months	**2,499**	3,052
More than 12 months	**4,759**	679
Total other payables	**7,258**	3,731

1. The agency has received incentives in the form of rent free periods and fit out contributions as part of renegotiated property operating leases.

NOTE 10: PROVISIONS

	2015 $'000	2014 $'000
Note 10A: Employee Leave Provisions		
Employee leave provisions expected to be settled		
No more than 12 months	**6,718**	6,974
More than 12 months	**11,589**	9,813
Total employee provisions	**18,307**	16,787

Note 10B: Provision for Restoration Obligations

	Provision for restoration obligations[1] $'000
As at 1 July 2014	**2,311**
Additional provisions made	**173**
Amounts used	**-239**
Amounts reserved	**-234**
Unwinding of discount	**74**
Total as at 30 June 2015	**2,085**

1. Provision for restoration obligation is expected to be settled in more than 12 months.

The Agency currently has 9 agreements (2014: 9 agreements) for the leasing of premises which have provisions requiring the agency to restore the premises to their original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

NOTE 11: CASH FLOW RECONCILIATION

	2015 $'000	2014 $'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	**740**	1,317
Statement of financial position	**740**	1,317
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	**-99,653**	-97,025
Revenue from Government—Departmental Appropriations	**93,358**	90,495
Section 74 receipts transferred to OPA	**-1,443**	-255
Adjustments for non-cash items		
Depreciation/amortisation	**6,888**	7,347
Net write-down of non-financial assets	**19**	13
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	**-3,070**	176
Decrease/(increase) in prepayments	**132**	-365
Liabilities		
Increase/(decrease) in employee provisions	**1,520**	-420
Increase in supplier payables	**286**	952
Increase/(decrease) in other payables	**3,527**	-664
(Decrease)/increase in other provisions	**-165**	97
Net cash from operating activities	**1,399**	351

NOTE 12: CONTINGENT ASSETS AND LIABILITIES

Quantifiable Contingencies

At 30 June 2015, the ACC did not have any quantifiable contingencies (2014: Nil).

Unquantifiable Contingencies

At 30 June 2015, the ACC had a number of legal matters pending that may eventuate in costs being awarded to or against the ACC. It was not possible to quantify the amounts of any eventual receipts or payments that may eventuate in relation to these claims (2014: Nil).

Significant Remote Contingencies

At 30 June 2015, the ACC did not have any significant remote contingencies (2014: Nil).

NOTE 13: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2015 $	2014 $
Short-term employee benefits		
Salary	**3,315,564**	3,593,183
Total short-term employee benefits	**3,315,564**	3,593,183
Post-employment benefits		
Superannuation	**538,228**	498,506
Total post-employment benefits	**538,228**	498,506
Other long-term employee benefits		
Annual leave	**235,579**	197,790
Long-service leave	**81,667**	65,744
Total other long-term employee benefits	**317,246**	263,534
Termination benefits		
Voluntary redundancy expenses	**-**	510,243
Total termination benefits	**-**	510,243
Total senior management personnel remuneration expenses[1]	**4,171,038**	4,865,466
Total number of senior management personnel[1]	**20**	20

1. Includes substantive SES and staff acting as SES for greater than 6 months.

NOTE 14: FINANCIAL INSTRUMENTS

	Notes	2015 $'000	2014 $'000
Note 14A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables			
Cash and cash equivalents		**740**	1,317
Trade and other receivables	7	**742**	140
Total financial assets		**1,482**	1,457
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	9A	**5,607**	4,987
Total financial liabilities		**5,607**	4,987

Note 14B: Credit Risk

The ACC is exposed to minimal credit risk on financial assets, represented by cash and cash equivalents and trade and other receivables. For the purposes of this note, appropriations receivable are not disclosed as financial instruments as it does not meet the definition of a financial asset. The maximum exposure to credit risk is the risk that arises from potential default by debtors. This amount was equal to total receivables for services, in 2015: $0.742m (2014: $0.140m). The ACC has assessed the risk of the default on payment to be nil in 2015 (2014: Nil).

The ACC manages its credit risk by undertaking a robust debtor management program. In addition, the ACC has procedures to guide the debt recovery processes that are to be applied. The ACC does not require collateral in respect of trade and other receivables. As at 30 June 2015 the ACC has determined that all the outstanding debtors are expected to be settled in 2015–16 financial year.

Note 14C: Liquidity Risk

The ACC's financial liabilities are trade creditors and accruals. The exposure to liquidity risk is based on the notion that the ACC will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the ACC has appropriated funding from the Australian Government and the ACC manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the ACC has policies in place to ensure timely payments were made when due and has no past experience of default.

Note 14D: Market Risk

The ACC holds basic financial instruments that do not expose the ACC to certain market risks, such as 'Currency risk' and 'Other price risk'.

