



AIC financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Home Affairs

Scope

I have audited the accompanying financial statements of the Australian Institute of Criminology for the year ended 30 June 2008, which comprise: a statement by Chair of the Board of Management and a Director; income statement; balance sheet; statement of recognised income and expense; cash flow statement; schedule of commitments; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Board of Management for the Financial Statements

The members of the Board of Management are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted 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 whether the financial statements are free from material misstatement.

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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 Australian Institute of Criminology'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 Australian Institute of Criminology's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's Opinion

In my opinion, the financial statements of Australian Institute of Criminology:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including Australian Institute of Criminology's financial position as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Simon Kidman
Executive Director
Delegate of the Auditor-General

Canberra
29 August 2008

Statement by Chair of the Board of Management and a Director

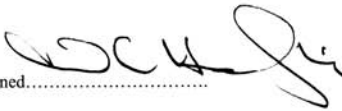
In our opinion, the attached financial statements for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Ministers Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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

This statement is made in accordance with a resolution of the directors.

Signed.....

Richard Fox
Chair
Australian Institute of Criminology

Signed.....

Nigel Hadgkiss
Member of the Board
Australian Institute of Criminology

Signed.....

Tony Marks
Chief Finance Officer
Australian Institute of Criminology

INCOME STATEMENT*for the period ended 30 June 2008*

	Notes	2008 \$	2007 \$
INCOME			
Revenue			
Revenue from Government	3A	7,717,000	5,329,000
Sale of goods and rendering of services	3B	1,936,266	2,885,768
Interest	3C	298,843	322,004
Royalties		79,052	50,257
Other revenue		8,074	3,341
Total revenue		10,039,235	8,590,370
Total Income		10,039,235	8,590,370
EXPENSES			
Employee benefits	4A	4,873,792	4,129,610
Suppliers	4B	5,369,290	4,220,979
Grants		63,000	43,000
Depreciation and amortisation	4C	58,911	154,182
Losses from asset sales	4D	14,956	9,224
Total Expenses		10,379,949	8,556,995
Surplus (Deficit)		(340,714)	33,375

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

BALANCE SHEET

as at 30 June 2008

	Notes	2008 \$	2007 \$
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	3,726,628	3,957,885
Trade and other receivables	5B	283,657	701,030
Total financial assets		4,010,285	4,658,915
Non-Financial Assets			
Infrastructure, plant and equipment	6A	645,096	238,343
Intangibles	6B	-	372
Other non-financial assets	6C	211,012	217,802
Total non-financial assets		856,108	456,517
Total Assets		4,866,393	5,115,432
LIABILITIES			
Payables			
Suppliers	7A	1,096,838	618,530
Other payables	7B	550,613	904,485
Total payables		1,647,451	1,523,015
Provisions			
Employee provisions	8A	831,022	863,783
Total provisions		831,022	863,783
Total Liabilities		2,478,473	2,386,798
Net Assets		2,387,920	2,728,634
EQUITY			
Contributed equity		996,276	996,276
Reserves		782,855	782,855
Retained earnings		608,789	949,503
Total Equity		2,387,920	2,728,634
Current Assets		4,010,285	4,658,915
Non-Current Assets		856,108	456,517
Current Liabilities		2,310,973	2,162,654
Non-Current Liabilities		167,500	224,144

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

STATEMENT of Recognised Income and Expense
as at 30 June 2008

Opening balance

Balance carried forward from previous period
 Adjustment for errors
 Adjustment for changes in accounting policies
Adjusted opening balance

Income and expenses recognised Directly in Equity (each item)

Revaluation Adjustment
Sub-total income and expenses recognised Directly in Equity
 Surplus (Deficit) for the period
Total income and expenses
Closing balance at 30 June

	Retained Earnings		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
	949,503	916,128	782,855	1,445,007	996,276	996,276	2,728,634	3,357,411
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	949,503	916,128	782,855	1,445,007	996,276	996,276	2,728,634	3,357,411
	-	-	-	(662,152)	-	-	-	(662,152)
	-	-	-	(662,152)	-	-	-	(662,152)
	(340,714)	33,375	-	-	-	-	(340,714)	33,375
	(340,714)	33,375	-	(662,152)	-	-	(340,714)	(628,777)
	608,789	949,503	782,855	782,855	996,276	996,276	2,387,920	2,728,634

