



Financial Statements

Key Financial Data

Statement of Financial Performance	2001 - 02 (\$000)
Total Revenue	880,444
Total Expenses	882,772
Increase in Net Assets	11,619

Statement of Financial Position	2001 - 02 (\$000)
Total Assets	727,796
Total Liabilities	117,399
Equity	610,397

In 2001-02, the Service delivered its departmental outputs at a cost of approximately \$883 million. The cost of the Corporate Support output is proportionally spread, for the purposes of determining the cost of each deliverable.



The Service is funded primarily by appropriation from Government. User charges represent 1.5% of total revenue and include payment for special services by police (\$8.1 million), fees for access to the Service's information (\$1 million) and the sale of other goods and services (\$3.5 million).

Employee expenses remain the major cost of the Service, comprising 78% of the Service's total expenses from ordinary activities. This expense item has increased 7.4% from the previous year, as a result of the increasing number of police employed and salary increases.

For the financial year 2001-02 the Service has reported a small deficit, which is a result of a software licence prepayment. This deficit was approved by the Cabinet Budget Review Committee, and represents less than 0.2% of the Service's total revenue.

Growth in property, plant and equipment of approximately \$40 million, is a measure of the Government's continued investment in the Service's infrastructure.

The Service was required to borrow \$14.6M this financial year, to fund the Service's capital program, as approved by CBRC. The Government has established a Government Debt Pool to manage departmental borrowing with the aims of centralising management of departments' debt funding arrangements and of achieving the lowest possible cost of funds for whole-of-Government.

The provision of security for the Commonwealth Heads of Government Meeting in March 2002 was funded through a grant of \$20.025M. These funds provided for shift penalties, travelling expenses and accommodation for the police involved, and the purchase of specialised equipment.

Financial Statements

The Service's Annual Financial Statements are included in this Annual Report and describe the financial position of the Service as at 30 June 2002.

While the Service maintains a much broader range of financial information to support its various management functions, the four statements included in this report provide a summary of the Service's overall financial position and performance.

Statement of Financial Performance

The Statement of Financial Performance matches revenue against expenses.

Statement of Financial Position

The Statement of Financial Position matches assets against liabilities and provides a measure of equity.

Cash Flow Statement

The Cash Flow Statement provides a record of cash entering and leaving the Service's accounts during the 2001-02 financial year.

Statement of Outputs/Major Activities

The Statement of Outputs/Major Activities is completed in line with the Managing for Outcomes framework. The Statement of Outputs/Major Activities describes the allocation of expenses and revenues across the Service's first six outputs. The outputs describe the core policing services purchased each year by the Government and totals can be reconciled to the Service's Statements of Financial Performance and Position.

A number of notes are included with the Service's Annual Financial Statements to comply with legislative and regulatory obligations and to assist in the interpretation of the Statements. The Statements should be read in conjunction with the relevant notes.

Department of Police Service
Statement of Financial Performance
for the year ended 30 June 2002

	<i>Notes</i>	<i>2002</i> \$000	<i>2001</i> \$000
Revenue from ordinary activities			
Output revenue	1	828,504	782,828
User charges	2	12,924	12,364
Grants and other contributions	3	32,160	13,422
Other revenues	4	6,856	19,041
Total Revenue from ordinary activities		880,444	827,655
Expenses from ordinary activities			
Employee expenses	5	686,990	639,494
Supplies and services	6	115,009	104,951
Equity return expense	7	35,846	32,452
Depreciation and amortisation	8	31,817	24,631
Grants and subsidies	9	884	394
Other	10	12,146	14,228
Total expenses from ordinary activities excluding borrowing costs		882,692	816,150
Borrowing costs expense		80	-
Net surplus (deficit)		(2,328)	11,505
Non-Owner transaction changes in equity			
Net increase (decrease) in asset revaluation reserve	21	7,660	18,799
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	21	(5,941)	453
Total revenues, expenses and valuation adjustments recognised directly in equity	21	1,719	19,252
Total changes in equity other than those resulting from transactions with owners as owners	21	(609)	30,757

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

Department of Police Service
Statement of Financial Position
for the year ended 30 June 2002

	<i>Notes</i>	<i>2002</i> \$000	<i>2001</i> \$000
Current assets			
Cash assets	11	9,436	3,827
Receivables	12	13,873	19,319
Inventories	13	2,779	2,853
Other	14	2,074	4,298
Total current assets		28,162	30,297
Non-current assets			
Intangibles	15	8,757	8,086
Property, plant and equipment	16	690,877	651,119
Total non-current assets		699,634	659,205
Total assets		727,796	689,502
Current liabilities			
Payables	17	32,982	26,386
Interest-bearing liabilities	18	1,039	-
Provisions	19	68,673	63,098
Other	20	1,091	1,240
Total current liabilities		103,785	90,724
Non-current liabilities			
Interest-bearing liabilities	18	13,614	-
Total non-current liabilities		13,614	-
Total liabilities		117,399	90,724
Net assets		610,397	598,778
Equity			
Contributed equity	21	160,265	148,037
Retained surpluses		405,043	413,312
Reserves:			
- Asset revaluation reserve		45,089	37,429
Total equity		610,397	598,778

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

Department of Police Service
Statement of Cash Flows
for the year ended 30 June 2002