NOTE 15: FINANCIAL ASSETS RECONCILIATION

	Notes	2015 $'000	2014 $'000
Total financial assets as per statement of financial position		**34,643**	30,707
Less: Non-financial instrument components			
Appropriations receivable–existing programs	7	**32,551**	28,588
GST receivable	7	**610**	662
Total non-financial instruments components		**33,161**	29,250
Total financial assets as per financial instruments note		**1,482**	1,457

NOTE 16: APPROPRIATIONS

Note 16A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2015

	Appropriation Act	*PGPA Act*				
	Annual[1] Appropriation $'000	Section 74 $'000	Total appropriation $'000	Appropriation applied in 2015 (current and prior years) $'000	Variance[2] $'000	Section 51 determinations[3] $'000
Departmental						
Ordinary annual services	98,193	12,789	110,982	-107,461	3,521	-
Other services						
Equity	3,422	-	3,422	-200	3,222	3,222
Total departmental	**101,615**	**12,789**	**114,404**	**-107,661**	**6,743**	**3,222**

1. The annual appropriation for the ordinary annual services includes $0.023m quarantined by the Department of Finance for the implementation of mandatory telecommunications data retention.
2. The variance of $3.521m indicates the appropriation applied from the total appropriation was lower due to Section 74 of the PGPA Act and appropriation funds held to cover for 2015-16 proceeds of crime activities and ongoing capital projects. The variance of $3.222m represents unused appropriation (equity injection) re-phased to future years.
3. The equity injection funded for counter-terrorism & national security was $3.422m of which $3.222m has been re-phased via the application of Section 51 determination of the PGPA Act, this constitutes a permanent loss of control of the funds for the 2014-15 financial year.

Annual Appropriations for 2014

	Appropriation Act	*FMA Act*			
	Annual Appropriation $'000	Section 31 $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $'000	Variance[1] $'000
Departmental					
Ordinary annual services	92,237	7,723	99,960	-100,349	-389
Other services					
Equity	573	-	573	-573	-
Total departmental	92,810	7,723	100,533	-100,922	-389

1. The variance of $0.389m indicates the ACC spent some of its unused appropriation from last year towards capital projects.

NOTE 16: APPROPRIATIONS (CONTINUED)

Note 16B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2015 Capital Budget Appropriations *Appropriation Act*		Capital Budget Appropriations applied in 2015 (current and prior years)		
	Annual Capital Budget $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[2] $'000	Total payments $'000	Variance $'000
Departmental					
Ordinary annual services– Departmental Capital Budget[1]	**4,812**	**4,812**	**-4,812**	**-4,812**	**-**

1. Departmental Capital Budgets are appropriated through Appropriation Act (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Act. For more information on ordinary annual services appropriations, please see Note 16A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised and costs incurred to make good an asset to its original condition.

	2014 Capital Budget Appropriations *Appropriation Act*		Capital Budget Appropriations applied in 2014 (current and prior years)		
	Annual Capital Budget $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[2] $'000	Total payments $'000	Variance $'000
Departmental					
Ordinary annual services– Departmental Capital Budget[1]	1,742	1,742	-1,742	-1,742	-

1. Departmental Capital Budgets are appropriated through Appropriation Act (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Act. For more information on ordinary annual services appropriations, please see Note 16A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which has been capitalised.

NOTE 16: APPROPRIATIONS (CONTINUED)

Note 16C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015 $'000	2014 $'000
Departmental		
Appropriations Act (No.1) 2014–15[1]	**32,574**	-
Appropriations Act (No.4) 2014–15[2]	**3,222**	-
Appropriations Act (No.1) 2013–14[3]	**-**	28,588
Cash at bank[4]	**740**	1,317
Total departmental	**36,536**	29,905

1. The Appropriation Act (No.1) balance for 2014-15 represents unused appropriation for the year and appropriation of $0.023m quarantined for implementation of mandatory telecommunications data retention.
2. The Appropriation Act (No.4) balance for 2014-15 represents unused appropriation re-phased to future years. The $3.222m is not reported in the financial statements under the Section 51 determination of the PGPA Act.
3. The Appropriation Act (No.1) balance for 2013-14 represents unused appropriation for the year.
4. Cash at bank represents funds withdrawn from the Official Public Account as at 30 June.

NOTE 17: REPORTING OF OUTCOMES

Note 17: Net Cost of Outcome Delivery

	Outcome 1	
	2015 $'000	2014 $'000
Departmental		
Expenses	**108,444**	105,855
Own-source income	**-8,791**	-8,830
Net cost of outcome delivery	**99,653**	97,025

ACC has one outcome and is described in Note 1.1. Net costs shown include intra-government costs that were eliminated in calculating the actual Budget Outcome.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the ACC. The budget is not audited.

