

# Financial Highlights

## Key Financial Data

Statement of Financial Performance	2004-05 (\$000)
Total Revenue	1,053,939
Total Expenses	1,053,256
Increase in Net Assets	216,587

Statement of Financial Position	2004-05 (\$000)
Total Assets	1,184,362
Total Liabilities	153,221
Equity	1,031,141

In 2004-05, the Department delivered its departmental outputs at a cost of approximately \$1,053.3 million. The cost of the Corporate Support output is proportionally spread, for the purposes of determining the cost of each deliverable.



The Service's Statement of Financial Performance disclosed an audited operating surplus of \$0.683 million for 2004-2005.

Output funding was the primary source of revenue for the Service at \$1,016.5 million and equated to 96.4% 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.

Employee expenses continued to be the major expense for the Service, comprising 80.1% of the total expenses. The 7.2% increase in employee expenses over the previous financial year was due to growth in staff numbers and changes to Enterprise Bargaining costs.

Net assets increased by 26.6% to \$1,031.1 million during 2004-2005 which was primarily due to the Government's continued investment in the Service's infrastructure and the revaluation of the land and buildings.

## 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 2005.

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 departments overall financial position.

### Statement of Financial Performance

This statement shows expenses and revenue and the results of financial operations for the year.

### Statement of Financial Position

This statement provides information regarding assets, liabilities and the Service's equity at the end of the financial year.

### Cash Flow Statement

This statement provides information concerning the sources and uses of cash during the financial year and available cash at the end of the financial year.

### Statement of Outputs/Major Activities

The Statement of Outputs/Major Activities is aligned with the Service's Strategic Plan within the Managing for Outcomes framework. This Statement describes the allocation of expenses and revenues across the Service's four 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 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  
Statement of Financial Performance  
For the year ended 30 June 2005**

	<i>Notes</i>	<i>2005 \$000</i>	<i>2004 \$000</i>
<b>Revenues from ordinary activities</b>			
Output revenue	2	1,016,451	980,998
User charges	3	19,612	15,160
Grants and other contributions	4	13,009	10,684
Other	5	4,867	3,471
<b>Total revenues from ordinary activities</b>		<u>1,053,939</u>	<u>1,010,313</u>
<b>Expenses from ordinary activities</b>			
Employee expenses	6	843,772	787,006
Supplies and services	7	143,363	124,115
Equity return expense	8	-	42,970
Depreciation and amortisation	9	45,114	38,883
Grants and subsidies	10	819	740
Other	11	20,188	15,155
<b>Total expenses from ordinary activities excluding borrowing costs</b>		<u>1,053,256</u>	<u>1,008,869</u>
Borrowing costs	12	-	969
<b>Net Operating Result</b>		<u>683</u>	<u>475</u>
<b>Non-Owner transaction changes in equity</b>			
Net increase (decrease) in asset revaluation reserve	22	163,664	99,242
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	22	(162)	10,079
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	22	<u>163,502</u>	<u>109,321</u>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	22	<u><u>164,185</u></u>	<u><u>109,796</u></u>

*The accompanying notes form part of these statements.*

**Department of Police  
Statement of Financial Position  
For the year ended 30 June 2005**

	<i>Notes</i>	<i>2005 \$000</i>	<i>2004 \$000</i>
<b>Current assets</b>			
Cash assets	13	63,023	33,839
Receivables	14	17,587	13,938
Inventories	15	2,961	2,870
Other	16	3,223	2,195
<b>Total current assets</b>		<u>86,794</u>	<u>52,842</u>
<b>Non-current assets</b>			
Intangibles	17	30,396	19,546
Property, plant and equipment	18	1,067,172	866,814
<b>Total non-current assets</b>		<u>1,097,568</u>	<u>886,360</u>
<b>Total assets</b>		<u>1,184,362</u>	<u>939,202</u>
<b>Current liabilities</b>			
Payables	19	65,176	42,410
Provisions	20	79,081	72,689
Other	21	5,764	5,149
<b>Total current liabilities</b>		<u>150,021</u>	<u>120,248</u>
<b>Non-current liabilities</b>			
Provisions	20	3,200	4,400
<b>Total non-current liabilities</b>		<u>3,200</u>	<u>4,400</u>
<b>Total liabilities</b>		<u>153,221</u>	<u>124,648</u>
<b>Net assets (liabilities)</b>		<u>1,031,141</u>	<u>814,554</u>
<b>Equity</b>			
Contributed equity	22	276,173	223,771
Retained surpluses		414,147	413,626
Reserves:			
- Asset revaluation reserve		340,821	177,157
<b>Total equity</b>		<u>1,031,141</u>	<u>814,554</u>

