

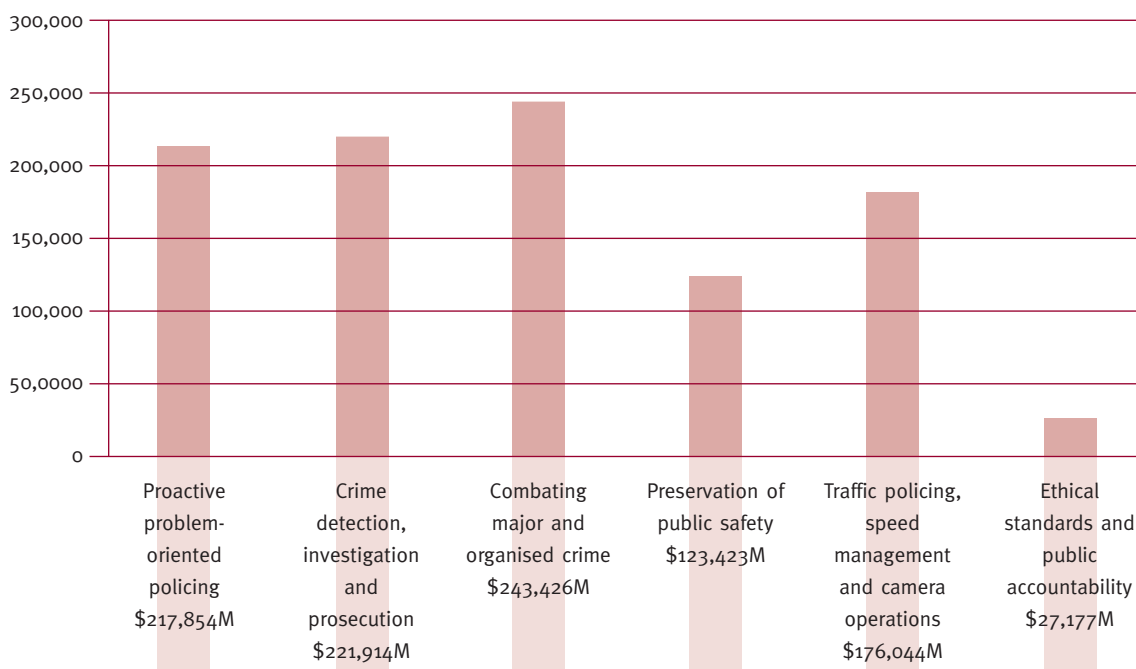
# Financial Highlights

## Key Financial Data

Statement of Financial Performance	2003-04 (\$000)
Total Revenue	1,010,313
Total Expenses	1,009,838
Increase in Net Assets	156,204

Statement of Financial Position	2003-04 (\$000)
Total Assets	939,202
Total Liabilities	124,648
Equity	814,554

In 2003-04, the Department delivered its departmental outputs at a cost of approximately \$1,009.8 million. The cost of the Corporate Support output is proportionally spread, for the purposes of determining the cost of each deliverable.



The department's operating result for the year was a net surplus of \$0.475 million, an increase of \$3.702 million over the previous year.

Output funding was the primary source of revenue for the department at \$981 million (\$900.7 million in 2002-03), which equates to 97.1% of the total revenue from ordinary activities. Output revenue represents appropriation payments received from the Government to meet the costs of delivery of the approved departmental outputs.

The employee expenses of \$787 million (\$732.6 million in 2002-03) was the major expense for the department, comprising 78% of the total expenses from ordinary activities. The increase in employee expenses of 7.4% over the previous financial year was due to growth in staff numbers and changes to Enterprise Bargaining costs.

The net assets of the department increased by 23.7% to \$814.6 million (\$658.4 million in 2002-03). This increase was primarily due to a higher cash at bank balance and increased value of property, plant and equipment as a result of the Governments continued investment in the department's infrastructure and the revaluation of the land & building portfolio.

## Financial Statements

The departments Annual Financial Statements are included in this annual report and describe the financial position of the department as at 30 June 2004.

While the department 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 departments overall financial position.

## 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 department's accounts during the 2003-04 financial year.

## Statement of Outputs/Major Activities

The Statement of Outputs/Major Activities is aligned with the department's Strategic Plan within the Managing for Outcomes framework. This Statement describes the allocation of expenses and revenues across the department's first six outputs. The outputs describe the core policing services purchased each year by the Government with the totals reconciling to the Statement of Financial Performance.

A number of notes are included with the department'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				
Statement of Financial Performance		Notes	2004	2003
For the year ended 30 June 2004			\$000	\$000
<b>Revenues from ordinary activities</b>				
Output revenue	2		980,998	900,671
User charges	3		15,160	13,269
Grants and other contributions	4		10,684	11,999
Other	5		3,471	2,362
<b>Total revenues from ordinary activities</b>			<b>1,010,313</b>	<b>928,301</b>
<b>Expenses from ordinary activities</b>				
Employee expenses	6		787,006	732,560
Supplies and services	7		124,115	109,561
Equity return expense	8		42,970	38,624
Depreciation and amortisation	9		38,883	35,359
Grants and subsidies	10		740	836
Other	11		15,155	13,378
<b>Total expenses from ordinary activities</b>			<b>1,008,869</b>	<b>930,318</b>
<b>excluding borrowing costs</b>				
Borrowing costs	12		969	1,210
<b>Net Operating Result</b>			<b>475</b>	<b>(3,227)</b>
<b>Non-Owner transaction changes in equity</b>				
Net increase (decrease) in asset revaluation reserve	23		99,242	32,826
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	23		10,079	1,256
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	23		<b>109,321</b>	<b>34,082</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	23		<b>109,796</b>	<b>30,855</b>