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

CASH FLOW STATEMENT

for the period ended 30 June 2008

	Notes	2008 \$	2007 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		7,717,000	5,329,000
Goods and services		2,217,650	2,108,882
Interest		295,090	324,076
Net GST received		339,570	262,545
Other cash received		69,731	53,598
Total cash received		10,639,041	8,078,101
Cash used			
Employees		4,906,553	4,075,408
Suppliers		5,420,497	4,058,032
Grants		63,000	43,000
Total cash used		10,390,050	8,176,440
Net cash flows from or (used by) operating activities	9	248,991	(98,339)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		14,557	14,330
Total cash received		14,557	14,330
Cash used			
Purchase of property, plant and equipment		494,805	30,593
Total cash used		494,805	30,593
Net cash flows (used by) investing activities		(480,248)	(16,263)
Net (decrease) in cash held		(231,257)	(114,602)
Cash and cash equivalents at the beginning of the reporting period		3,957,885	4,072,487
Cash and cash equivalents at the end of the reporting period	5A	3,726,628	3,957,885

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

SCHEDULE OF COMMITMENTS

as at 30 June 2008

BY TYPE	2008	2007
	\$	\$
Commitments Receivable		
GST recoverable on commitments	<u>200,599</u>	243,153
Total Commitments Receivable	<u>200,599</u>	<u>243,153</u>
Commitments Payable		
Other commitments		
Operating leases ¹	<u>2,206,590</u>	2,674,685
Total other commitments	<u>2,206,590</u>	<u>2,674,685</u>
Net commitments by type	<u>2,005,991</u>	<u>2,431,532</u>
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	43,200	42,459
From one to five years	157,399	179,690
Over five years	-	21,004
Total other commitments receivable	<u>200,599</u>	<u>243,153</u>
Commitments payable		
Operating lease commitments		
One year or less	475,199	467,047
From one to five years	1,731,391	1,976,595
Over five years	-	231,043
Total operating lease commitments	<u>2,206,590</u>	<u>2,674,685</u>
Net Commitments by Maturity	<u>2,005,991</u>	<u>2,431,532</u>

NB: Commitments are GST inclusive where relevant.

1. Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation - The current lease expires in December 2012. A new lease agreement from December 2007 was signed for 5 years with a 5 year option. Lease payments are subject to a fixed annual increase and recognised on a straight line basis.

Leases for IT Equipment - The current leases exist on various IT equipment which the last lease expiring in January 2009. The lease payments are not indexed each year.

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

Notes to and Forming part of the Financial Statements

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Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a General Purpose Financial Report.

The continued existence of the AIC in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the AIC's administration and programs.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 01 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets 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 Report is presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard.

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

1.2 Significant Accounting Judgements and Estimates

No 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 accounting period.

1.3 Statement of Compliance

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period.

The following new standard is applicable to the current reporting period:

Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact to the operations of the AIC.

2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments and Erratum: Proportionate Consolidation.

2007-7 Amendments to Australian Accounting Standards

UIG Interpretation 11 AASB 2 - Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB Interpretation 12 *Service Concession Arrangements and 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12*

AASB 8 *Operating Segments* and 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*

AASB Interpretation 13 *Customer Loyalty Programmes*

AASB Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Other

The following standards and interpretations have been issued but are not applicable to the operations of the AIC.

AASB 1049 Financial Reporting of General Government Sectors by Governments

AASB 1049 Specifies the reporting requirements for the General Government Sector. The FMOs do not refer to this standard as it contains guidance applicable to the consolidated financial statements of the Australian Government, rather than financial reports of individual Agencies or Authorities.

1.4 Revenue

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Entity.

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:

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

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 provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, 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.

1.5 Gains

Sale of Assets

Gain from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.6 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date 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.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 AIC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the AIC'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 the work of an actuary as at 30 June 2008. 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 AIC 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

Staff of the AIC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 by the Department of Finance and Deregulation as an administered item.

The AIC makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the AIC's employees. The AIC 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.