*The accompanying notes form part of these statements.*

**Department of Police  
Statement of Cash Flows  
For the year ended 30 June 2005**

Notes 2005 2004  
\$000 \$000

**Cash flows from operating activities**

**Inflows:**

Output receipts	1,018,203	983,744
User charges	18,368	14,620
Grants and other contributions	3,952	6,946
GST input tax credits from ATO	23,714	21,886
GST collected from customers	5,372	5,006
Interest receipts	1,728	729
Other	1,950	1,262

**Outflows:**

Employee expenses	835,640	775,920
Supplies and services	129,881	113,021
Grants and subsidies	650	790
Borrowing costs	-	997
Equity return expense	-	42,970
Insurance premiums	6,411	3,021
GST remitted to ATO	24,844	21,545
GST paid to suppliers	5,274	5,237
Other	7,331	7,947

**Net cash provided by (used in) operating activities**

23 63,256 62,745

**Cash flows from investing activities**

**Inflows:**

Sales of property, plant and equipment	23,324	23,052
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**Outflows:**

Payments for property, plant and equipment	94,012	78,395
Payments for intangibles	13,050	10,086

**Net cash provided by (used in) investing activities**

(83,738) (65,429)

**Cash flows from financing activities**

**Inflows:**

Equity injections	49,666	47,578
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**Outflows:**

Borrowing redemptions	-	21,016
Equity withdrawal paid	-	356

**Net cash provided by (used in) financing activities**

49,666 26,206

Net increase (decrease) in cash held

29,184 23,522

Cash at beginning of financial year

33,839 10,317

**Cash at end of financial year**

13 63,023 33,839

Non-cash financing and investing activities

24 264 (731)

*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 2005**

	Community Safety & Engagement		Crime Management		Traffic Management	
	2005	2004	2005	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenues from ordinary activities</b>						
Output revenue	294,518	284,784	360,282	347,077	212,972	204,734
User charges	6,168	4,715	7,709	5,894	4,067	3,109
Grants and other contributions	4,730	3,285	4,798	4,005	2,529	2,110
Other	1,520	1,082	1,900	1,352	1,006	712
<b>Total revenues from ordinary activities</b>	<b>306,936</b>	<b>293,866</b>	<b>374,689</b>	<b>358,328</b>	<b>220,574</b>	<b>210,665</b>
<b>Expenses from ordinary activities</b>						
Employee expenses	247,124	230,121	301,453	280,488	172,946	160,628
Supplies and services	40,433	35,137	49,743	43,155	30,202	26,399
Equity return expense	-	12,514	-	15,276	-	8,993
Depreciation and amortisation	12,553	10,774	15,532	13,326	12,474	10,864
Grants and subsidies	552	513	156	132	82	70
Other	6,074	4,438	7,564	5,500	4,726	3,811
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<b>306,736</b>	<b>293,497</b>	<b>374,448</b>	<b>357,877</b>	<b>220,430</b>	<b>210,765</b>
Borrowing costs expense	-	282	-	344	-	203
<b>Operating Result from Ordinary Activities</b>	<b>200</b>	<b>87</b>	<b>241</b>	<b>107</b>	<b>144</b>	<b>(303)</b>
<b>Non-owner transaction changes in equity</b>						
Net increase (decrease) in asset revaluation reserve	47,659	28,871	58,183	35,204	34,255	20,733
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	(47)	2,932	(58)	3,575	(34)	2,106
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	<b>47,612</b>	<b>31,803</b>	<b>58,125</b>	<b>38,779</b>	<b>34,221</b>	<b>22,839</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>47,812</b>	<b>31,890</b>	<b>58,366</b>	<b>38,886</b>	<b>34,365</b>	<b>22,536</b>
<i>* Allocation of revenues and expenses from ordinary activities to corporate services (disclosure only):</i>						
Revenues from ordinary activities	85,559	90,750	104,642	110,657	63,817	65,169
Expenses from ordinary activities	85,559	90,750	104,642	110,657	63,817	65,169

\* Refer paragraph 1(s)

**Department of Police**  
**Statement of Financial Performance by Outputs / Major Activities**  
**For the year ended 30 June 2005 Cont'd**