*The accompanying notes form part of these statements.*

Department of Police  
Statement of Financial Position  
At 30 June 2004

	<i>Notes</i>	<i>2004</i> \$000	<i>2003</i> \$000
<b>Current assets</b>			
Cash assets	13	33,839	10,317
Receivables	14	13,938	12,693
Inventories	15	2,870	2,897
Other	16	2,195	4,088
<b>Total current assets</b>		<u>52,842</u>	<u>29,996</u>
<b>Non-current assets</b>			
Intangibles	17	19,546	12,657
Property, plant and equipment	18	866,814	743,577
<b>Total non-current assets</b>		<u>886,360</u>	<u>756,234</u>
<b>Total assets</b>		<u>939,202</u>	<u>786,230</u>
<b>Current liabilities</b>			
Payables	19	42,410	33,552
Interest-bearing liabilities	20	-	232
Provisions	21	72,689	69,776
Other	22	5,149	1,236
<b>Total current liabilities</b>		<u>120,248</u>	<u>104,796</u>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	20	-	20,785
Provisions	21	4,400	2,300
<b>Total non-current liabilities</b>		<u>4,400</u>	<u>23,085</u>
<b>Total liabilities</b>		<u>124,648</u>	<u>127,881</u>
<b>Net assets (liabilities)</b>		<u>814,554</u>	<u>658,350</u>
<b>Equity</b>			
Contributed equity	23	223,771	177,362
Retained surpluses		413,626	403,073
Reserves:			
- Asset revaluation reserve		177,157	77,915
<b>Total equity</b>		<u>814,554</u>	<u>658,350</u>

*The accompanying notes form part of these statements.*

Department of Police Statement of Cash Flows For the year ended 30 June 2004	Notes	2004 \$000	2003 \$000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Output receipts		983,744	901,659
User charges		14,620	14,946
Grants and other contributions		6,946	4,518
GST input tax credits from ATO		21,655	20,294
Interest receipts		729	455
Other		1,262	4,755
<i>Outflows:</i>			
Employee expenses		775,920	731,285
Supplies and services		113,021	107,789
Grants and subsidies		790	884
Borrowing costs		997	1,175
Equity return expense		42,970	38,955
Insurance premiums		3,021	2,860
GST remitted to ATO		21,545	20,078
Other		7,947	7,104
<b>Net cash provided by (used in) operating activities</b>	24	<u>62,745</u>	<u>36,497</u>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of property, plant and equipment		23,052	25,164
<i>Outflows:</i>			
Payments for property, plant and equipment		78,395	78,634
Payments for intangibles		10,086	5,607
<b>Net cash provided by (used in) investing activities</b>		<u>(65,429)</u>	<u>(59,077)</u>
<b>Cash flows from financing activities</b>			
<i>Inflows:</i>			
Borrowings		-	8,000
Equity injections		47,578	17,097
<i>Outflows:</i>			
Borrowing redemptions		21,016	1,636
Equity withdrawal paid		356	-
<b>Net cash provided by (used in) financing activities</b>		<u>26,206</u>	<u>23,461</u>
Net increase (decrease) in cash held		23,522	881
Cash at beginning of financial year		10,317	9,436
<b>Cash at end of financial year</b>	13	<u><u>33,839</u></u>	<u><u>10,317</u></u>
Non-cash financing and investing activities	25	(731)	130

The accompanying notes form part of these statements.

Department of Police  
Statement of Financial Performance by Outputs / Major Activities  
For the year ended 30 June 2004

	Proactive problem-oriented policing*		Crime detection, investigation and prosecution*		Combating major and organised crime*	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Revenues from ordinary activities</b>						
Output revenue	211,566	195,264	215,336	193,324	236,246	215,908
User charges	3,217	2,845	3,604	3,017	3,916	3,339
Grants and other contributions	2,423	3,280	2,314	2,353	2,542	2,668
Other	751	569	764	492	837	550
<b>Total revenues from ordinary activities</b>	<b>217,957</b>	<b>201,958</b>	<b>222,018</b>	<b>199,186</b>	<b>243,541</b>	<b>222,465</b>
<b>Expenses from ordinary activities</b>						
Employee expenses	170,334	160,325	172,846	157,367	189,689	175,856
Supplies and services	26,234	23,136	27,616	23,624	30,211	26,298
Equity return expense	9,267	8,374	9,432	8,290	10,348	9,259
Depreciation and amortisation	8,231	7,473	8,395	7,410	9,205	8,269
Grants and subsidies	333	353	117	135	129	148
Other	3,246	2,823	3,295	2,790	3,611	3,113
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<b>217,645</b>	<b>202,484</b>	<b>221,701</b>	<b>199,616</b>	<b>243,193</b>	<b>222,943</b>
Borrowing costs expense	209	262	213	260	233	290
<b>Operating Result from Ordinary Activities</b>	<b>103</b>	<b>(788)</b>	<b>104</b>	<b>(690)</b>	<b>115</b>	<b>(768)</b>
<b>Non-owner transaction changes in equity</b>						
Net increase (decrease) in asset revaluation reserve	21,404	7,711	21,784	7,076	23,900	7,942
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	2,174	295	2,212	271	2,427	304
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	<b>23,578</b>	<b>8,006</b>	<b>23,996</b>	<b>7,347</b>	<b>26,327</b>	<b>8,246</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>23,681</b>	<b>7,218</b>	<b>24,100</b>	<b>6,657</b>	<b>26,442</b>	<b>7,478</b>

\* Refer paragraph 1(u)

Department of Police  
Statement of Financial Performance by Outputs / Major Activities  
For the year ended 30 June 2004