Note 18A: Departmental Budgetary Reports

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

		Actual	Budget estimate	
			Original	Variance[1]
		2015	**2015**	2015
		$'000	**$'000**	$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	(a)	**65,228**	**61,051**	4,177
Suppliers	(a)	**31,174**	**27,364**	3,810
Depreciation and amortisation		**6,888**	**7,302**	-414
Finance costs—unwinding of discount		**74**	**-**	74
Write-down of property, plant and equipment		**19**	**-**	19
Services provided by State, Territory and Other Commonwealth Agencies		**5,061**	**5,200**	-139
Total expenses		**108,444**	**100,917**	7,527
Own-Source Income				
Own-source revenue				
Rendering of services	(b) (e)	**7,074**	**4,699**	2,375
Other revenue	(c)	**1,717**	**-**	1,717
Total own-source revenue		**8,791**	**4,699**	4,092
Gains				
Other gains	(c)	**-**	**2,000**	-2,000
Total gains		**-**	**2,000**	-2,000
Total own-source income		**8,791**	**6,699**	2,092
Net cost of services		**-99,653**	**-94,218**	-5,435
Revenue from Government—Departmental Appropriations	(a)	**93,358**	**86,916**	6,442
Deficit attributable to the Australian Government		**-6,295**	**-7,302**	1,007
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves—leasehold improvements and property, plant and equipment	(d)	**2,544**	**-**	2,544
Changes in asset revaluation reserves—provision for restoration obligations		**61**	**-**	61
Total other comprehensive income		**2,605**	**-**	2,605
Total comprehensive (loss) attributable to the Australian Government		**-3,690**	**-7,302**	3,612

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18A: Departmental Budgetary Reports (continued)

STATEMENT OF FINANCIAL POSITION

for the period ended 30 June 2015

		Actual	Budget estimate	
			Original	Variance[1]
		2015 $'000	**2015 $'000**	2015 $'000
ASSETS				
Financial assets				
Cash and cash equivalents		**740**	**1,506**	-766
Trade and other receivables	(e)	**33,903**	**24,524**	9,379
Total financial assets		**34,643**	**26,030**	8,613
Non-financial assets				
Land and buildings		**10,020**	**5,518**	4,502
Property, plant and equipment		**7,613**	**8,006**	-393
Intangibles		**5,771**	**4,920**	851
Prepayments		**1,915**	**1,680**	235
Total non-financial assets	(d)	**25,319**	**20,124**	5,195
Total assets		**59,962**	**46,154**	13,808
LIABILITIES				
Payables				
Suppliers	(a)	**6,689**	**2,875**	3,814
Other payables	(d)	**7,258**	**3,550**	3,708
Total payables		**13,947**	**6,425**	7,522
Interest Bearing Liabilities		**-**	**678**	-678
Leases		**-**	**678**	-678
Total Interest Bearing Liabilities				
Provisions				
Employee leave provisions	(a)	**18,307**	**16,066**	2,241
Provision for restoration obligations		**2,085**	**2,447**	-362
Total provisions		**20,392**	**18,513**	1,879
Total liabilities		**34,339**	**25,616**	8,723
Net assets		**25,623**	**20,538**	5,085
EQUITY				
Contributed equity		**33,091**	**32,891**	200
Reserves		**8,478**	**5,660**	2,818
Accumulated deficit		**-15,946**	**-18,013**	2,067
Total equity		**25,623**	**20,538**	5,085

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18A: Departmental Budgetary Reports (continued)

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2015

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate	
		Original	Variance[1]		Original	Variance[1]		Original	Variance[1]		Original	Variance[1]
	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Opening balance	**-9,651**	**-10,711**	1,060	**5,873**	**5,660**	213	**28,079**	**28,079**	-	**24,301**	**23,028**	1,273
Comprehensive income												
Deficit for the period	**-6,295**	**-7,302**	1,007	-	-	-	-	-	-	**-6,295**	**-7,302**	1,007
Other comprehensive income	-	-	-	**2,605**	-	2,605	-	-	-	**2,605**	-	2,605
Total comprehensive income	**-6,295**	**-7,302**	1,007	**2,605**	-	2,605	-	-	-	**-3,690**	**-7,302**	3,612
Transactions with owners												
Contributions by owners												
Equity injection–Appropriations	-	-	-	-	-	-	**3,422**	-	3,422	**3,422**	-	3,422
Departmental capital budget	-	-	-	-	-	-	**4,812**	**4,812**	-	**4,812**	**4,812**	-
Transfers to owners												
Section 51 reduction—Appropriations Act (No 4)—2014–15	-	-	-	-	-	-	**-3,222**	-	-3,222	**-3,222**	-	-3,222
Total transactions with owners	-	-	-	-	-	-	**5,012**	**4,812**	200	**5,012**	**4,812**	200
Closing balance as at 30 June	**-15,946**	**-18,013**	2,067	**8,478**	**5,660**	2,818	**33,091**	**32,891**	200	**25,623**	**20,538**	5,085