1.7 Leases

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.8 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.9 Financial assets

The AIC classifies its financial assets in the following category:

• 'loans and receivables'.

Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

• *Financial assets held at amortised cost* - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

1.10 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables

Supplier and other payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.11 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.12 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. 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 plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Authority's accounts immediately prior to the restructuring.

1.13 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$5,000, which are expensed in the year of acquisition. The asset threshold does not apply for purchases which form a part of the library collection.

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 'makegood' provisions in property leases taken up by the AIC where there exists an obligation to restore the property to its original condition. Currently the property lease held by the AIC does not have a 'makegood' provision, hence no provision for this has been brought to account.

Revaluations

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

Asset class	Fair value measured at:
Infrastructure, plant & equipment	Market Selling Price
Library Collection	Depreciated replacement cost

Following initial recognition at cost, infrastructure, plant and equipment and library collection are carried at fair value less 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.

The Library collection was valued in 2006-07 based on a 15% reducing balance and a five percent residual value.

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 through operating result. Revaluation decrements for a class of assets are recognised directly through operating result 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 infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the AIC using the straight-line method of depreciation. The library collection is depreciated using the reducing balance method at a rate of 15%.

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 Infrastructure, plant and equipment are based on a useful life of 2 to 10 years (2006-07 2 to 10 years)

Impairment

All assets were assessed for impairment at 30 June 2008. 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 the AIC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.14 Intangibles

The AIC's intangibles are comprised of purchased software. These 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 lives of the AIC's software is 3 to 5 years (2006-07: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2008.

1.15 Taxation

The AIC 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
- except for receivables and payables.

1.16 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

Note 2: Events after the Balance Sheet Date

No subsequent events have occurred which would require disclosure in the financial statements.

Note 3: Income

	2008	2007
	\$	\$
Revenue		
<u>Note 3A: Revenue from Government</u>		
Appropriation:		
Departmental outputs	7,717,000	5,329,000
Total revenue from Government	7,717,000	5,329,000
<u>Note 3B: Sale of goods and rendering of services</u>		
Rendering of services - related entities	1,170,201	1,491,122
Rendering of services - external parties	766,065	1,394,646
Total rendering of services	1,936,266	2,885,768
Total sale of goods and rendering of services	1,936,266	2,885,768
<u>Note 3C: Interest</u>		
Deposits	298,843	322,004
Total interest	298,843	322,004

Note 4: Expenses

	2008	2007
	\$	\$
<u>Note 4A: Employee benefits</u>		
Wages and salaries	3,878,058	3,040,989
Superannuation: Defined contribution plan	580,829	519,425
Leave and other entitlements	406,905	567,236
Separation and redundancies	8,000	1,960
Total employee benefits	4,873,792	4,129,610
<u>Note 4B: Suppliers</u>		
Rendering of services – related entities	176,559	163,810
Rendering of services – external parties	4,709,982	3,588,045
Operating lease rentals: Minimum lease payment	462,956	449,454
Workers compensation premiums	19,793	19,670
Total supplier expenses	5,369,290	4,220,979
<u>Note 4C: Depreciation and amortisation</u>		
Depreciation:		
Infrastructure, plant and equipment	38,993	59,384
Library Collection	19,546	82,246
Total depreciation	58,539	141,630
Intangibles:		
Computer Software	372	12,552
Total amortisation	372	12,552
Total depreciation and amortisation	58,911	154,182

	2008	2007
	\$	\$
Note 4D: Losses from asset sales		
Infrastructure, plant and equipment		
Proceeds from sale	14,909	14,330
Carrying value of assets sold	(29,513)	(13,733)
Selling expense	(352)	-
Intangibles		
Proceeds from sale	-	-
Carrying value of assets sold	-	(9,821)
Selling expense	-	-
Total losses from asset sales	(14,956)	(9,224)