	Professional Standards and Ethical Practice		Total	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>Revenues from ordinary activities</b>				
Output revenue	148,679	144,403	1,016,451	980,998
User charges	1,668	1,442	19,612	15,160
Grants and other contributions	952	1,284	13,009	10,684
Other	441	325	4,867	3,471
<b>Total revenues from ordinary activities</b>	<b>151,740</b>	<b>147,454</b>	<b>1,053,939</b>	<b>1,010,313</b>
<b>Expenses from ordinary activities</b>				
Employee expenses	122,249	115,769	843,772	787,006
Supplies and services	22,985	19,424	143,363	124,115
Equity return expense	-	6,187	-	42,970
Depreciation and amortisation	4,555	3,919	45,114	38,883
Grants and subsidies	29	25	819	740
Other	1,824	1,406	20,188	15,155
<b>Total expenses from ordinary activities excluding borrowing costs</b>	<b>151,642</b>	<b>146,730</b>	<b>1,053,256</b>	<b>1,008,869</b>
Borrowing costs expense	-	140	-	969
<b>Operating Result from Ordinary Activities</b>	<b>98</b>	<b>584</b>	<b>683</b>	<b>475</b>
<b>Non-owner transaction changes in equity</b>				
Net increase (decrease) in asset revaluation reserve	23,568	14,434	163,664	99,242
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	(23)	1,466	(162)	10,079
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>	<b>23,544</b>	<b>15,900</b>	<b>163,502</b>	<b>109,321</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>23,642</b>	<b>16,484</b>	<b>164,185</b>	<b>109,796</b>
<i>* Allocation of revenues and expenses from ordinary activities to corporate services (disclosure only):</i>				
Revenues from ordinary activities	41,923	45,369	295,941	311,945
Expenses from ordinary activities	41,923	45,369	295,941	311,945

\* Refer paragraph 1(s)

### **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 service 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 Financial Reporting Requirements for the year ending 30 June 2005*, 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 (t).

#### **(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 29. 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 31 and 32 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 29.

**(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 2005 as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible 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 2005.

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:

<b>Class</b>	<b>Average Rate</b>
	%
Buildings	1.6
Leasehold improvements	9.9
Aircraft	8.5
Computer equipment	23.3
Motor vehicles	55.9
Vessels	15.1
Plant and equipment	10.9
Office equipment	7.3
Radio equipment	13.4
<b>Intangibles</b>	<b>Average Rate</b>
	%
Internal use software	19.0

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

Land and building 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 2005.

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) 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*.

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

The department discloses revenues and expenses attributable to corporate services in the statement of Financial Performance by Outputs/Major Activities.

Revenues and expenses identified as direct costs are fully applied to the relevant output/major activity. However indirect overhead revenues and expenses of regions and commands are identified as corporate services and are allocated to outputs/activities based on the results of a state-wide activity survey.

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

The identity and purpose of the outputs/major activities undertaken by the department during the year are listed below.

Figures for comparative 2003/2004 period have been re-cast in accordance with new outputs/major activities headings for 2004/2005.

- **Community Safety and Engagement**

This output covers activities directed towards preventing crime, engaging the community and providing policing services that preserve public safety and good order during civil emergencies and special events.

- **Crime Management**

This output includes reactive policing, that is the policing response to general crime and other calls for assistance from members of the public. It also includes crime operations and criminal investigations conducted throughout the State by specialist officers, typically targeting large-scale offences.

- **Traffic Management**

Traffic Management describes both proactive and reactive policing operations or activities intended to prevent or detect motorists committing traffic offences. Road safety makes a significant contribution to the Government's outcome for safe and secure communities.

- **Professional Standards and Ethical Practice**

The Service provides both pre-service and in-service training designed to establish and maintain a professional standard of policing for the Queensland community. The service also commits significant resources towards monitoring the ethical standards of its employees.

**(u) 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.

**(v) 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.

**(w) 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.

**(x) 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.

**(y) 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, 2005: N/A (2004: 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.

**(z) 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.

**(aa) 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 Australian Equivalents to IFRSs have been reviewed for 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 IFRS:

- The valuation of inventories will not change from the lower of cost and net realisable value as stated in note 1(j) under AASB 102 Inventories. It is therefore estimated that there will be no change in the valuation of inventories.
- The introduction of AASB 136 Impairment of Assets will require an annual impairment test to be performed on all non-current physical and intangible assets. The material assets of the department are currently valued at written-down replacement cost and the effect of this Standard is expected to be immaterial. However, as an impairment test has not previously applied to the public sector, an assessment of the effect is still ongoing and cannot be quantified at this time.
- Intangible Assets held by the department at cost will include Developmental costs of in-house developed software but exclude research costs which are expensed. There will therefore be a change in the value disclosed in the financial statements under AASB 138 Intangible Assets.