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18A: Departmental Budgetary Reports (continued)

CASH FLOW STATEMENT

for the period ended 30 June 2015

		Actual	Budget estimate	
			Original	Variance[1]
		2015 $'000	2015 $'000	2015 $'000
OPERATING ACTIVITIES				
Cash received				
Appropriations	(a) (e)	90,838	89,473	1,365
Rendering of services	(b)	7,538	4,699	2,839
Net GST received		3,045	-	3,045
Total cash received		101,421	94,172	7,249
Cash used				
Employees	(a)	63,708	62,217	1,491
Suppliers	(a)	31,403	28,244	3,159
Section 74 receipts transferred to OPA		1,443	-	1,443
Other		3,468	3,200	268
Total cash used		100,022	93,661	6,360
Net cash from operating activities		1,399	511	888
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment	(d)	6,664	5,323	1,341
Purchase of intangibles		324	-	324
Total cash used		6,988	5,323	1,665
Net cash used by investing activities		-6,988	-5,323	-1,665
FINANCING ACTIVITIES				
Cash received				
Contributed equity		5,012	4,812	200
Total cash received		5,012	4,812	200
Net cash from financing activities		5,012	4,812	200
Net decrease in cash held		-577	-	-577
Cash and cash equivalents at the beginning of the reporting period		1,317	1,506	-189
Cash and cash equivalents at the end of the reporting period		740	1,506	-766

1. Explanation of major variances are provided in Note 18B.

NOTE 18: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Note 18B: Explanation of Major Variances

The following provides a comparison of the original budget as presented in the 2014–15 Portfolio Budget Statements (PBS) and the revised budget as presented in the 2014–15 Portfolio Additional Estimates Statements (PAES) to the 2014–15 final outcome as in accordance with Australian Accounting Standards for the entity. The intention of this variance analysis is to provide the reader with information relevant to assessing the performance of the agency, including the accountability for the resources entrusted to it.

Australian Accounting Standard *AASB 1055 Budgetary Reporting* requires variance explanations of major variances between the original budget as presented in the 2014–15 PBS and the actual outcome as reported in these financial statements. It should be noted that the original budget was prepared before the 2013–14 actual figures could be known. As a consequence the opening balance of the 2014–15 Statement of Financial Position needed to be estimated and in some cases variances between 2014–15 actual and budget numbers can be at least in part attributed to unanticipated movements in the prior period figures.

Variances attributable to factors which would not reasonably have been identifiable at the time of the budget preparation, such as revaluation or impairment of assets or reclassifications of asset reporting categories have not been included as part of the analysis.

The ACC considers that major variances are those greater than 10% of the original estimate. Variances below this threshold are not included unless considered significant by their nature.

The Budget is not audited.

General Commentary

In accordance with the Commonwealth budget framework, the ACC revised the estimates during the year for a number of reasons, including Government decisions and policy, prior year outcomes, current year trends, the effects of price and growth, and transfers to and from other Commonwealth entities. The revised estimates for the 2014–15 financial year are published in the 2014–15 PAES.

(a) In the 2014–15 PAES the ACC was funded for measures that resulted in increased operational activities.

The measures were:

- Funding for pre-existing measures affecting the public sector;
- National security—additional counter terrorism funding; and
- National Security—implementation of mandatory telecommunications data retention.

This has caused an increase in the following financial statement line items and corresponding cash flow.

- Appropriation
- Employee benefits
- Suppliers
- Employee provisions

Statement of Comprehensive Income

(b) Own Source Revenue
The variance between original budget own-source revenue and actual is due to additional revenue received from partner agencies for increased operational activities. These activities also align with the revised estimates included in the PAES.

(c) Other Gains & Other Revenue
The variances between the budget and the actual for 'Other Gains' and 'Other Revenue' is due to the misclassification of the budget under 'Other Gains'.

Statement of Financial Position

(d) Non-financial assets
The variance in the actual assets to 2014–15 PBS is mainly caused by the acquisition of leasehold improvements for Brisbane & Sydney premises and the impact of the independent valuation of non-financial assets. The total estimated non-financial assets at the time of the 2014–15 PAES were consistent with the actual outcome.

(e) Trade and other receivables
The variance in the actual departmental trade & other receivables compared to 2014–15 PBS is as a result of additional funding for operational activities in 2014–15 & 2015–16 and lease incentive contributions on Sydney leasehold improvements.