Note 5: Financial Assets

	2008	2007
	\$	\$
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	43,810	79,420
Overnight and Term Deposits	3,682,818	3,878,465
Total cash and cash equivalents	3,726,628	3,957,885
Note 5B: Trade and other receivables		
Goods and services	266,276	708,708
GST receivable from the Australian Taxation Office	193	8,855
Interest receivable	17,188	13,435
Total trade and other receivables (gross)	283,657	730,998
Less: Allowance for doubtful debts		
Goods and Services	-	(29,968)
Total trade and other receivables (net)	283,657	701,030
Receivables are aged as follows:		
Not overdue	179,989	664,730
Overdue by:		
Less than 30 days	3,308	-
30 to 60 days	33,550	-
61 to 90 days	26,004	-
More than 90 days	40,806	66,268
Total receivables (gross)	283,657	730,998
The allowance for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
More than 90 days	-	(29,968)
Total allowance for doubtful debts	-	(29,968)
All receivables are current assets.		

Note 6: Non-Financial Assets

	2008	2007
	\$	\$
Note 6A: Infrastructure, plant and equipment		
Infrastructure, plant and equipment:		
- gross carrying value (at fair value)	569,302	190,344
- accumulated depreciation	<u>(70,752)</u>	<u>(121,522)</u>
Total infrastructure, plant and equipment	<u>498,550</u>	<u>68,822</u>
Library collection:		
- gross carrying value (at fair value)	1,069,831	1,254,796
- accumulated depreciation	<u>(923,285)</u>	<u>(1,085,275)</u>
Total library collection	<u>146,546</u>	<u>169,521</u>
Total infrastructure, plant and equipment	<u>645,096</u>	<u>238,343</u>

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.13. No revaluations were conducted in 2007-08. In 2006-07, an independent valuer AON Risk Services conducted the revaluations.

There was no revaluation movement for the Library Collection in the asset revaluation reserve for 2007-08. No decrements were expensed (2006-07: Nil expensed).

No indicators of impairment were found for infrastructure, plant and equipment.

Note 6B: Intangibles (disclose each class)

Computer software at cost	28,828	59,736
Accumulated amortisation	<u>(28,828)</u>	<u>(59,364)</u>
Total intangibles (non-current)	<u>-</u>	<u>372</u>

No indicators of impairment were found for intangible assets.

Note 6: Non-Financial Assets

Note 6B: Analysis of property, plant and equipment and intangibles

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2007-08)

	Infrastructure, plant and equipment	Library Collection	Intangibles	Total
	\$	\$	\$	\$
As at 1 July 2007				
Gross book value	190,344	1,254,796	59,736	1,504,876
Accumulated depreciation/amortisation and impairment	(121,522)	(1,085,275)	(59,364)	(1,266,161)
Net book value 1 July 2007	68,822	169,521	372	238,715
Additions:				
by purchase	486,299	8,506	-	494,805
Revaluations and impairments through equity	-	-	-	-
Depreciation/amortisation expense	(38,993)	(19,546)	(372)	(58,911)
Disposals:				
Other disposals	(17,578)	(11,935)	-	(29,513)
Net book value 30 June 2008	498,550	146,546	-	645,096
Net book value as of 30 June 2008 represented by:				
Gross book value	569,302	1,069,831	28,828	1,667,961
Accumulated depreciation/amortisation and impairment	(70,752)	(923,285)	(28,828)	(1,022,865)
	498,550	146,546	-	645,096

Note 6B: Analysis of property, plant and equipment and intangibles

TABLE B – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

Item	Infrastructure, plant and equipment \$	Library Collection \$	Intangibles \$	Total \$
As at 1 July 2006				
Gross book value	210,434	901,175	95,188	1,206,797
Accumulated depreciation/amortisation and impairment	(86,344)	-	(72,443)	(158,787)
Net book value 1 July 2006	124,090	901,175	22,745	1,048,010
Additions:				
by purchase	17,849	12,744	-	30,593
Revaluations and impairments through equity	-	(662,152)	-	(662,152)
Depreciation/amortisation expense	(59,384)	(82,246)	(12,552)	(154,182)
Disposals:				
From disposal of entities or operations (including restructuring)	-	-	-	-
Other disposals	(13,733)	-	(9,821)	(23,554)
Net book value 30 June 2007	68,822	169,521	372	238,715
Net book value as of 30 June 2007 represented by:				
Gross book value	190,344	1,254,796	59,736	1,504,876
Accumulated depreciation/amortisation and impairment	(121,522)	(1,085,275)	(59,364)	(1,266,161)
	68,822	169,521	372	238,715

	2008	2007
	\$	\$
Note 6C: Other non-financial assets		
Prepayments	211,012	217,802
Total other non-financial assets	211,012	217,802

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

Note 7: Payables

	2008	2007
	\$	\$
Note 7A: Suppliers		
Trade creditors	512,949	332,943
Accrued expenses	583,889	285,587
Total supplier payables	1,096,838	618,530

All suppliers payable are current. Settlement is usually made net 30 days.