**(aa) Adoption of International Financial Reporting Standards (continued)**

- AASB 119 Employee Benefits requires employers to recognise the net surplus or deficit in their employer sponsored defined benefit superannuation funds as an asset or liability, respectively. As the department contributes to a whole-of-government superannuation scheme, and the Government assumes the responsibility for the funding of the scheme, the department will recognise as a liability only that portion of superannuation contributions owing to Qsuper at the end of the reporting period. There will therefore be no effect on the departmental accounts.

AASB 119 also requires that where there are instances of annual leave not expected to be paid within 12 months, the liability is expected to be measured at the present value of the future cash flows. Currently, all annual leave is measured at the nominal amount. This is expected to result in a decrease in the non-current annual leave provision.

- Policy decisions made at a whole- of-Government level in relation to the limiting of options in the Australian Equivalent to IFRS's may have the following additional impact on the financial report.

Subject to proposed GFS/GAAP Harmonisation and ED 132 Request for Comment on IASB ED Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement--The Fair Value Option, financial instruments including borrowings may be recorded at fair value with market value fluctuations taken to the profit or loss. This may result in increased volatility in the Department's Net Operating Result.

**Mandated Changes to policy On Transition to AEIFRS**

In addition to the amendments required on adoption of Australian Equivalents to International Financial Reporting Standards, a number of mandated policies will be introduced, the commencement date of which will coincide with the implementation of the new Standards. The major impacts of these new policies are outlined below:

The impact of mandated revised asset recognition thresholds is expected to result in a reduction to the balance of Accumulated Surpluses on 1 July 2004, with a corresponding reduction to the relevant asset class and accumulated depreciation.

In addition, an adjustment is expected to be made in the Income Statement for the write-off of assets purchased during 2004-05 which no longer meet the requirements for capitalisation and any accumulated depreciation for those assets for the 2004-05 year. There will also be an adjustment to write back depreciation charged in 2004-05 for assets written off as a result of the new thresholds at 1 July 2004.

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

**(ab) 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, net assets of \$1.869m and 170 full-time equivalent positions were transferred to PartnerOne and CorpTech however in 2004/05 no further transfers were made.

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

Budgeted output appropriation	1,068,590	971,962
Transfers from/(to) other headings	(16,479)	11,782
Lapsed Output Appropriations	(35,165)	-
Total output receipts	<u>1,016,946</u>	<u>983,744</u>
Less: Opening balance of output revenue receivable	-	(361)
Plus: Opening balance of output revenue payable	2,385	-
Less: Closing balance of output revenue payable	(2,880)	(2,385)
Output revenue recognised in Statement of Financial Performance	<u>1,016,451</u>	<u>980,998</u>

**Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity (Note 22)**

Budgeted equity adjustment appropriation	34,874	37,494
Transfers from/(to) other headings	14,775	10,784
Equity adjustment recognised in Contributed Equity (Note 22)	<u>49,649</u>	<u>48,278</u>

# Supplementary includes additional transfers from operating to equity.

**3. User Charges**

Special services	11,420	9,708
Traffic incident reporting system	1,096	1,300
Rental of government property	299	302
Sale of other goods and services	6,797	3,850
Total	<u>19,612</u>	<u>15,160</u>

**4. Grants and Other Contributions**

Grants*	2,803	4,983
Services received at below fair value	9,842	5,656
Industry contributions	364	45
Total	<u>13,009</u>	<u>10,684</u>

\* Included in grants are contributions of \$0.694M from the National Campaign against Drug Abuse, \$0.305M for the Community Housing Renewal Project and \$0.473M for the Handgun Buyback Project.

**5. Other Revenues**

Taxes, fees and fines	70	69
Interest	1,758	1,061
Salary related and other reimbursements	1,616	1,120
Gain on sale of property, plant and equipment	1,409	1,208
Sale of plant and equipment (non-assets)	14	13
Total	<u>4,867</u>	<u>3,471</u>

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

**Employee Expenses**

Wages and salaries	684,014	634,615
Employer superannuation contributions	94,060	87,476
Long service leave levy	10,161	9,542
Payroll tax	37,615	34,798
Workers compensation premium	16,060	18,494
Other	1,788	2,081
Voluntary redundancy payments	74	-
<b>Total</b>	<b>843,772</b>	<b>787,006</b>