	<i>Notes</i>	2002 \$000	2001 \$000
Cash flows from operating activities			
<i>Inflows:</i>			
Output receipts		827,155	782,932
User charges		12,802	12,061
Grants and other contributions		22,773	3,461
GST collected on sales		4,750	4,563
Net GST input tax credits received / remitted		15,416	9,268
Interest received		695	457
Other		5,022	17,580
<i>Outflows:</i>			
Employee costs		682,190	634,665
Supplies and services		104,330	99,759
Grants and subsidies		786	393
Interest and other costs of finance		72	-
Equity return		35,515	32,452
Insurance premiums		1,913	-
GST paid on purchases		19,514	16,193
Other		7,142	6,207
Net cash provided by (used in) operating activities	22	37,151	40,653
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		25,880	25,885
<i>Outflows:</i>			
Payments for property, plant and equipment		88,068	84,696
Software development expenditure		4,233	3,578
Net cash provided by (used in) investing activities		(66,421)	(62,389)
Cash flows from financing activities			
<i>Inflows:</i>			
Borrowings		14,653	-
Equity injections		20,226	21,906
Net cash provided by (used in) financing activities		34,879	21,906
Net increase (decrease) in cash held		5,609	170
Cash at beginning of financial year		3,827	3,657
Cash at end of financial year	11	9,436	3,827
Non-cash financing and investing activities	23	73	371

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

Department of Police Service

Statement of Outputs / Major Activities - Controlled Expenses and Revenues

for the year ended 30 June 2002

	General duty - Proactive problem-oriented policing		General duty - Crime detection, investigation and prosecution		Combating major and organised crime	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Revenues from Ordinary Activities						
Output revenue	180,245	177,936	186,628	173,200	195,585	186,731
User charges	2,860	2,858	3,067	2,834	3,163	3,029
Grants and other contributions	7,351	3,103	6,912	2,929	7,659	3,212
Other	1,549	3,892	1,520	3,656	1,616	6,355
Total revenues from ordinary activities	192,005	187,789	198,127	182,619	208,023	199,327
Expenses from ordinary activities						
Revaluation decrement		-		-		-
Employee expenses	150,446	146,252	154,602	140,433	162,804	154,822
Supplies and services	24,495	23,067	26,166	24,353	26,971	25,135
Equity return expense	7,799	7,376	8,075	7,180	8,462	7,741
Depreciation and amortisation	6,766	5,338	6,934	5,278	7,309	5,643
Grants and subsidies	357	253	131	39	149	45
Other	2,648	2,896	2,744	2,941	2,876	3,099
Total expenses from ordinary activities	192,511	185,182	198,652	180,224	208,571	196,485
Net Surplus (Loss)	(506)	2,607	(525)	2,395	(548)	2,842
Non-owner transaction changes in equity						
Net increase (decrease) in asset revaluation reserve	1,619		1,755		1,795	
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	(1,292)		(1,338)		(1,403)	
Total revenues, expenses and valuation adjustments recognised directly in equity	327		417		392	
Total changes in equity other than those resulting from transactions with owners as owners	(179)		(108)		(156)	

The above statement of Outputs/Major Activities - Controlled expenses and revenues should be read in conjunction with the accompanying notes.

Department of Police Service

Statement of Outputs / Major Activities - Controlled Expenses and Revenues

for the year ended 30 June 2002

	Preservation of public safety		Traffic policing, speed management and camera operations		Ethical standards and public accountability	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Revenues from Ordinary Activities						
Output revenue	102,200	104,879	141,281	119,829	22,565	20,253
User charges	1,558	1,647	2,141	1,838	135	158
Grants and other contributions	4,029	1,808	5,524	2,050	685	320
Other	890	2,255	1,169	2,574	112	309
Total revenues from ordinary activities	108,677	110,589	150,115	126,291	23,497	21,040
Expenses from ordinary activities						
Revaluation decrement		-		-		-
Employee expenses	84,888	85,948	115,603	96,052	18,647	15,987
Supplies and services	14,193	13,883	20,260	16,635	2,924	3,001
Equity return expense	4,422	4,348	6,112	4,967	976	840
Depreciation and amortisation	3,871	3,190	6,113	4,469	824	713
Grants and subsidies	136	26	108	29	3	2
Other	1,453	1,663	2,317	2,316	188	190
Total expenses from ordinary activities	108,963	109,058	150,513	124,468	23,562	20,733
Net Surplus (Loss)	(286)	1,531	(398)	1,823	(65)	307
Non-owner transaction changes in equity						
Net increase (decrease) in asset revaluation reserve	935		1,296		260	
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	(733)		(1,013)		(162)	
Total revenues, expenses and valuation adjustments recognised directly in equity	202		283		98	
Total changes in equity other than those resulting from transactions with owners as owners	(84)		(115)		(33)	

Department of Police Service
Statement of Outputs / Major Activities - Controlled Expenses and Revenues
for the year ended 30 June 2002

	Total	
	2002	2001
	\$000	\$000
Revenues from Ordinary Activities		
Output revenue	828,504	782,828
User charges	12,924	12,364
Grants and other contributions	32,160	13,422
Other	6,856	19,041
Total revenues from ordinary activities	880,444	827,655
Expenses from ordinary activities		
Revaluation decrement		-
Employee expenses	686,990	639,494
Supplies and services	115,009	106,074
Equity return expense	35,846	32,452
Depreciation and amortisation	31,817	24,631
Grants and subsidies	884	394
Other	12,226	13,105
Total expenses from ordinary activities	882,772	816,150
Net Surplus (Loss)	(2,328)	11,505
Non-owner transaction changes in equity		
Net increase (decrease) in asset revaluation reserve	7,660	
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	(5,941)	
Total revenues, expenses and valuation adjustments recognised directly in equity	1,719	
Total changes in equity other than those resulting from transactions with owners as owners	(609)	

Objectives of the Department

The mission of the Department is to serve the people of Queensland by protecting life and property, preserving peace and safety, preventing crime and upholding the law in a manner which has regard for the public good and the rights of the individual.