Note 7B: Other payables

Unearned income	550,613	904,485
Total other payables	550,613	904,485

All other payables are current liabilities.

Note 8: Provisions

	2008	2007
	\$	\$
Note 8A: Employee provisions		
Salaries and wages	49,443	27,987
Leave	693,674	776,581
Superannuation	7,565	4,315
Separations and redundancies	8,000	-
Other	72,340	54,900
Total employee provisions	831,022	863,783
Employee provisions are represented by:		
Current	663,522	639,639
Non-current	167,500	224,144
Total employee provisions	831,022	863,783

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date are \$453,052 (2007: \$464,102), and in excess of one year \$377,970 (2007: \$399,681)

Note 9: Cash flow reconciliation

	2008	2007
	\$	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	3,726,628	3,957,885
Balance Sheet	3,726,628	3,957,885
Difference	-	-
Reconciliation of operating result to net cash from operating activities:		
Operating result	(340,714)	33,375
Depreciation /amortisation	58,911	154,182
Loss on disposal of assets	14,956	9,224
(Increase) / decrease in net receivables	417,373	(281,898)
(Increase) / decrease in prepayments	6,790	79,131
Increase / (decrease) in employee provisions	(32,761)	54,201
Increase / (decrease) in supplier payables	478,308	461,226
Increase / (decrease) in prepayments received	(353,872)	(607,780)
Net cash from / (used by) operating activities	248,991	(98,339)

Note 10: Contingent Liabilities and Assets

There were no contingencies at 30 June 2008 or 30 June 2007.

There were no unquantifiable contingencies at 30 June 2008 or 30 June 2007.

Note 11: Directors Remuneration

	2008	2007
The number of directors of the AIC included in these figures are shown below in the relevant remuneration bands:		
\$ Nil - \$ 14,999	7	7
\$ 30,000 - \$ 44,999	1	-
\$ 270,000 - \$ 284,999	1	1
Total number of directors of the Authority	9	8
Total remuneration received or due and receivable by directors of the AIC.	309,245	298,334

The directors of the AIC are appointed as per Section 9 of the *Criminology Research Act 1971* and shall consist of the Director, three members appointed by the Attorney-General and four members appointed by the Criminology Research Council.

Note 12: Related Party Disclosures

Directors of the AIC

The Board of Management during the year were:

Professor Richard Fox (Chair), Monash University, Victoria	
Dr Toni Makkai (AIC Director), Australian Institute of Criminology	(to 02.5.08)
Mr Tony Marks (AIC Acting Director), Australian Institute of Criminology	(from 03.5.08)
Mr Nigel Hadgkiss APM, Australian Building and Construction Commission, Commonwealth	
Dr Dianne Heriot, Attorney-General's Department, Commonwealth	
Mr Richard Coates, Department of Justice, Northern Territory	
Mr Terrence Ryan, Department of Justice and Attorney General, Queensland	
Ms Renee Leon, Department of Justice and Community Safety, Australian Capital Territory	(from 10.4.08)
Mr Norman Reaburn, Legal Aid Commission of Tasmania	(from 10.4.08)

Membership of the Board of Management of the AIC comprises the director of the AIC, three members nominated by the Commonwealth Attorney-General and four members nominated by the Criminology Research Council (CRC).

The AIC advises the CRC in relation to criminological research and provides secretariat and administrative services (for which the AIC receives \$100,000). The AIC also provides advice and assistance in relation to any research funded wholly or partly by the CRC. The total amount paid to the AIC for these services are \$39,850.

The aggregate remuneration of Directors is disclosed in Note 11.