**Number of Employees**

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.		
	12,120	11,781

**Chief Executive's Remuneration**

CEO<sub>3</sub>      *Min. \$209,421*      *Max. \$227,258*

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	8,028	3,559
Materials	30,287	26,806
Repairs and maintenance	27,882	25,124
Transfer costs	5,330	5,050
Travel	8,005	7,285
Communications	20,949	21,088
Accommodation and public utilities	5,198	8,568
Resources received below fair value	8,182	4,264
Contributions to national/state agencies	1,824	3,075
Training fees - courses/membership	815	780
Shared service provider charges	11,087	10,675
Other	15,776	7,841
<b>Total</b>	<b>143,363</b>	<b>124,115</b>

**8. Equity Return Expense**

Equity return expense	-	42,970
<b>Total</b>	<b>-</b>	<b>42,970</b>

The Queensland Government set an equity return rate of 6% for 2003-04 which represented the opportunity cost of capital invested in the net assets of the department. The Queensland Government has decided that an equity return will not be required for 2004-05 and subsequent years.

**9. Depreciation and Amortisation**

Depreciation and amortisation incurred in respect of:

Buildings	13,538	12,069
Aircraft	1,062	995
Vessels	950	842
Computing equipment	9,214	7,725
Motor vehicles	8,065	6,433
Plant and equipment (general)	2,857	2,701
Radio equipment	4,568	4,072
Office equipment	1,325	1,102
Leasehold improvements	1,052	950
Internal use software	2,483	1,993
Total	<u>45,114</u>	<u>38,882</u>

**10. Grants and Subsidies**

Queensland Police-Citizens' Youth Welfare Association	255	227
Queensland Blue Light Association Inc.	25	25
Community policing grant - various authorities	236	248
Policing grants - various community groups	303	240
Total	<u>819</u>	<u>740</u>

**11. Other Expenses**

Insurance premiums - QGIF	1,682	1,047
Insurance premiums - Other	3,144	1,632
External audit fees	126	132
Property, plant and equipment write-offs and decrement	1,812	1,424
Inventory write-offs	30	49
Bad and doubtful debts	74	127
Operating lease rentals and rental of premises	6,384	6,931
Losses from disposal of non-current assets	5,383	2,741
Losses of public monies	114	-
Special payments:		
- Ex-gratia payments	198	95
- Spouse payments	185	187
Other	1,056	790
Total	<u>20,188</u>	<u>15,155</u>

**12. Borrowing Costs**

Interest	-	944
Administration charges	-	25
Total	<u>-</u>	<u>969</u>

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

**13. Cash Assets**

Imprest accounts	198	202
Cash at bank and on hand	<u>62,825</u>	<u>33,637</u>
Total Cash Assets	<u><u>63,023</u></u>	<u><u>33,839</u></u>

Cash deposited with the Queensland Treasury Corporation earned interest at rates between 4.4% and 4.9% (2004: 4% to 4.8%).

**14. Receivables**

*Current*

Trade debtors	7,294	6,842
less: provision for doubtful debts	<u>(161)</u>	<u>(136)</u>
	7,133	6,706

GST receivable	5,527	3,438
GST payable	(662)	(555)
Interest	418	387
Long service leave reimbursements	3,133	1,839
Advances	2,042	2,127
Output revenue	-	-
Equity injection receivable	-	-
Other	<u>(4)</u>	<u>(4)</u>
Total	<u><u>17,587</u></u>	<u><u>13,938</u></u>

**15. Inventories**

*Current*

Supplies and consumables-at cost	<u>2,961</u>	<u>2,870</u>
Total	<u><u>2,961</u></u>	<u><u>2,870</u></u>

**16. Other Current Assets**

Prepayments	3,146	2,118
Other	<u>77</u>	<u>77</u>
Total	<u><u>3,223</u></u>	<u><u>2,195</u></u>

**17. Intangibles**

Internal Use Software (at cost)	17,189	13,407
less: Accumulated amortisation	<u>(7,730)</u>	<u>(5,281)</u>
Internal Use Software work in progress (at cost)	<u>20,937</u>	<u>11,420</u>
Total	<u><u>30,396</u></u>	<u><u>19,546</u></u>