The Department is predominantly funded by parliamentary appropriations. On a fee for service basis it provides special services, which include, heavy vehicle road escorts, traffic supervision at road works and security services at large sporting events.

Summary of Significant Accounting Policies

The significant policies that have been adopted in the preparation of the financial statements are:

(a) Basis of Accounting

The financial statements are a general purpose financial report that have been prepared in accordance with applicable Australian Accounting Standards, the *Treasurer's Minimum Reporting Requirements for Departmental Financial Statements for 2001-02* and other authoritative pronouncements.

Except where stated, the financial statements have been prepared in accordance with the historical cost convention.

The accounting policies adopted are consistent with those of the previous year.

The accrual basis of accounting has been adopted for both controlled transactions and balances and those administered on a whole-of-Government basis.

(b) The Reporting Entity

The financial statements include the value of all assets, liabilities, equities, revenues and expenses of the department.

The outputs/major activities undertaken by the department are disclosed in paragraph (v).

(c) Administered Transactions and Balances

The department administers, but does not control, certain resources on behalf of the Government as a whole. In doing so, it is accountable for the transactions involving such administered items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Administered transactions and balances are disclosed in aggregate only in Note 28.

(d) Trust and Agency Transactions

The department administers certain transactions and balances in a fiduciary capacity on behalf of one other organisation and also undertakes certain agency transactions.

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows, but are identified in Notes 29 and 30 respectively.

(e) User Charges and Services Rendered

User charges and fees for services rendered, which are controlled by the Department, are recognised as revenues. User charges and fees for services rendered are recognised as controlled by the Department when they can be deployed for the achievement of departmental objectives.

Taxes, fees and fines collected but not controlled by the Department are reported as administered revenue. Refer Note 28.

(f) Grants and other Contributions

Grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them. Where non-reciprocal contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature and amounts of those undischarged conditions are disclosed.

Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributions of assets are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if they had not been donated.

(g) Output Revenue/Administered Item Revenue

Appropriation payments to the department were based on the value of the outputs that it delivered in the year and are recognised as revenue when they are received. Amounts appropriated to the department for transfer to other entities in accordance with legislation or other requirements are not controlled by the department and such amounts are reported as administered transactions.

(h) Cash Assets

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are convertible readily to cash on hand at the department's option and that are subject to a low risk of changes in value.

(i) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts have been written off at 30 June.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

Net realisable value is determined on the basis of the department's normal selling pattern.

(k) Acquisition of Assets

Actual cost is used for the initial recording of all acquisitions of assets controlled and administered by the department unless these have been received as a result of a machinery-of-Government restructure.

In the latter case, the assets are recognised at their gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation offset.

Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition in accordance with *AAS 21 – Acquisition of Assets*.

Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

(l) Property, Plant and Equipment

All items of property, plant and equipment, except intangibles, with a cost or other value in excess of \$1,000 are recognised in the financial statements in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

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

Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation is calculated on a straight-line basis so as to write off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the department.

Work-in-Progress is not depreciated until it has reached service delivery capacity.

The department is in the process of reviewing assets to identify separately identifiable components subject to regular replacement. Where identified these assets will be split into separately identifiable components that are subject to regular replacement, these components will be assigned lives distinct from the assets to which they relate.

Any expenditure that increases the originally assessed capacity or service potential of an asset will be capitalised and the new depreciable amount depreciated over the remaining useful life to the department.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the department or the unexpired period of the lease, whichever is the shorter.

(m) Amortisation and Depreciation of Intangibles, Property, Plant and Equipment continued

For each class of depreciable asset the following depreciation rates were used:

Intangibles ***Useful Lives***

Internal use software 4 - 8 years

Class of Property, Plant & Equipment ***Useful Lives***

Buildings	5 - 130 years
Leasehold improvements	1.5 - 31 years
Aircraft	10 - 12 years
Computing equipment	2 - 7 years
Motor vehicles	1 - 10 years
Vessels	2 - 15 years
Plant and equipment	5 - 30 years
Office equipment	3 - 40 years
Radio equipment	7 years

(n) Revaluations of Property, Plant and Equipment

From 1 July 2001, land and buildings assets are measured at fair value in accordance with *AASB 1041 Revaluation of Non-Current Assets* and *Queensland Treasury's Non-Current Asset Accounting Guidelines for the Queensland Public Sector*.

All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis. The department commenced a five year program of progressive comprehensive revaluation of land and buildings during 2001-2002. This revaluation is being carried out by the Department of Natural Resources and Mines. The valuation date used by the Department of Natural Resources and Mines is 1 June 2002, the valuation will be applied by the department from 30 June 2002.

Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

(o) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases under which the lessor retains substantially all risks and benefits.

There were no finance leases held by the department as at 30 June 2002.

Operating lease payments are representative of the patterns of benefits derived from the leased assets and expensed in the periods in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and the reduction of the liability.

Non-cancellable operating lease commitments are disclosed in Note 24.