	Preservation of public safety*		Traffic policing, speed management and camera operations*		Ethical standards and public accountability*	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Revenues from ordinary activities</b>						
Output revenue	119,997	113,521	171,198	157,868	26,655	24,786
User charges	1,769	1,569	2,485	2,190	169	309
Grants and other contributions	1,291	1,483	1,839	1,921	275	294
Other	424	289	605	404	90	58
<b>Total revenues from ordinary activities</b>	<b>123,481</b>	<b>116,862</b>	<b>176,127</b>	<b>162,383</b>	<b>27,189</b>	<b>25,447</b>
<b>Expenses from ordinary activities</b>						
Employee expenses	96,264	92,038	136,320	126,843	21,553	20,131
Supplies and services	15,243	13,943	21,642	19,449	3,169	3,111
Equity return expense	5,256	4,868	7,499	6,770	1,168	1,063
Depreciation and amortisation	4,689	4,393	7,432	6,954	931	860
Grants and subsidies	65	77	93	107	3	16
Other	1,787	1,767	2,889	2,585	327	300
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<b>123,304</b>	<b>117,086</b>	<b>175,875</b>	<b>162,708</b>	<b>27,151</b>	<b>25,481</b>
Borrowing costs expense	119	153	169	212	26	33
<b>Operating Result from Ordinary Activities</b>	<b>58</b>	<b>(377)</b>	<b>83</b>	<b>(537)</b>	<b>12</b>	<b>(67)</b>
<b>Non-owner transaction changes in equity</b>						
Net increase (decrease) in asset revaluation reserve	12,139	4,172	17,319	5,776	2,696	149
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	1,233	159	1,759	221	274	6
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	<b>13,372</b>	<b>4,331</b>	<b>19,078</b>	<b>5,997</b>	<b>2,970</b>	<b>155</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>13,430</b>	<b>3,954</b>	<b>19,161</b>	<b>5,460</b>	<b>2,982</b>	<b>88</b>

\* Refer paragraph 1(u)

Department of Police  
Statement of Financial Performance by Outputs / Major Activities  
For the year ended 30 June 2004

	Total	
	2004	2003
	\$000	\$000
<b>Revenues from ordinary activities</b>		
Output revenue	980,998	900,671
User charges	15,160	13,269
Grants and other contributions	10,684	11,999
Other	3,471	2,362
<b>Total revenues from ordinary activities</b>	<u>1,010,313</u>	<u>928,301</u>
<b>Expenses from ordinary activities</b>		
Employee expenses	787,006	732,560
Supplies and services	124,115	109,561
Equity return expense	42,970	38,624
Depreciation and amortisation	38,883	35,359
Grants and subsidies	740	836
Other	15,155	13,378
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<u>1,008,869</u>	<u>930,318</u>
Borrowing costs expense	969	1,210
<b>Operating Result from Ordinary Activities</b>	<u>475</u>	<u>(3,227)</u>
<b>Non-owner transaction changes in equity</b>		
Net increase (decrease) in asset revaluation reserve	99,242	32,826
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	10,079	1,256
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	109,321	34,082
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>109,796</b>	<b>30,855</b>

\* Refer paragraph 1(u)

### Objective of the Department

The objective of the Department of Police 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 funded for the outputs it delivers principally by parliamentary appropriations. It also provides the following on a fee for services basis:

- heavy vehicle road escorts;
- traffic supervision at road works; and
- security services at large sporting events.

### 1. Summary of Significant Accounting Policies

#### (a) Basis of Accounting

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards (principally AAS 29 *Financial Reporting by Government Departments*), the Treasurer's *Minimum Reporting Requirements for the year ending 30 June 2004*, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

The accounting policies adopted by the department are materially consistent with those for the previous year.

#### (b) The Reporting Entity

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

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

#### (c) Administered Transactions and Balances

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and 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 Note 30. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

#### (d) Trust and Agency Transactions and Balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties and also performs certain agency transactions.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Notes 32 and 33 respectively. Applicable audit arrangements also are shown.

**(e) Output Revenue/Administered Revenue**

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received. Appropriations receivable and unearned appropriation revenue are recognised at 30 June as approved by Queensland Treasury.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' revenues.

**(f) User Charges, Taxes, Fees and Fines**

User charges and fees controlled by the department are recognised as revenues when invoices for the related services are issued. User charges and fees are controlled by the department where 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 30.

**(g) 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 grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

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

**(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 at 30 June 2004 as well as deposits at call with financial institutions. It also includes 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 these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts were written-off as at 30 June 2004.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values.

**(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) Acquisitions of Assets**

Actual cost is used for the initial recording of all asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

Where assets are received free of charge from another Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland department, are recognised at their fair value at date of acquisition in accordance with AAS 21 *Acquisitions of Assets*.

**(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 for financial reporting purposes 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 is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the 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. The unexpired period of leases includes any option period where exercise of the option is probable.

Items comprising the department's technical library are expensed on acquisition.

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

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

<i>Class</i>	<i>Average Rate</i>
	%
Buildings	1.6
Leasehold improvements	9.8
Aircraft	12.0
Computer equipment	23.6
Motor vehicles	71.8
Vessels	17.6
Plant and equipment	10.9
Office equipment	7.5
Radio Equipment	13.3
<i>Intangibles</i>	<i>Average Rate</i>
	%
Internal use software	19.8

**(n) Revaluations of Non-Current Physical Assets**

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 where there has been a material variation in the index.

The department commenced a five year program of progressive comprehensive revaluation of land and buildings during 2001-2002, which is being carried out by the Department of Natural Resources, Mines and Energy.

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.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

**(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 2004.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are 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 reduction of the liability.