<b>18. Property, Plant and Equipment</b>		
Land:		
At independent valuation 2005	229,196	160,575
Buildings:		
At independent valuation 2005	959,331	788,176
Less: Accumulated depreciation	(294,854)	(230,397)
	664,477	557,779
Aircraft:		
At cost	22,244	23,425
Less: Accumulated depreciation	(4,065)	(5,111)
	18,179	18,314
Computing equipment:		
At cost	70,039	61,391
Less: Accumulated depreciation	(46,010)	(39,343)
	24,029	22,048
Motor vehicles:		
At cost	68,345	61,223
Less: Accumulated depreciation	(10,393)	(8,125)
	57,952	53,098
Plant and equipment - general:		
At cost	34,409	31,275
Less: Accumulated depreciation	(20,207)	(18,196)
	14,202	13,079
Vessels:		
At cost	14,501	13,165
Less: Accumulated depreciation	(7,134)	(6,275)
	7,367	6,890
Radio equipment:		
At cost	42,192	41,456
Less: Accumulated depreciation	(27,064)	(24,371)
	15,128	17,085
Leasehold improvements:		
At cost	9,651	8,411
Less: Accumulated depreciation	(4,201)	(3,424)
	5,450	4,987
Office equipment:		
At cost	15,064	13,212
Less: Accumulated depreciation	(8,353)	(7,732)
	6,711	5,480
Capital works in progress:		
At cost	24,481	7,479
Total	1,067,172	866,814

Independent valuations of land and buildings were performed as at 1 July 2004 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).

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

The department has assets valued at \$51.483million with a written down value of zero still being used in the provision of services:

<b>Class</b>	<b>\$000</b>	<b>No. of Assets</b>
1. Buildings	3,223	72
2. Computer Equipment	21,354	4,412
3. Fixtures & Fittings	10	1
4. Leasehold Improvements	1,380	30
5. Motor Vehicles	26	3
6. Office Equipment	2,877	421
7. Plant and Equipment	9,047	2,413
8. Radio Equipment	12,981	2,573
9. Staff Amenities	230	72
10. Vessels	355	37
	<u>51,483</u>	<u>10,034</u>

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. There are no specific plans in place to retire or replace this low value asset.
4. The original leases have been extended.
5. There are no specific plans in place to retire or replace these low value assets.
6. The majority of these assets consist of photocopiers and telephone equipment which will be replaced within 12 months.
7. There are no specific plans in place to retire these assets.
8. The majority of the radio equipment will be retired during 2005-2006 as part of the radio replacement rolling plan.
9. There are no specific plans in place to retire or replace these low value assets.
10. 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)
	2005	2005	2005	2005	2005	2005
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at 1 July	160,575	557,778	18,314	22,048	53,098	13,080
Acquisitions	3,671	15,919	2,110	11,235	38,064	3,841
Assets not previously recognised	161	-	-	-	24	12
Donations received	-	-	-	-	-	215
Disposals	(408)	(1,108)	(3,700)	(48)	(25,188)	(77)
Assets incorrectly recognised	(47)	(150)	-	-	-	-
Donations made	-	-	-	-	-	-
Transfers between classes	-	7,353	2,517	2	-	(11)
Revaluation Increments (Note 23)	65,244	98,220	-	-	-	-
Machinery of Government transfers	-	-	-	-	-	-
Depreciation / amortisation	-	(13,536)	(1,062)	(9,207)	(8,046)	(2,857)
Carrying amount at 30 June	229,196	664,476	18,179	24,030	57,952	14,203

	Vessels	Radio equipment	Leasehold improve- ments	Office equipment	Capital works in progress	Total
	2005	2005	2005	2005	2005	2005
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at 1 July	6,890	17,085	4,987	5,479	7,479	866,813
Acquisitions	691	2,317	630	2,515	29,291	110,284
Assets not previously recognised	-	1	-	-	-	198
Donations received	-	65	-	-	-	280
Disposals	(13)	(50)	(3)	(65)	(393)	(31,053)
Assets incorrectly recognised	-	-	-	-	-	(197)
Donations made	-	-	-	(16)	-	(16)
Transfers between classes	748	276	889	123	(11,896)	1
Revaluation Increments (Note 23)	-	-	-	-	-	163,464
Machinery of Government transfers	-	-	-	-	-	-
Depreciation / amortisation	(950)	(4,568)	(1,052)	(1,325)	-	(42,603)
Carrying amount at 30 June	7,366	15,126	5,451	6,711	24,481	1,067,171

**19. Payables**

*Current*

Long service leave levy payable	2,338	2,513
Trade creditors	38,847	22,830
Accrued employee expenses	19,103	14,241
Other	4,887	2,826
Total	<u>65,176</u>	<u>42,410</u>