(p) Intangibles

All intangible assets with a cost or other value greater than \$50,000 are recognised in the financial statements, items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life to the department, less any anticipated residual value.

Internal Use Software

Costs associated with the development of computer software are capitalised and amortised on a straight-line basis over the period of expected benefit to the department.

(q) Payables

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

(r) Interest-Bearing Liabilities

Loans payable are recognised at the face value of the principal outstanding, interest being expensed or otherwise recognised as it accrues. The fair value of these loans is disclosed in Note 27.

(s) Employee Entitlements

Wages, Salaries and Annual Leave

Wages, salaries and annual leave due but unpaid at reporting date recognised in the Statement of Financial Position include related on-costs such as payroll tax, workcover premiums and employer superannuation contributions.

Long Service Leave

Under the State Government's long service leave scheme a levy is made on the department to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to *AAS 31 – Financial Reporting by Government*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees at rates determined by the State Actuary.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to *AAS 31 - Financial Reporting by Governments*.

(t) Taxation

The department's activities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). As such, input tax credits receivable and GST payable from/to the Australian Tax Office are recognised and accrued.

(u) Allocation of Overheads to Departmental Activities

The Queensland Police Service has the necessary information systems to allocate overhead items to its controlled outputs/activities as shown in the Statement of Financial Performance by Outputs/Major Activities.

(v) Outputs/Major Activities of the Department

The identity and purpose of the outputs/major activities undertaken by the department during the year is summarised below. Corporate Services expenditure is allocated across the outputs/major activities as it is incurred.

· General Duty – Proactive, Problem-Oriented Policing

This output places an increasing emphasis on the importance of addressing the causes of crime – not just the symptoms. Strategies for addressing the causes of crime are multifaceted, frequently involving the community both in their development and implementation.

· General Duty – Crime Detection, Investigation and Prosecution

This output involves effectively managing and responding to calls for service from the community through the allocation of human resources and the provision of supporting infrastructure, operational equipment and training necessary for general duties policing.

· Preservation of Public Safety

The preservation of public safety during civil disturbance or crisis and special events is a key responsibility of the Queensland Police Service. The provision of effective policing responses minimises the risks to personal and public safety and contributes to the development of safer, more supportive communities.

· Combating Major and Organised Crime

This output involves the more detailed investigations of offences or groups of offences by specialists in criminal investigation.

· Traffic Policing, Speed Management and Camera Operations

This output covers the regulation and control of traffic in Queensland with the aim of improving the safety of all road users.

· Ethical Standards and Public Accountability

This output addresses the Queensland Police Service's obligation to ensure that services are provided in an ethical and accountable manner by minimising the risk of corruption and maintaining the highest standards.

(w) Insurance

The department's non-current physical assets and other risks are largely insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. The department has privately insured its motor vehicles and its pilots.

In addition, the department pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

(x) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero.

Where applicable, comparatives have been adjusted to agree with changes in presentation in the financial statements for the current reporting period.

(y) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be reliably measured. Where this is the case, an equal amount is recognised as revenue and as an expense.

(z) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the department's outstanding borrowings during the year, in this case 6.34% (2001: n/a).

Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, ancillary administration charges and performance dividend on Queensland Treasury Corporation borrowings.

(aa) Change in Accounting Policy

(1) In accordance with the Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*, the department applied *AASB1041 Revaluation of Non-Current Assets* from 1 July 2001.

As a result of applying AASB 1041:

- assets within the Aircraft and Vessels classes, which were recorded at valuation as at 30 June 2001, were deemed to be at cost;
- the fair value basis of measurement was adopted for assets in the Land and Building classes.

(2) Trust Monies - exhibit and found money held by the Queensland Police Service were previously reported as administered cash offset by an administered payable. A detailed review as to the nature of the money determined it was of a trust nature and therefore \$3.274M (2001: \$1.989M) has been excluded from the Administered note (note 28) and included in trust monies in note 29.

(3) Commitments - capital commitments for the purchase of motor vehicles have not previously been disclosed in the financial statements. Improvements in data collection processes have identified \$12.401M of capital commitments for the purchase of motor vehicles for inclusion in this year's figures. No adjustment has been made to prior year figures as the value of motor vehicle commitments for the prior year is not readily available.

(4) Accounts receivable - during 2001-02 the Queensland Police Service began recording the sale of its motor vehicles by raising an invoice in the accounts receivable module of SAP. This change was adopted to comply with the GST legislation and to facilitate the recording of individual motor vehicles in the fixed assets system. There is an amount of \$0.851M (2001: \$0) in accounts receivable that relates to motor vehicles sold.

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002 \$000	2001 \$000
1. Reconciliation of Payments from Consolidated Fund and Output Revenue Recognised in Statement of Financial Performance		
Budgeted output appropriation	833,297	776,611
plus/less transfers from/to other headings	(6,142)	-
plus supplementary appropriations *	-	6,321
Total output receipts	827,155	782,932
less opening balance or output revenue receivable	-	(104)
plus closing balance of output revenue receivable	1,349	-
Output revenue recognised in Statement of Financial Performance	828,504	782,828

* Supplementary appropriation mainly relates to additional funding for employer superannuation contributions.