**(p) Intangibles**

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

*Internal Use Software*

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

**(q) Payables**

Trade creditors are recognised upon receipt of the goods or 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 day 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 29.

**(s) Employee Benefits**

*Wages, Salaries, Annual Leave and Sick Leave*

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, long service leave levies and employer superannuation contributions.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

*Long Service Leave*

Under the Queensland 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 Governments*.

*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) Allocation of Revenues and Expenses from Ordinary Activities to Corporate Services**

The department does not allocate revenues and expenses from ordinary activities to corporate services.

The department allocates the revenues and expenses of regions and commands to outputs/major activities based on a state-wide activity survey. All revenues and expenses categorised as direct costs are fully applied to the relevant output/major activity. Overhead revenues and expenses, including those for corporate services, are then allocated to outputs/major activities based on the survey results. Expenses and revenues relating to corporate services are not separately identified.

**(u) Outputs/Major Activities of the Department**

The identity and purpose of the outputs/major activities undertaken by the department during the year are as follows:

**· 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.

**(v) 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.

**(w) Rounding and Comparatives**

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**(x) Services Received Free of Charge or for Nominal Value**

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

**(y) Contributed Equity**

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes, are adjusted to 'Contributed Equity' in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

**(z) Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are included in the costs of qualifying assets.

The capitalisation rate used to determine borrowing costs is the weighted average interest rate applicable to the department's outstanding borrowings, 5.73% (2003: 5.73%).

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Amortisation of discounts or premiums relating to borrowings; and
- Ancillary administration charges.

**(aa) Taxation**

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

**(ab) Adoption of International Financial Reporting Standards.**

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRSs) for reporting periods beginning on or after 1 January 2005.

The Department of Police has established an IFRS Project Team which reports to the Director Finance to assist in the implementation of the new reporting requirements. All Pending Australian Equivalents to IFRSs are being progressively reviewed for possible implications on policies, procedures, systems and financial impacts arising from such changes.

To date, the department has identified the following key differences in accounting policies which will arise from the adoption of Australian Equivalents to IFRSs:

- The valuation of inventories will change from the lower of cost and net realisable value as stated in note 1(j) to the lower of cost and current replacement cost under Pending AASB 102 *Inventories*. This may lead to a change in the valuation shown for inventories.
- The introduction of Pending AASB 136 *Impairment of Assets* will require an annual impairment test to be performed on all non-current physical and intangible assets. This may result in a write-down of the value of plant and equipment and intangible assets.
- For all intangibles existing at 30 June 2004 or commenced thereafter, the Service must identify capitalised costs for activities of a type not listed in Pending AASB 138 *Intangible Assets*, section 59, related to development projects. These activities will primarily comprise "evaluation of product or process alternatives". Capitalised costs so identified are to be written off against retained surpluses in 2005-06 as required by Pending Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* & comparative 2004-05 financial information reported as though Pending AASB 138 *Intangible Assets* had applied to that period.

The dollar values of the above changes cannot be reliably estimated at the date of this report.

Policy decisions made at a whole-of-Government level in relation to the limiting of options in the Australian Equivalent to IFRSs may have additional impacts on financial reports prepared using these Standards.

(ac) Implementation of the Shared Service Initiative

Implementation of the Shared Service Initiative commenced on 1 July 2003. Under this initiative, shared service providers (SSPs) were established to provide a standard suite of corporate services to client departments and in some agreed instances provide additional out of scope services. Standard software application support and infrastructure for all corporate service applications for the five large-scale SSPs (as well as other agreed non-standard services) is provided by CorpTech.

The SSP for this department is PartnerOne for which the Department of Justice & Attorney-General is the host agency. The host agency for CorpTech is Queensland Treasury. On 1 July 2003, the following assets and liabilities and staff were transferred to PartnerOne and CorpTech from this department:

<b>Asset category</b>	<b>PartnerOne</b>	<b>CorpTech</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash	356	716	1,072
Property, plant & equipment	235	36	271
Intangibles	-	1,191	1,191
Receivables	4	-	4
<b>Total assets</b>	<b>595</b>	<b>1,943</b>	<b>2,538</b>
<b>Liabilities category</b>			
Employee entitlements	572	97	669
<b>Total liabilities</b>	<b>572</b>	<b>97</b>	<b>669</b>
<b>Net assets transferred</b>	<b>23</b>	<b>1,846</b>	<b>1,869</b>
	<b>PartnerOne</b>	<b>CorpTech</b>	<b>Total</b>
Number of full-time equivalent positions transferred	156	14	170

**2. Reconciliation of Payments from Consolidated Fund to Output Revenue Recognised in Statement of Financial Performance**

Budgeted output appropriation	971,962	890,012
Transfers from/(to) other headings	11,782	11,647
Total output receipts	<u>983,744</u>	<u>901,659</u>
Less: Opening balance of output revenue receivable	(361)	(1,349)
Less: Closing balance of output revenue payable	(2,385)	-
Plus: Closing balance of output revenue receivable	-	361
Output revenue recognised in Statement of Financial Performance	<u>980,998</u>	<u>900,671</u>

**Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity (Note 23)**

Budgeted equity adjustment appropriation	37,494	34,202
Transfers from/(to) other headings	10,784	(11,647)
Lapsed equity adjustment	-	(5,458)
Equity adjustment recognised in Contributed Equity (Note 23)	<u>48,278</u>	<u>17,097</u>

**3. User Charges**

Special services	9,708	8,416
Traffic incident reporting system	1,300	1,125
Rental of government property	302	305
Sale of other goods and services	3,850	3,423
Total	<u>15,160</u>	<u>13,269</u>

**4. Grants and Other Contributions**

Grants*	4,983	3,883
Services received at below fair value	5,656	7,995
Industry contributions	45	121
Total	<u>10,684</u>	<u>11,999</u>

\* Included in grants are contributions of \$0.698M for the National Campaign against Drug Abuse, \$0.397M for the Community Housing Renewal Project and \$1.932M for the Handgun Buyback Project.