**20. Provisions**

*Current*

Employee benefits: Annual leave	<u>79,081</u>	<u>72,689</u>
Total	<u>79,081</u>	<u>72,689</u>

*Non-Current*

Employee benefits: Annual leave	<u>3,200</u>	<u>4,400</u>
Total	<u>3,200</u>	<u>4,400</u>

**21. Other Current Liabilities**

Unearned revenue	5,719	5,027
Other payables	45	122
Total	<u>5,764</u>	<u>5,149</u>

22. Changes in Equity

	Retained Surpluses		Asset Revaluation Reserve		Contributed Equity	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Balance 1 July	413,626	403,072	177,157	77,915	223,771	177,362
Net Surplus	683	475	-	-	-	-
<u>Non-Owner changes in equity recognised on the face of the Statement of Financial Performance:</u>						
- Increase in Asset Revaluation Reserve	-	-	163,465	99,632	-	-
- Correction of errors*	(53)	9,638	-	-	-	-
- Sale of revalued assets	(199)	390	199	(390)	-	-
<u>Transactions with owners as owners:</u>						
- Equity injections	-	-	-	-	49,649	48,278
- Transfer of asset to QPS	-	-	-	-	2,753	-
- Net of assets & liabilities transferred out (MOG Change) Note 1(ab)	-	-	-	-	-	(1,869)
- Net leave liabilities transferred to (from) other departments	90	51	-	-	-	-
Balance 30 June	<b>414,147</b>	<b>413,626</b>	<b>340,821</b>	<b>177,157</b>	<b>276,173</b>	<b>223,771</b>
Closing Balance of Asset Revaluation Reserve by Class:			<b>2005</b>	<b>2004</b>		
			<b>\$000</b>	<b>\$000</b>		
Vessels			700	700		
Aircraft			4,579	4,579		
Land			110,413	45,002		
Buildings			225,129	126,876		
Total			<b>340,821</b>	<b>177,157</b>		

\* Correction of Errors

Correction of Asset Register

During 2004/2005 a small number of assets acquired by the department but not previously recognised were identified and recorded in the Fixed Asset register. There was also some assets recorded in the Fixed Asset register in error that 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.	174
Assets incorrectly capitalised were removed from the accounts by direct adjustment to the Retained Surplus.	(196)
	<u>(22)</u>

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

**23. Reconciliation of Net Operating Result to Net Cash Provided by (Used In) Operating Activities**

Surplus/(Deficit) from ordinary activities	685	475
Extraordinary Items		
	<hr/>	<hr/>
Net Surplus/(Deficit)	685	475
<b>Non-Cash Items</b>		
Revaluation decrement	-	-
Depreciation expense	41,577	35,939
Amortisation expense	3,535	2,943
Donated assets received	(279)	(66)
Loss on sale of property, plant and equipment	5,383	2,730
Gain on sale of property, plant and equipment	(1,406)	(1,207)
Bad debts	74	127
Inventory write-offs	30	49
Plant and equipment write-offs	1,812	1,424
Assets not previously recognised		-
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in output revenue receivable	-	361
(Increase)/decrease in GST input tax credits receivable	(1,032)	110
(Increase)/decrease in LSL reimbursement receivables	(1,293)	961
(Increase)/decrease in trade receivables	151	(1,010)
(Increase)/decrease in inventories	(268)	363
(Increase)/decrease in interest receivable	(31)	(332)
(Increase)/decrease in prepayments	3,522	4,879
Increase/(decrease) in unearned revenue	(2,777)	(3,698)
Increase/(decrease) in employee provisions	4,523	5,682
Increase/(decrease) in accounts payable	2,547	2,828
Increase/(decrease) in long service levy payable	(175)	180
Increase/(decrease) in accruals	6,678	10,007
<b>Net cash provided by operating activities</b>	<hr/> <b>63,256</b>	<hr/> <b>62,745</b>

**24. 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.	264	66
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)
	<hr/>	<hr/>
	264	(731)

**25. 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	4,664	3,670
Later than one year and not later than five years	8,577	3,473
Later than five years	4,778	415
Total	<u>18,019</u>	<u>7,558</u>

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, however future rentals are contingent upon inflation escalation clauses. 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	33,051	9,652
Plant and equipment	3,148	7,461
Total	<u>36,199</u>	<u>17,113</u>
Payable:		
Not later than one year	36,166	17,113
Later than one year and not later than five years	33	-
Total	<u>36,199</u>	<u>17,113</u>

**26. Contingencies**

**(a) Litigation in process**

At 30 June 2005, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as defendant:

Supreme Court	19
Magistrates Court	11
District Court	19
<b>Total cases</b>	<b>49</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 2005, 423 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.