Reconciliation of Payments from Consolidated Fund and Equity Adjustment Recognised in Contributed Equity

Budgeted equity adjustment appropriation	937	20,631
plus/less transfers from/to other headings	6,142	-
plus supplementary appropriations#	13,149	1,275
Total equity adjustment receipts (payments)	20,228	21,906
less opening balance of equity adjustment receivable	(8,000)	(5,745)
plus closing balance of equity adjustment receivable	-	8,000
	12,228	24,161
plus opening balance of equity withdrawal payable	-	2,594
less closing balance of equity withdrawal payable	-	-
Equity adjustment recognised in Contributed Equity	12,228	26,755

Supplementary includes additional transfers from operating to equity.

2. User Charges

Special services	8,128	7,166
Traffic incident reporting system	1,010	803
Rental of government property	306	310
Sale of other goods and services	3,480	4,085
	12,924	12,364

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002	2001
	\$000	\$000
3. Grants and Other Contributions		
Grants*	23,177	4,482
Resources received free of charge or for nominal value	8,972	8,700
Industry contributions	11	240
	32,160	13,422

* Included in grants are contributions of (\$0.944M) for the National Campaign against Drug Abuse, (\$0.515M) for the Community Housing Renewal Project, and (\$20.025M) for the Commonwealth Heads of Government Meeting (CHOGM).

4. Other Revenues

Taxes, fees and fines	72	125
Interest	588	616
Salary related and other reimbursements	4,049	16,747
Gain on sale of property, plant and equipment	1,384	666
Sale of plant and equipment (non-assets)	6	510
Assets not previously recognised	757	377
	6,856	19,041

5. Employee Expenses/Number of Employees/Chief Executive's Remuneration

Employee Expenses

Wages and salaries	557,862	519,426
Employer superannuation contributions	74,953	70,283
Long service leave levy	8,348	7,765
Payroll tax	30,646	29,246
Workers compensation premium	13,723	11,552
Other related expenses	1,458	1,222
	686,990	639,494

Number of Employees

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.	11,510	11,063
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Chief Executive's Remuneration

The chief executive of the department is in the CEO3 level with a salary package as outlined below.

<i>Level</i>	<i>Salary package per annum</i>	
	<i>Min \$</i>	<i>Max \$</i>
CEO3	200,866	217,420

The Chief Executive is not eligible for a performance bonus as this was removed from the employment contract upon request from the CEO.

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002	2001
	\$000	\$000
6. Supplies and Services		
Consultants and contractors	3,419	1,425
Materials	24,899	25,806
Repairs and maintenance	24,528	21,999
Transfer costs	4,280	4,335
Travel	10,966	6,945
Communications	18,870	16,273
Accommodation and public utilities	8,388	8,132
Resources received below fair value	7,457	7,233
Contributions to national/state agencies	1,895	1,755
Training fees - courses/membership	1,238	1,359
Other	9,069	9,689
	115,009	104,951
7. Equity Return Expense		
The Queensland Government has set an equity return rate of 6% for 2001-02 (6% in 2000-2001). This represents the opportunity cost of capital invested in the net assets of the department. The return is calculated on a pro-rata basis using the opening net asset position of the department for each quarter, plus or minus equity injections or withdrawals.		
	35,846	32,452
	35,846	32,452
8. Depreciation and Amortisation		
Buildings	7,815	6,647
Aircraft	1,139	(3,077)
Vessels	837	102
Computing equipment	6,247	6,969
Motor vehicles	5,388	6,410
Plant and equipment (general)	2,527	2,270
Radio equipment	4,063	3,171
Office equipment	1,713	1,409
Leasehold improvements	783	(366)
Internal use software	1,305	1,096
	31,817	24,631
9. Grants and Subsidies		
Queensland Police-Citizens' Youth Welfare Association	320	270
Queensland Blue Light Association Inc.	64	25
Community policing grant - various local authorities	259	62
Policing grants - various community groups	241	37
	884	394

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002	2001
	\$000	\$000
10. Other Expenses		
Insurance	1,926	1,123
External audit fees	257	143
Property, plant and equipment write-offs and decrement	720	2,664
Inventory write-offs	23	(3)
Bad and doubtful debts	37	179
Operating lease rentals and rental of premises	5,451	5,037
Losses from disposal of non-current assets	1,496	3,329
Losses:		
Special payments:		
- Ex-gratia payments	804	82
- Spouse payments	178	177
Other	1,254	1,497
	12,146	14,228
11. Cash Assets		
Cash on hand	184	168
Cash at bank	9,252	3,659
	9,436	3,827
12. Receivables		
<i>Current</i>		
Trade debtors	4,582	3,362
less: provision for doubtful debts	(224)	(257)
	4,358	3,105
GST receivable	3,569	3,830
less: GST payable	(564)	(580)
	3,005	3,250
Interest receivable	52	159
Long service leave reimbursements	2,067	1,763
Advances	3,042	3,042
Appropriation receivable	1,349	-
Equity injection receivable	-	8,000
	13,873	19,319

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002 \$000	2001 \$000
13. Inventories		
<i>Current</i>		
General inventories - not held for resale	2,779	2,853
	2,779	2,853
<i>Aggregate carrying amount of inventories</i>		
Current	2,779	2,853
	2,779	2,853
14. Other Current Assets		
Prepayments	1,829	3,629
Unexpended advances	-	469
Other	245	200
	2,074	4,298
15. Intangibles		
Internal use software (at cost)	9,947	7,058
less: accumulated amortisation	(3,545)	(2,242)
Internal use software work in progress (at cost)	2,355	3,270
	8,757	8,086
16. Property, Plant and Equipment		
Land (at cost)	-	6,741
Land (at independent valuation)	125,724	111,102
	125,724	117,843
Buildings (at cost)	-	72,428
Buildings (at valuation)	568,975	439,729
less: accumulated depreciation	(155,001)	(139,014)
	413,973	373,143
Aircraft (at cost)	22,904	22,464
less: accumulated depreciation	(3,050)	(1,805)
	19,854	20,659
Computing equipment (at cost)	76,409	62,365
less: accumulated depreciation	(51,832)	(50,293)
	24,577	12,072