**5. Other Revenues**

Taxes, fees and fines	69	98
Interest	1,061	458
Salary related and other reimbursements	1,120	863
Gain on sale of property, plant and equipment	1,208	627
Sale of plant and equipment (non-assets)	13	316
Total	<u>3,471</u>	<u>2,362</u>

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

**Employee Expenses**

Wages and salaries	634,615	590,270
Employer superannuation contributions	87,476	81,503
Long service leave levy	9,542	8,925
Payroll tax	34,798	32,538
Workers compensation premium	18,494	16,735
Other	2,081	1,861
Voluntary redundancy payments	-	728
<b>Total</b>	<b>787,006</b>	<b>732,560</b>

**Number of Employees**

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

	11,781	11,621
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**Chief Executive's Remuneration**

CEO3      *Min.\$201,488*      *Max. \$218,682*

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

The superannuable salary does not include industry and like allowances, leave loading and fringe benefits such as private use of a motor vehicle and employer superannuation contributions.

**7. Supplies and Services**

Consultants and contractors	3,559	3,347
Materials	26,806	26,148
Repairs and maintenance	25,124	23,046
Transfer costs	5,050	5,129
Travel	7,285	6,278
Communications	21,088	18,855
Accommodation and public utilities	8,568	8,085
Resources received below fair value	4,264	6,602
Contributions to national/state agencies	3,075	2,814
Training fees - courses/membership	780	1,057
Shared service provider charges	10,675	-
Other	7,841	8,200
<b>Total</b>	<b>124,115</b>	<b>109,561</b>

**8. Equity Return Expense**

Equity return expense	42,970	38,624
<b>Total</b>	<b>42,970</b>	<b>38,624</b>

The Queensland Government has set an equity return rate of 6% for 2003-04. This represents the opportunity cost of capital invested in the net assets of the department.

**9. Depreciation and Amortisation**

Depreciation and amortisation incurred in respect of:

Buildings	12,069	9,466
Aircraft	995	1,066
Vessels	842	896
Computing equipment	7,725	7,919
Motor vehicles	6,433	4,691
Plant and equipment (general)	2,701	2,781
Radio equipment	4,072	4,327
Office equipment	1,102	1,314
Leasehold improvements	950	1,030
Internal use software	1,993	1,869
Total	<u>38,883</u>	<u>35,359</u>

**10. Grants and Subsidies**

Queensland Police-Citizens' Youth Welfare Association	227	437
Queensland Blue Light Association Inc.	25	25
Community policing grant - various authorities	248	202
Policing grants - various community groups	240	172
Total	<u>740</u>	<u>836</u>

**11. Other Expenses**

Insurance premiums - QGIF	1,047	1,089
Insurance premiums - Other	1,632	1,524
External audit fees	184	182
Property, plant and equipment write-offs and decrement	1,424	1,460
Inventory write-offs	49	84
Bad and doubtful debts	127	33
Operating lease rentals and rental of premises	6,931	5,373
Losses from disposal of non-current assets	2,741	2,042
Special payments:		
- Ex-gratia payments	95	308
- Spouse payments	187	188
Other	738	1,095
Total	<u>15,155</u>	<u>13,378</u>

**12. Borrowing Costs**

Interest	944	1,190
Administration charges	25	20
Total	<u>969</u>	<u>1,210</u>

No borrowing costs were recognised during the period as part of the carrying amount of any qualifying assets.

### 13. Cash Assets

Imprest accounts	202	196
Cash at bank and on hand	33,637	10,121
Total Cash Assets	<u>33,839</u>	<u>10,317</u>

Cash deposited with the Queensland Treasury Corporation earned interest at rates between 4% and 4.8% (2003: 4% to 4.8%).

### 14. Receivables

#### *Current*

Trade debtors	6,842	4,767
less: provision for doubtful debts	(136)	(174)
	<u>6,706</u>	<u>4,593</u>

GST receivable	3,438	3,272
GST payable	(555)	(550)
Interest	387	55
Long service leave reimbursements	1,839	2,800
Advances	2,127	2,162
Output revenue	-	361
Other	(4)	-
Total	<u>13,938</u>	<u>12,693</u>

### 15. Inventories

#### *Current*

Supplies and consumables-at cost	2,870	2,897
Total	<u>2,870</u>	<u>2,897</u>

### 16. Other Current Assets

Prepayments	2,118	3,926
Other	77	162
Total	<u>2,195</u>	<u>4,088</u>

### 17. Intangibles

Internal use software (at cost)	13,407	11,574
less: accumulated amortisation	(5,281)	(5,414)
Internal use software work in progress (at cost)	11,420	6,497
Total	<u>19,546</u>	<u>12,657</u>