Note 13: Executive Remuneration

The executive remuneration includes all senior executive concerned with or taking part in the management of the AIC during 2007-08 except the Director. Details in relation to the Director have been incorporated into Note 11.

	2008	2007
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more are shown below in the relevant remuneration bands:		
\$ 160,000 - \$ 174,999	2	-
Total	<u>2</u>	<u>-</u>
The aggregate amount of total remuneration of senior executives shown above.	329,746	-

Note 14: Remuneration of Auditors

Financial statement audit services are provided to the AIC by the Auditor General.

	2008	2007
	\$	\$
The fair value of the services provided was:	<u>29,000</u>	<u>23,550</u>
	<u>29,000</u>	<u>23,550</u>

No other services were provided by the Auditor-General.

Note 15: Financial Instruments

	2008	2007
	\$	\$
Note 15A: Categories of financial instruments		
Financial assets		
Loans and receivables		
Cash at bank	3,726,628	3,957,885
Receivables for goods and services	266,469	717,563
Interest Receivable	17,188	13,435
Carrying amount of financial assets	4,010,285	4,688,883
Financial liabilities		
Other Financial Liabilities		
Trade creditors	512,949	332,943
Accrued Expenses	583,889	285,587
Carrying amount of financial liabilities	1,096,838	618,530
Note 15B: Net income and expense from financial assets		
Loans and receivables		
Interest revenue (see note 3C)	298,843	322,004
Net gain loans and receivables	298,843	322,004
Net gain from financial assets	298,843	322,004

Note 15C: Net income and expense from financial liabilities

The AIC does not have any income or expenses from financial liabilities.

Note 15D: Fair value of financial instruments

The carrying amount of all financial assets and liabilities is a reasonable approximation of fair value.

Note 15E: Credit Risk

The AIC is exposed to minimal credit risk as the majority of loans and receivables are cash, trade receivables or amounts owed by the Australian Tax Office in the form of a Goods and Services Tax refund. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2008: \$283,657 and 2007: \$701,030). The AIC has assessed the risk of the default on payment and has not made an allowance for this as all debts are expected to be recovered in full.

The AIC manages its credit risk by entering into contracts with parties and by having progressive milestone payments. In addition, the AIC has policies and procedures that guide employees in debt recovery techniques that are to be applied.

The AIC has no significant exposures to any concentrations of credit risk.

The AIC holds no collateral to mitigate against credit risk.

Credit risk of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired 2008	Not Past Due Nor Impaired 2007	Past due but not impaired 2008	Past due but not impaired 2007
Cash at bank	3,726,628	3,957,885	-	-
Receivables for Goods and Services	162,801	651,295	103,668	66,268
Interest Receivable	17,188	13,435	-	-
Total	3,906,617	4,622,615	103,668	66,268

Ageing of financial assets that are past due but not impaired for 2008:

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
Receivables for Goods and Services	3,308	33,550	26,004	40,806	103,668
Total	3,308	33,550	26,004	40,806	103,668

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
Receivables for Goods and Services	-	-	-	66,268	66,268
Total	-	-	-	66,268	66,268

The AIC has no impaired financial assets.

Note 15F: Liquidity risk

The AIC's financial liabilities are payables only. The exposure to liquidity risk is based on the notion that the AIC will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The AIC is appropriated funding from the Australian Government, with some funding generated through the provision of services. The Authority manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the AIC has policies in place to ensure payments are made when due and has no past experience of default. Trade creditors are paid on demand.

Note 15G: Market risk

The AIC holds basic financial instruments that do not expose it to certain market risks. The AIC is not exposed to 'currency risk' or 'other price risk'.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The AIC is exposed to interest rate risk primarily from loans and receivables.

The following table is a sensitivity analysis of the risk that the AIC entity is exposed to:

Sensitivity analysis for financial year ended 30 June 2008

	Risk variable	Change in risk variable	Effect on	
			Profit and loss 2008	Equity 2008
Interest rate risk	Interest	0.50%	18,633	18,633

Sensitivity analysis for financial year ended 30 June 2007

	Risk variable	Change in risk variable	Effect on	
			Profit and loss 2007	Equity 2007
Interest rate risk	Interest	0.50%	19,789	19,789

Note 16: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations.