**27. Controlled Entities**

The Department has no controlled entities.

28. 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 \$000	1 Year or less \$000	Contractual Repricing/ Maturity Date: 1-5 Years \$000	Greater than 5 years \$000	Non interest bearing \$000	Total \$000	Weighted Average Rate %
<b>Financial Assets</b>							
Cash	62,825	-	-	-	198	63,023	4.55
Receivables	-	-	-	-	17,587	17,587	NA
	<u>62,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,785</u>	<u>80,610</u>	<u>4.55</u>
<b>Financial Liabilities</b>							
Payables	-	-	-	-	65,178	65,178	NA
Interest-bearing liabilities	-	-	-	-	-	-	NA
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,178</u>	<u>65,178</u>	<u>NA</u>

Floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2005.

**28. Financial Instruments continued**

*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	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>Financial Assets</b>				
Cash	63,023	33,839	63,023	33,839
Trade receivables	7,133	6,706	7,133	6,706
Other receivables	10,454	7,232	10,454	7,232
Total	80,610	47,777	80,610	47,777
<b>Financial Liabilities</b>				
Payables	65,178	42,410	65,178	42,410
Interest-bearing liabilities	-	-	-	-
Total	65,178	42,410	65,178	42,410

**29. Schedule of Administered Items\***

**Administered Revenues**

Commonwealth grants	1,503	15,809
Taxes, fees and fines	3,194	3,970
Administered item revenue	1,073	24,803
Other	266	277
Total	<u>6,036</u>	<u>44,859</u>

**Administered Expenses**

Supplies and services	1,165	23,425
Grants and subsidies	806	653
Total	<u>1,971</u>	<u>24,078</u>

**Administered Assets**

*Current*

Cash	2,757	2,310
Total	<u>2,757</u>	<u>2,310</u>

**Administered Liabilities**

*Current*

Payables	5	345
Transfers to government	251	899
Other	2,501	9
Total	<u>2,757</u>	<u>1,253</u>

Adjustment - carried forward receipt	-	16
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**Transfers to Government of taxes, fees and fines and interest**

<u>4,065</u>	<u>20,970</u>
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\* The department has only one output - Administered.

**30. Reconciliation of Payments from Consolidated Fund to Administered Revenue**

Budgeted appropriations	806	7,493
Transfers from/to other departments		160
Transfers from/to other headings		
Treasurer's advances		
Lapsed administered appropriation		
Unforeseen expenditure	1,704	17,150
Total administered receipts	<u>2,510</u>	<u>24,803</u>
Plus: Opening balance of administered revenue payable	-	-
Less: Closing balance of administered revenue payable	<u>( 1,437 )</u>	<u>-</u>
Administered revenue recognised in Note 29	<u>1,073</u>	<u>24,803</u>

**31. Trust Transactions and Balances**

The department holds various suspense moneys temporarily before being transferred to appropriate parties e.g. exhibits or drug money held pending determination by a court, unclaimed and returned service cheques.

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	4,851	4,959
Total	4,851	4,959

**32. 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	161	88
Collections during reporting period	4,326	4,650
Distributions to principals during reporting period	(4,352)	(4,577)
Balance at 30 June*	135	161

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

**33. 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 2005**

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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 2005 and of the financial position of the department at the end of that year.



P. J. BROWN  
Director, Finance Division

09/09/2005



R. Atkinson  
Commissioner

09/09/2005

## INDEPENDENT AUDIT REPORT

### To the Commissioner of the Department of Police

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

The audit report relates to the financial report of the *Department of Police* for the financial year ended 30 June 2005 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. We have not been engaged to report on 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. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the *Department of Police*, to confirm the information included in the audited financial report presented on this web site.

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

#### **Scope**

##### *The financial report*

The financial report of the *Department of Police* consists 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 2005.

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

The Accountable Officer is responsible for the preparation and true and fair presentation of the financial report, 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 report.

##### *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 report presents 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 report,
- 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 report.

#### **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.

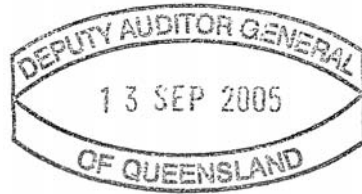
**Audit Opinion**

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 Financial Report has 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 2004 to 30 June 2005 and of the financial position as at the end of that year.

*V. P. Manera,*

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



Queensland Audit Office  
Brisbane