**18. Property, Plant and Equipment**

Land:		
At independent valuation 2004	160,575	134,437
Buildings:		
At independent valuation 2004	788,176	646,281
Less: Accumulated depreciation	(230,397)	(181,839)
	<u>557,779</u>	<u>464,442</u>
Aircraft:		
At cost	23,425	22,973
Less: Accumulated depreciation	(5,111)	(4,116)
	<u>18,314</u>	<u>18,858</u>
Computing equipment:		
At cost	61,391	61,382
Less: Accumulated depreciation	(39,343)	(37,175)
	<u>22,048</u>	<u>24,207</u>
Motor vehicles:		
At cost	61,223	56,344
Less: Accumulated depreciation	(8,125)	(6,366)
	<u>53,098</u>	<u>49,978</u>
Plant and equipment - general:		
At cost	31,275	30,450
Less: Accumulated depreciation	(18,196)	(16,561)
	<u>13,079</u>	<u>13,889</u>
Vessels:		
At cost	13,165	12,904
Less: Accumulated depreciation	(6,275)	(5,543)
	<u>6,890</u>	<u>7,361</u>
Radio equipment:		
At cost	41,456	36,242
Less: Accumulated depreciation	(24,371)	(21,573)
	<u>17,085</u>	<u>14,669</u>
Leasehold improvements:		
At cost	8,411	8,630
Less: Accumulated depreciation	(3,424)	(2,793)
	<u>4,987</u>	<u>5,837</u>
Office equipment:		
At cost	13,212	12,334
Less: Accumulated depreciation	(7,732)	(7,504)
	<u>5,480</u>	<u>4,830</u>
Capital works in progress:		
At cost	7,479	5,069
Total	<u><u>866,814</u></u>	<u><u>743,577</u></u>

**18. Property, Plant and Equipment continued**

Independent valuations of land and buildings were performed as at 1 July 2003 by the Department of Natural Resources, Mines and Energy using 'fair value' principles in accordance with the department's five year program of comprehensive revaluations.

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 (May 2001)*. Refer also to Summary of Significant Accounting Policies (n).

The department has assets valued at \$29.194 million with a written down value of zero still being used in the provision of services:

Class	\$000	No. of Assets
1. Buildings	186	3
2. Computer Equipment	16,757	3,022
3. Leasehold Improvements	400	11
4. Motor Vehicles	31	4
5. Office Equipment	2,092	371
6. Plant and Equipment	5,443	1,730
7. Radio Equipment	3,877	839
8. Staff Amenities	180	62
9. Vessels	228	30
	29,194	6,072

1. There are no plans in place to retire or replace these buildings.
2. The majority of the computer equipment will be replaced within 12 months as part of the rolling plan for the replacement of infrastructure and printer assets.
3. The original leases have been extended.
4. There are no specific plans in place to retire or replace these low value assets.
5. The majority of these assets consist of photocopiers and telephone equipment which will be replaced within 12 months.
6. There are no specific plans in place to retire these assets.
7. The majority of the radio equipment will be retired during 2004-2005 as part of the radio replacement rolling plan.
8. There are no specific plans in place to retire or replace these low value assets.
9. The majority of these low value assets will be retired within 12 months.

18. Reconciliation

	Land	Buildings	Aircraft	Computer Equipment	Motor vehicles	Plant and equipment (general)
	2004 \$000	2004 \$000	2004 \$000	2004 \$000	2004 \$000	2004 \$000
Carrying amount at 1 July	134,437	464,442	18,858	24,207	49,977	13,889
Acquisitions	370	6,728	451	5,513	34,692	1,894
Assets not previously recognised	1,234	6,455	-	111	2	15
Donations received	-	-	-	9	14	54
Disposals	(173)	(642)	-	(148)	(25,154)	(99)
Assets incorrectly recognised	-	(950)	-	-	-	-
Donations made	-	-	-	-	-	(8)
Transfers between classes	-	18,899	-	371	-	35
Revaluation Increments (Note 23)	24,707	74,925	-	-	-	-
Machinery of Government transfers	-	-	-	(266)	-	-
Depreciation / amortisation	-	(12,078)	(995)	(7,749)	(6,433)	(2,701)
Carrying amount at 30 June	160,575	557,779	18,314	22,048	53,098	13,079

	Vessels	Radio equipment	Leasehold improve- ments	Office equipment	Capital works in progress	Total
	2004 \$000	2004 \$000	2004 \$000	2004 \$000	2004 \$000	2004 \$000
Carrying amount at 1 July	7,360	14,669	5,837	4,831	5,069	743,576
Acquisitions	396	6,547	549	1,738	21,799	80,677
Assets not previously recognised	-	8	-	3	-	7,828
Donations received	-	-	-	-	-	77
Disposals	(25)	(65)	(43)	(68)	-	(26,417)
Assets incorrectly recognised	-	-	(406)	-	-	(1,356)
Donations made	-	-	-	(3)	-	(11)
Transfers between classes	-	(2)	-	86	(19,389)	-
Revaluation Increments (Note 23)	-	-	-	-	-	99,632
Machinery of Government transfers	-	-	-	(5)	-	(271)
Depreciation / amortisation	(841)	(4,072)	(950)	(1,102)	-	(36,921)
Carrying amount at 30 June	6,890	17,085	4,987	5,480	7,479	866,814

**19. Payables**

*Current*

Long service leave levy payable	2,513	2,333
Trade creditors	22,830	18,997
Accrued employee expenses	14,241	10,293
Other	2,826	1,929
Total	<u>42,410</u>	<u>33,552</u>

**20. Interest-bearing Liabilities**

*Current*

Queensland Treasury Corporation borrowings	-	232
Total	<u>-</u>	<u>232</u>

*Non-Current*

Queensland Treasury Corporation borrowings	-	20,785
Total	<u>-</u>	<u>20,785</u>

No assets have been pledged as security for any liabilities.

All borrowings were in \$A denominated amounts and recognised at their face value, interest being expensed as it accrues.

The market value of borrowings as notified by the Queensland Treasury Corporation was \$Nil, (2003: \$21,624,492.68). This represents the full repayment of the debt during 2004.

Principal and interest repayments were made quarterly in arrears at a rate of 5.734%.

At 30 June 2004, there was no approved recoverable funding from Treasury to be drawn down (2003: \$Nil).