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002	2001
	\$000	\$000
Motor vehicles (at cost)	52,150	52,102
less: accumulated depreciation	(6,300)	(6,410)
	45,849	45,692
Plant and equipment - general (at cost)	29,195	25,865
less: accumulated depreciation	(14,947)	(13,042)
	14,248	12,823
Vessels (at cost)	12,698	11,570
less: accumulated depreciation	(4,996)	(4,267)
	7,702	7,303
Radio equipment (at cost)	36,477	32,365
less: accumulated depreciation	(19,902)	(16,152)
	16,575	16,213
Leasehold improvements (at cost)	6,724	30,233
less: accumulated depreciation	(1,815)	(4,069)
	4,909	26,164
Office equipment (at cost)	11,810	14,087
less: accumulated depreciation	(6,545)	(7,234)
	5,265	6,853
Capital works in progress (at cost)	12,201	12,354
	12,201	12,354
Total Property, Plant and Equipment - net book value	690,877	651,119

Independent Valuations of land and buildings were performed as at 1 June 2002 by the Department of Natural Resources and Mines using 'fair value' principles.

The valuation of land is based on current market values. The valuation of buildings is based on depreciated current replacement cost, unless a market price in an active and liquid market exists.

Plant and equipment and leasehold improvements are valued at cost in accordance with Queensland Treasury's Non-current Assets Accounting Guidelines for the Queensland Public Sector. Refer also to Summary of Significant Accounting Policies (n).

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

16. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Aircraft	Computer Equipment	Motor Vehicles (general)	Plant and equipment
	2002	2002	2002	2002	2002	2002
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	117,843	373,143	20,659	12,072	45,692	12,823
Acquisitions	1,407	9,596	202	16,781	31,027	4,040
Assets not previously recognised	522	164	132	576	44	135
Donations received	90	20	-	11	-	7
Disposals	105	1,319	-	55	25,526	54
Donations made	5	103	-	10	-	-
Transfers between classes#	-	44,967	-	(756)	-	(176)
Revaluation increments / (decrements)	5,785	(11,291)	-	-	-	-
Correction of error*	187	6,611	-	-	-	-
Depreciation / Amortisation	-	7,815	1,139	6,247	5,388	2,527
Transfers from Intangibles	-	-	-	2,205	-	-
Carrying amount at end of year	125,724	413,973	19,854	24,577	45,849	14,248

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period.

***Correction of Errors**

Note 21 provides an explanation for the correction of errors.

#Transfer of leasehold Improvements

Subsequent to the correction of errors described in note 21, the majority of assets classified as leasehold improvements were reclassified as buildings. These departmentally controlled assets are sited on State Government land over which no lease is held by the Department of Police. The gross value of the assets transferred was \$26.296 million with accumulated depreciation of \$3.905 million.

As a result the balance of the Asset Revaluation Reserve for Leasehold Improvements of \$3.619 million was transferred to the Asset Revaluation Reserve for Buildings. This transfer is shown at a net value in the reconciliation above.

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

16. Property, Plant and Equipment - Reconciliation

	Vessels	Radio Equipment	Leasehold improvements	Office Equipment	Capital works in progress	Total
	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000
Carrying amount at start of year	7,303	16,213	26,164	6,853	12,354	651,119
Acquisitions	1,279	4,182	592	1,348	21,461	91,915
Assets not previously recognised	-	3	-	2	-	1,578
Donations received	28	32	-	14	-	202
Disposals	72	43	-	27	-	27,201
Donations made	-	9	-	1	-	128
Transfers between classes#	1	260	(21,471)	(1,211)	(21,614)	-
Revaluation increments / (decrements)	-	-	-	-	-	(5,506)
Correction of error*	-	-	407	-	-	7,205
Depreciation / Amortisation	837	4,063	783	1,713	-	30,512
Transfers from Intangibles	-	-	-	-	-	2,205
Carrying amount at end of year	7,702	16,575	4,909	5,265	12,201	690,877

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002 \$000	2001 \$000
17. Payables		
<i>Current</i>		
Long service leave levy payable	2,313	1,999
Trade creditors	19,914	15,003
Other payables	10,755	9,384
	32,982	26,386

18. Interest-bearing Liabilities

<i>Current</i>		
Queensland Treasury Corporation borrowing	1,039	-
	1,039	-
<i>Non-Current</i>		
Queensland Treasury Corporation borrowing	13,614	-
	13,614	-

No assets have been pledged as security for any liabilities

Loans are carried at face value, interest being recognised as an expense as it accrues.

All borrowings are in \$A denominated amounts. Repayments dates vary from 30.06.2002 to 5.03.2012.

Principal and interest repayments are made quarterly in arrears at a rate of 6.34%.

The market value of borrowings as notified by the Queensland Treasury Corporation was \$14,639,902.97, (2001: Nil).

This represents the value of debt if the department repaid it in full at balance date.

As it is the intention of the department to hold the debt for its full term, no adjustment provision is made in these accounts.