Particulars	Departmental Outputs		Total	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	-
Appropriation Act:				
Appropriation Act (No.1) 2007-08	7,250,000	5,329,000	7,250,000	5,329,000
Appropriation Act (No.3)	467,000	-	467,000	-
Total appropriation available for payments	7,717,000	5,329,000	7,717,000	5,329,000
Cash draw-downs made during the year (GST inclusive)	7,717,000	5,329,000	7,717,000	5,329,000
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:				
Cash at bank and on hand	-	-	-	-
Departmental appropriations receivable	-	-	-	-
Total	-	-	-	-

Note 17: Compensation and Debt Relief

No payments were made for compensation or debt relief during 2007-08 (2006-07 no payments made).

Note 18: Assets Held in Trust

The AIC is trustee of funds held in a trust account on behalf of the Australian Crime and Violence Prevention Awards. These are designed to reward good practice in the prevention or reduction of violence and other types of crimes in Australia and encourage local public initiatives at the grass roots level and to assist governments identify and develop practical projects that will reduce violence and other types of crime in the community. These monies are not available for other purposes of the AIC and are not recognised in the financial statements.

	2008	2007
	\$	\$
Australian Crime and Violence Prevention Awards Trust Account		
Opening Balance	61,717	65,944
Receipts during the year	179,749	122,532
Interest received	5,640	3,596
Available for payments	<u>247,106</u>	<u>192,072</u>
Payments made	<u>(95,593)</u>	<u>(130,355)</u>
Closing Balance	<u><u>151,513</u></u>	<u><u>61,717</u></u>

Note 19: Reporting of Outcomes

Note 19A: Outcomes of the AIC

The AIC is structured to meet one outcome:

Outcome 1: To inform Government of activities which aim to promote justice and reduce crime.

There are two Outputs identified for the Outcome:

Output 1.1: Policy advice and publications

Output 1.2: Library, information and reference services to support policy advice and publications

Note 19B: Net Cost of Outcome Delivery

	Outcome I		Total	
	2008	2007	2008	2007
	\$	\$	\$	\$
Expenses				
Departmental	10,379,949	8,556,995	10,379,949	8,556,995
Total expenses	10,379,949	8,556,995	10,379,949	8,556,995
Other external revenues				
Departmental				
Sale of goods and services	1,936,266	2,885,768	1,936,266	2,885,768
Interest	298,843	322,004	298,843	322,004
Royalties	79,052	50,257	79,052	50,257
Other	8,074	3,341	8,074	3,341
Total other external revenues	2,322,235	3,261,370	2,322,235	3,261,370
Net cost/(contribution) of outcome	8,057,714	5,295,625	8,057,714	5,295,625

Outcome I is described in note 19A. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Note 19C: Departmental Revenues and Expenses by Outputs

Outcome 1	Outcome 1						Total			
	Output 1.1			Output 1.2			2008		2007	
	2008	2007	\$	2008	2007	\$	2008	2007	\$	\$
Departmental expenses										
Employee benefits	4,528,971	3,634,539		344,821	495,071		4,873,792	4,129,610		
Suppliers	5,219,156	4,113,426		150,134	107,553		5,369,290	4,220,979		
Grants	63,000	43,000		-	-		63,000	43,000		
Depreciation and amortisation	58,911	154,182		-	-		58,911	154,182		
Losses from asset sales	14,956	9,224		-	-		14,956	9,224		
Total departmental expenses	9,884,994	7,954,371		494,955	602,624		10,379,949	8,556,995		
Funded by:										
Revenue from Government	7,265,700	4,624,017		451,300	704,983		7,717,000	5,329,000		
Sale of goods and rendering of services	1,933,255	2,879,500		3,011	6,268		1,936,266	2,885,768		
Interest	298,843	322,004		-	-		298,843	322,004		
Royalties	44,211	22,876		34,841	27,381		79,052	50,257		
Other revenue	8,074	3,341		-	-		8,074	3,341		
Total departmental revenues	9,550,083	7,851,738		489,152	738,632		10,039,235	8,590,370		

Outcome 1 is described in note 19A. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.