**21. Provisions**

*Current*

Employee benefits: Annual leave	72,689	69,776
Total	<u>72,689</u>	<u>69,776</u>

*Non-Current*

Employee benefits: Annual leave	4,400	2,300
Total	<u>4,400</u>	<u>2,300</u>

**22. Other Current Liabilities**

Unearned revenue	5,027	1,236
Other payables	122	-
Total	<u>5,149</u>	<u>1,236</u>

Department of Police  
Notes to and forming part of the Financial Statements 2003-04 Cont'd

23. Changes in Equity

	<i>Retained Surpluses</i>		<i>Asset Revaluation Reserve</i>		<i>Contributed Equity</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Balance 1 July	403,072	405,043	77,915	45,089	177,362	160,265
Net Surplus	475	(3,227)	-	-	-	-
Non-Owner changes in equity recognised on the face of the Statement of Financial Performance:						
- Increase in Asset Revaluation Reserve	-	-	99,632	32,831	-	-
- Adjustment due to change in AASB 1028	-	(2,000)	-	-	-	-
- Correction of errors*	9,638	3,205	-	-	-	-
- Sale of revalued assets	390	5	(390)	(5)	-	-
Transactions with owners as owners:						
- Equity injections	-	-	-	-	48,278	17,097
- Net of assets & liabilities transferred out (MOG Change) Note 1(ac)	-	-	-	-	(1,869)	-
- Net leave liabilities transferred to (from) other departments	51	46	-	-	-	-
Balance 30 June	<b>413,626</b>	<b>403,073</b>	<b>177,157</b>	<b>77,915</b>	<b>223,771</b>	<b>177,362</b>

Closing Balance of Asset Revaluation Reserve by Class:

	<i>2004</i>	<i>2003</i>
	<i>\$000</i>	<i>\$000</i>
Vessels	700	700
Aircraft	4,579	4,579
Land	45,002	20,610
Buildings	126,876	52,026
Total	<b>177,157</b>	<b>77,915</b>

\* Correction of Errors

Correction of Advance

An advance of \$3.042M was made to another government department for the future construction of assets and recorded in the old Dunn & Bradstreet Financial Management System. On 1 July 1998, an error was made establishing this balance in the new SAP Financial Management System. The Advance account was debited with an offsetting entry to Work in Progress. The offsetting entry should have been made to Retained Surplus.

The following material correction was made:

	<i>\$000</i>
Work in Progress increased by direct adjustment to the Retained Surplus.	3,042

### 23. Changes in Equity continued

#### Correction of Asset Register

During 2003/2004 a project was undertaken to review ownership of land, buildings (mainly radio towers and huts) and network equipment assets. A number of assets acquired by the department prior to 1999 but not previously recognised were identified and recorded in the Fixed Asset register. Pre-1999 assets recorded in the Fixed Asset register in error were also corrected during this process.

The following material corrections were made:

	<u>\$000</u>
Assets not previously recognised were added to the accounts by direct adjustment to the Retained Surplus.	7,953
Assets incorrectly capitalised were removed from the accounts by direct adjustment to the Retained Surplus.	<u>(1,356)</u>
	6,597

Further detail is recorded in the Property, Plant and Equipment Reconciliation at Note 18.

### 24. Reconciliation of Net Surplus/(Deficit) to Net Cash Provided by (Used In) Operating Activities

Surplus/(Deficit) from ordinary activities	475	(3,227)
Net Surplus/(Deficit)	<u>475</u>	<u>(3,227)</u>
Depreciation expense	35,939	32,459
Amortisation expense	2,943	2,899
Donated assets received	(66)	(130)
Loss on sale of property, plant and equipment	2,730	2,006
Gain on sale of property, plant and equipment	(1,207)	(621)
Bad debts	127	33
Inventory write-offs	49	84
Plant and equipment write-offs	1,424	1,457
Change in assets and liabilities:		
(Increase)/decrease in output revenue receivable	361	988
(Increase)/decrease in GST input tax credits receivable	110	216
(Increase)/decrease in LSL reimbursement receivables	961	(732)
(Increase)/decrease in trade receivables	(1,010)	(1,089)
(Increase)/decrease in inventories	363	(444)
(Increase)/decrease in interest receivable	(332)	(3)
(Increase)/decrease in prepayments	4,879	187
Increase/(decrease) in unearned revenue	(3,698)	(522)
Increase/(decrease) in employee provisions	5,682	1,403
Increase/(decrease) in accounts payable	2,828	(785)
Increase/(decrease) in long service levy payable	180	20
Increase/(decrease) in accruals	10,007	2,298
<b>Net cash provided by operating activities</b>	<u>62,745</u>	<u>36,497</u>

## 25. Non-Cash Financing and Investing Activities

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses are set out in Note 18.	66	130
Non-cash assets and liabilities received or transferred by the department as a result of Machinery-of-Government changes are set out in Note 1(ac).	(797)	-
	<u>(731)</u>	<u>130</u>

## 26. Commitments for Expenditure

### (a) Non-Cancellable Operating Lease Commitments

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

Not later than one year	3,670	4,608
Later than one year and not later than five years	3,473	4,645
Later than five years	415	457
Total	<u>7,558</u>	<u>9,710</u>

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease 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

### (b) Capital Expenditure Commitments

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	9,652	18,987
Plant and equipment	7,461	7,591
Total	<u>17,113</u>	<u>26,578</u>
Payable:		
Not later than one year	17,113	26,468
Later than one year and not later than five years	-	110
Total	<u>17,113</u>	<u>26,578</u>

27. Contingencies

(a) Litigation in process

At 30 June 2004, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as defendant:

Supreme Court	23
Magistrates Court	12
District Court	24
<b>Total cases</b>	<b>59</b>

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.