At 30 June 2002, the amount of approved recoverable funding from Treasury that has yet to be drawn down was \$8.0M (2001 : Nil).

The current overdraft interest rate is 6.34% (2001: N/A)

19. Provisions

<i>Current</i>		
Employee entitlements:		
- Annual leave	68,673	63,098
	68,673	63,098

20. Other Current Liabilities

Equity return payable	331	-
Unearned revenue	760	1,240
	1,091	1,240

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

21. Changes in Equity

	Retained Surpluses		Asset Revaluation Reserve		Contributed Equity	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Balance 1 July	413,312	401,354	37,429	18,630	148,037	121,026
Equity injections (Note 1)					12,228	26,755
Net leave liabilities transferred to other departments	20					
Correction of error*	(5,961)		13,166			
Increment on revaluation			(5,506)	19,252		
Transfer of Retained surplus:						
Sale of revalued assets		453		(453)		
Transactions with Owners as Owners:						
Assets Received						256
Net Surplus	(2,328)	11,505				
Balance 30 June	405,043	413,312	45,089	37,429	160,265	148,037
<u>Closing Balance of Asset Revaluation Reserve by Class:</u>			2002 \$000	2001 \$000		
Vessels			700	1,425		
Aircraft			4,579	6,095		
Land			12,666	6,134		
Buildings			27,144	21,515		
Lease improvements#			-	2,259		
Total-Asset Revaluation Reserve			45,089	37,428		

***Correction of Revalued Assets**

At the beginning of the current financial year, errors totalling \$5.961 million were identified in the calculation of the Asset Revaluation Reserves gross asset values and accumulated depreciations of some assets which had been revalued. A reconstruction process was undertaken to determine the correct values of the revalued assets for correction in the accounts.

The following corrections were made:	\$000
1. Land and buildings incorrectly capitalised in 1996 were removed from the accounts by direct adjustment to the Retained Surplus.	(1,943)
2. Land not previously recognised was added to the accounts by direct adjustment to the Retained Surplus.	42
3. An irreconcilable difference remaining after all other adjustments that was not supported by the detailed assets listing. This was adjusted directly to the Retained Surplus and asset values.	(4,060)
4. Increase in Asset Revaluation Reserve supported by the detailed reconstruction spreadsheet.	13,166
Correction of error	7,205

Further detail is recorded in the Property Plant and Equipment Reconciliation at note 16.

Transfer of Leasehold Improvements

Note 16 provides an explanation for the transfer of Leasehold improvements and its associated Asset Revaluation Reserve.

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002 \$000	2001 \$000
22. Reconciliation of Net Surplus to Net Cash Provided by (Used in) Operating Activities		
Net Surplus	(2,328)	11,505
Revaluation decrement	2	-
Depreciation expense	29,730	23,535
Amortisation expense	2,087	1,096
Assets donated	(83)	(371)
Loss on sale of property, plant and equipment	1,369	3,330
Gain on sale of property, plant and equipment	(1,382)	(668)
Bad Debts	37	179
Inventory write-offs	23	(2)
Plant and equipment write-offs	719	2,664
Assets not previously recognised	(757)	(377)
Change in assets and liabilities:		
(increase)/decrease in output revenue receivable	(1,349)	104
(increase)/decrease in GST input tax credits receivable	652	(2,361)
(increase)/decrease in LSL reimbursement receivables	(3,962)	(176)
(increase)/decrease in trade receivables	3,272	(505)
(increase)/decrease in inventories	134	12
(increase)/decrease in interest receivable	106	(159)
(increase)/decrease in prepayments	1,800	(1,772)
(increase)/decrease in unearned revenue	(480)	(1,308)
(increase)/decrease in employee provisions	5,574	304
(increase)/decrease in accounts payable	2,318	259
(increase)/decrease in long service levy payable	313	163
(increase)/decrease in accruals	(644)	5,203
Net cash provided by (used in) operating activities	37,151	40,653

23. Non-Cash Financing Activities

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses are set out in Notes 4 and 10 respectively.	73	371
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Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002 \$000	2001 \$000
24. Commitments for Expenditure		
<i>Non-cancellable Operating Lease Commitments</i>		
Commitments under non-cancellable operating leases at reporting date are inclusive of GST and are payable as follows:		
Not later than one year	3,438	2,893
Later than one year and not later than five years	4,757	1,909
Later than five years	500	6
Total commitments	8,695	4,808
Input tax credits anticipated	790	437
Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing and other leasing activities.		
<i>Capital Expenditure Commitments</i>		
Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
Construction/improvements of police stations, watchhouses and residences	15,546	10,709
Plant and equipment	13,610	3,628
	29,156	14,337
<i>Payable:</i>		
Payable no later than one year	29,156	14,337
	29,156	14,337
Input tax credits anticipated	2,651	1,303

25. Contingencies

Litigation in process

At 30 June 2002, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as defendant:

Federal Court	1
Supreme Court	39
Magistrates Court	9
District Court	33
Total cases	82

The Department's legal advisors and management believe that it would be misleading to estimate the final amounts payable (if any) in respect of this litigation.

The department also has received notification of a number of other cases that are not yet subject to Court action. These cases may or may not result in subsequent litigation.

Native title claims over departmental land

As at 30 June 2002, 484 native title claims have been made on departmental land but as yet these claims have not been determined by the National Native Title Tribunal.

26. Controlled Entities

The Department has no controlled entities.