(b) Native title claims over departmental land

At 30 June 2004, 756 native title claims have been made on departmental land but as yet these claims have not been determined by the National Native Title Tribunal.

At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effect.

28. Controlled Entities

The Department has no controlled entities.

29. Financial Instruments

*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.

	Floating Rate	1 Year or less	Contractual Repricing/ Maturity Date: 1-5 Years	Greater than 5 years	Non interest bearing	Total	Weighted Average Rate
	\$000	\$000	\$000	\$000	\$000	\$000	%
<b>Financial Assets</b>							
Cash	33,637	-	-	-	202	33,839	4.51
Receivables	-	-	-	-	13,938	13,938	NA
	<u>33,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,140</u>	<u>47,777</u>	<u>4.51</u>
<b>Financial Liabilities</b>							
Payables	-	-	-	-	42,410	42,410	NA
Interest-bearing liabilities	-	-	-	-	-	-	NA
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,410</u>	<u>42,410</u>	<u>NA</u>

**29. Financial Instruments continued**

Floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2004.

*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.

*Net Fair Value*

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 amounts.

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	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
<b>Financial Assets</b>				
Cash	33,839	10,317	33,839	10,317
Trade receivables	6,706	4,593	6,706	4,593
Other receivables	7,232	6,058	7,232	6,058
<b>Total</b>	47,777	20,968	47,777	20,968
<b>Financial Liabilities</b>				
Payables	42,410	33,551	42,410	33,551
Interest-bearing liabilities	-	21,040	-	21,040
<b>Total</b>	42,410	54,591	42,410	54,591

**30. Schedule of Administered Items\***

**Administered Revenues**

Commonwealth grants	15,809	-
Taxes, fees and fines	3,970	4,590
Administered item revenue	24,803	755
Other	277	610
<b>Total</b>	44,859	5,955

**Administered Expenses**

Supplies and services	23,425	168
Grants and subsidies	653	755
<b>Total</b>	24,078	923

**Administered Assets**

*Current*

Cash	2,310	1,678
<b>Total</b>	2,310	1,678

30. Schedule of Administered Items\* continued

**Administered Liabilities**

*Current*

Payables	345	397
Transfers to government	899	-
Other	9	36
Total	<u>1,253</u>	<u>433</u>

Adjustment - carried forward receipt	16	-
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<b>Transfers to Government of taxes, fees and fines and interest</b>	<u>20,970</u>	<u>5,200</u>
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\* The department has only one output for Administered.

31. Reconciliation of Payments from Consolidated Fund to Administered Revenue

Budgeted appropriations	7,493	755
Transfers from/to other departments	160	-
Unforeseen expenditure	17,150	-
Administered revenue recognised in Note 30	<u>24,803</u>	<u>755</u>

32. 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**

*Current assets*

Cash	<u>4,959</u>	<u>5,083</u>
Total	<u>4,959</u>	<u>5,083</u>

The Queensland Audit Office performed the audit of the department's trust transactions for 2003-04.

33. 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. A reconciliation of amounts collected and distributed follows:

Balance at 1 July	88	174
Collections during reporting period	4,650	4,088
Distributions to principals during reporting period	(4,577)	(4,174)
Balance at 30 June*	<u>161</u>	<u>88</u>

\* Held in the department's collection account. Cleared in July.

34. Events Occurring after Balance Date

There were no events occurring after balance date which would have a material impact on the information provided in these statements.

**Department of Police  
Certificate of the Department of Police  
For the year ended 30 June 2004**

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These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with Section 40(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Police for the financial year ended 30 June 2004 and of the financial position of the department at the end of that year.



P. J. BROWN  
Director, Finance Division

08/09/2004



R. P. Conder  
A/Commissioner

09/09/2004

## INDEPENDENT AUDIT REPORT

### To the Acting Commissioner of the Department of Police

#### **Matters relating to the electronic presentation of the audited financial statements.**

The audit report relates to the financial statements of the Department of Police for the financial year ended 30 June 2004 included on the Department of Police's web site. The Accountable Officer is responsible for the integrity of the Department of Police's web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from the Department of Police, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

#### **Scope**

##### *The financial statements*

The financial statements of the *Department of Police* consist of the statement of financial performance, statement of financial position, statement of cash flows, 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 of Police*, for the year ended 30 June 2004.

##### *Accountable Officer's responsibility*

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

##### *Audit approach*

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

##### Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Accountable Officer,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

#### **Independence**

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

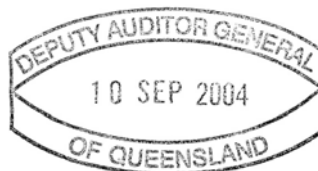
**Audit Opinion**

In accordance with section 40 of the *Financial Administration and Audit Act 1977*-

- (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 of the transactions of the Department of Police for the financial year 1 July 2003 to 30 June 2004 and of the financial position as at the end of that year.

*V. P. Manera.*

V P MANERA, FCPA  
Deputy Auditor-General  
(Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

## Your Feedback

The Annual Report has been prepared to provide public information that will clearly describe the financial and non-financial performance of the Queensland Police Service in 2003-04.

We would value your feedback on this report to help us improve the quality of future publications. All responses will be treated in confidence.

If this feedback form cannot be used, a copy can be completed on our website at [www.police.qld.gov.au](http://www.police.qld.gov.au). Alternatively, you can write to us at:

Strategic Development Unit  
Office of the Commissioner  
GPO Box 1440  
Brisbane QLD 4001

	Excellent	Good	Satisfactory	Poor
Presentation and design				
Language and style of writing				
Content				
Level of detail				

What did you like most about the report?

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What did you like least about the report?

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How can we improve the report?

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Thank you