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

27. Financial Instruments

27 (a) Interest Rate Risk Exposure

The department's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table

Financial Instrument	Floating Rate	1 Year or less	1-5 Years	Greater than 5 years	Non interest bearing	Total	Weighted Average Rate %
	\$000	\$000	\$000	\$000	\$000	\$000	
Financial Assets							
Cash	9,252	-	-	-	184	9,436	3.66%
Receivables	-	-	-	-	13,873	13,873	
Total Financial Assets	9,252	-	-	-	14,057	23,309	
Financial Liabilities							
Payables	-	-	-	-	32,982	32,982	6.34%
Interest-bearing liabilities	-	1,120	5,187	8,353	-	14,660	
Total Financial Liabilities	-	1,120	5,187	8,353	32,982	47,642	

Floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2002

27(b) Credit Risk Exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for doubtful debts as indicated in the Statement of Financial Position, No significant credit risks have been identified

27(c) Net Fair Values

The net fair value is determined as follows:

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying value.

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are given below:

Financial Instrument	Total Carrying Amount		Net Fair Value	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Financial Assets				
Cash	9,436	3,827	9,436	3,827
Trade receivables	4,358	3,105	4,358	3,105
Other receivables	9,516	16,214	9,516	16,214
Total Financial Assets	23,309	23,146	23,309	23,146
Financial Liabilities				
Payables	32,982	26,386	32,982	26,386
Interest-bearing liabilities	14,660	-	14,640	-
Total Financial Liabilities	47,642	26,386	47,622	26,386

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002	2001
	\$000	\$000
28. Administered Transactions and Balances		
<i>Administered Revenues</i>		
Taxes, fees and fines	1,726	824
Administered item revenue	871	4,167
Other	565	381
Total Administered Revenues	3,162	5,372
<i>Administered Expenses</i>		
Supplies and Services	222	38
Grants and subsidies	871	4,167
Total Administered Expenses Before Transfer of Administered Revenue to Government	1,093	4,205
Net Surplus or (Deficit)	2,069	1,167
Transfers to Government	2,275	1,429
<i>Current Assets</i>		
Cash	1,574	1,740
Receivables	1	(2)
Total-Current Assets	1,575	1,738
Total Assets (Administered)	1,575	3,726
<i>Current Liabilities</i>		
Payables	143	100
Other	19	18
Total-Current Liabilities	162	118
Total Liabilities (Administered)	162	118

Department of Police Service
Notes to and forming part of the Financial Statements
for the year ended 30 June 2002

	2002	2001
	\$000	\$000
29. Trust Transactions and Balances		
As the department performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by it and accordingly, are not recognised in the financial statements. They are however, disclosed in these notes for the information of users,		
Trust Assets and Liabilities		
<i>Current assets</i>		
Cash	4,152	3,356
Total current assets	4,152	3,356
Total Assets	4,152	3,356

30. Agency Transactions

The department acts as an agent in the collection and distribution of charges and levies for various public sector agencies and local governments.

The total amount distributed to these principals during the reporting period was \$3.950M (2001: \$4.279M estimated).

Amounts collected but not distributed to principals at 30 June 2002 totalled \$0.174M (2001: \$0.145M). This amount is held by the collection account.

Department of Police Service
Certificate of the Department of Police
for the year ended 30 June 2002

The foregoing financial statements have been prepared pursuant to section 40 of the *Financial Administration and Audit Act 1977* and other prescribed requirements. We certify that:

- (a) the statements together with other information and notes to and forming part thereof are in the form required by the Treasurer and are in agreement with the accounts of the Queensland Police Service; and
- (b) in our opinion -
 - (i) the prescribed requirements for the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year ended 30 June 2002 and of the financial position of the department at the end of the year.

P.J. BROWN
A/Director, Finance Division
27/09/2002

R.P. CONDER
A/Commissioner
27/09/2002

INDEPENDENT AUDIT REPORT

To the Commissioner of the Queensland Police Service

Scope

I have audited the general purpose financial statements of Queensland Police Service prepared by the Accountable Officer for the year ended 30 June 2002 in terms of s.40 of the *Financial Administration and Audit Act 1977*. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Outputs/Major Activities – Controlled Expenses and Revenue, Notes to and forming part of the financial statements and certificates given by the Accountable Officer and officer responsible for the financial administration of the Department.

The Accountable Officer is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO *Auditing Standards*, which incorporate Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with section 40 of the *Financial Administration and Audit Act 1977* I certify that –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the Statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards and other mandatory professional reporting requirements in Australia, of the transactions of the Queensland Police Service for the financial year 1 July 2001 to 30 June 2002 and of the financial position as at the end of that year.

V P Manera FCPA
Deputy Auditor-General
(as Delegate of the Auditor-General)

Queensland Audit Office
Brisbane





Your ref:

Our ref: 02-4600-FH
Mr E Muir - 3405 1150

30 September 2002

Mr R Atkinson
Commissioner of the Police Service
GPO Box 140
BRISBANE QLD 4001

Dear Mr Atkinson

GENERAL PURPOSE FINANCIAL STATEMENTS

Department of Police

Your General Purpose Financial Statements for 2001-02 have been certified without qualification and a stamped copy is enclosed. The original financial statements has been forwarded to Mr Michael Davies, Manager, Financial Accounting and Development Branch, Finance Division.

Yours sincerely

V P MANERA
Deputy Auditor-General

