



QUEENSLAND POLICE SERVICE

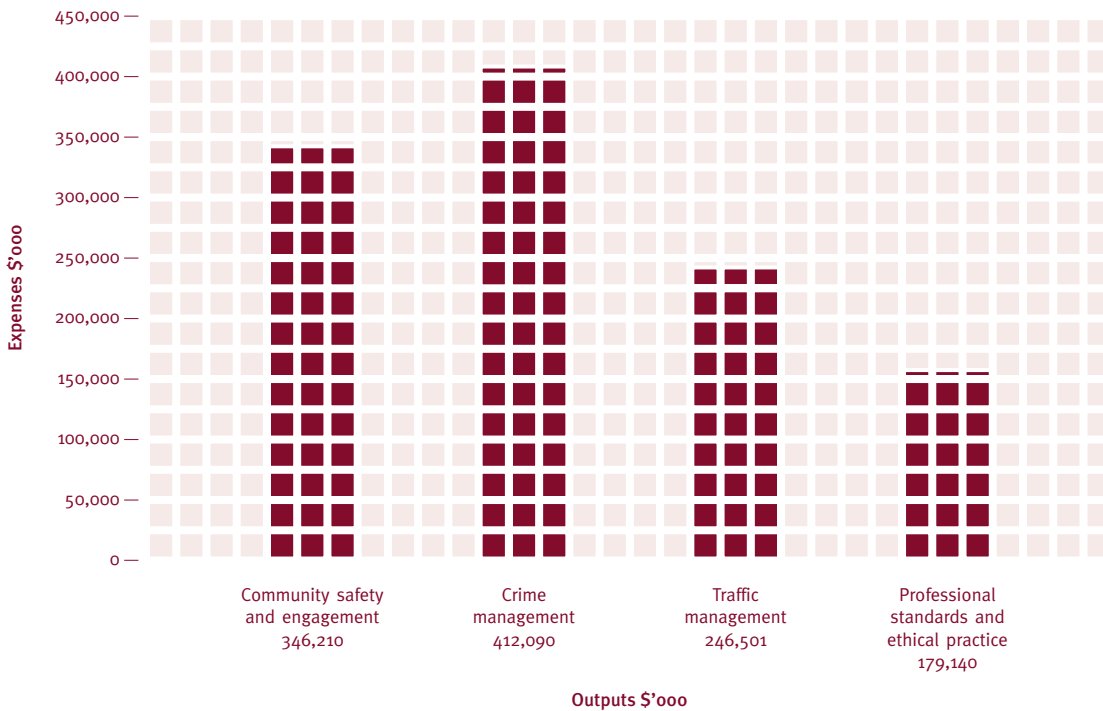
Financial Highlights

Key Financial Data

Income Statement	2005-06	2004-05 (Re-cast)
	\$'000	\$'000
Total Revenue	1,184,774	1,054,499
Total Expenses	1,183,941	1,055,666
Increase in Net Assets	162,501	171,766

Balance Sheet	2005-06	2004-05 (Re-cast)
	\$'000	\$'000
Total Assets	1,335,052	1,139,314
Total Liabilities	186,231	152,994
Equity	1,148,821	986,320

In 2005-06, the Department delivered its departmental outputs at a cost of approximately \$1,184 million. The cost of the Corporate Support output is proportionally spread, for the purposes of determining the cost of each deliverable.



The Service's Income Statement disclosed an audited operating surplus of \$0.833 million for 2005-2006.

Output funding was the primary source of revenue for the Service at \$1,134 million and equated to 95.7% 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 77.7% of the total expenses. The 9.0% 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 16.5% to \$1,149 million during 2005-2006 which was primarily due to the Government's continued investment in the Service's infrastructure and the revaluation of the land & 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 2006.

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

Income Statement

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

Balance Sheet

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

Statement of Changes in Equity

This statement provides information on the changes in Retained Earnings, the Asset Revaluation Reserve and Contributed Equity.

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.

Income Statement by Outputs/Major Activities

The Income Statement by 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 Income Statement.

Notes

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 Income Statement For the year ended 30 June 2006	Notes	2006 \$'000	2005 \$'000
Income			
<i>Revenue</i>			
Output revenue	2	1,133,874	1,016,451
User charges	3	24,473	19,612
Grants and contributions	4	14,854	13,009
Other revenue	5	6,940	3,498
<i>Gains</i>			
Gain on sale of property, plant and equipment	6	4,633	1,929
Total income		1,184,774	1,054,499
Expenses			
Employee expenses	7	919,771	843,860
Supplies and services	8	200,325	155,854
Depreciation and amortisation	9	41,575	34,047
Grants and contributions	10	903	819
Impairment losses	11	896	391
Revaluation decrement	12	76	1,451
Other expenses	13	20,395	19,244
Total expenses		1,183,941	1,055,666
Operating Surplus/(Deficit)		833	(1,167)

The accompanying notes form part of these statements.

Department of Police Balance Sheet As at 30 June 2006	Notes	2006 \$'000	2005 \$'000
Current assets			
Cash assets	14	89,509	63,023
Receivables	15	21,277	17,587
Inventories	16	3,029	2,961
Other	17	5,213	3,223
		<u>119,028</u>	<u>86,794</u>
Non-current assets classified as held for sale	18	3,347	6,035
Total Current Assets		<u>122,375</u>	<u>92,829</u>
Non-current assets			
Intangible assets	19	33,192	24,351
Property, plant and equipment	20	1,179,485	1,022,134
Total non-current assets		<u>1,212,677</u>	<u>1,046,485</u>
Total assets		<u>1,335,052</u>	<u>1,139,314</u>
Current liabilities			
Payables	21	56,078	44,495
Accrued employee benefits	22	111,896	99,807
Other	23	13,772	5,719
Total current liabilities		<u>181,746</u>	<u>150,021</u>
Non-current liabilities			
Accrued employee benefits	22	4,485	2,973
Total non-current liabilities		<u>4,485</u>	<u>2,973</u>
Total liabilities		<u>186,231</u>	<u>152,994</u>
Net assets		<u>1,148,821</u>	<u>986,320</u>
Equity			
Contributed equity		322,197	276,173
Retained surpluses		376,309	375,330
Asset revaluation reserve	26	450,315	334,817
Total equity		<u>1,148,821</u>	<u>986,320</u>

The accompanying notes form part of these statements.

Department of Police
Statement of Changes in Equity
For the year ended 30 June 2006

	Retained Surpluses		Asset Revaluation Reserve		Contributed Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance 1 July	375,329	376,658	334,817	171,153	276,173	223,771
Operating Surplus/(Deficit)	833	(1,167)	-	-	-	-
Non-Owner changes in equity:						
- Revaluation Increments	-	-	117,882	163,465	-	-
- Change in non-current asset accounting policy	(754)	-	-	-	-	-
- Correction of errors	(1,707)	(53)	-	-	-	-
- Sale of Revalued assets	2,384	(199)	(2,384)	199	-	-
Transactions with owners as owners:						
- Equity Injections Adjustment (Note 2)	-	-	-	-	44,324	49,649
- Equity Refund	-	-	-	-	1,700	-
- Transfer of asset to the department	-	-	-	-	-	2,753
- Net leave liabilities transferred to (from) other departments	224	90	-	-	-	-
Balance 30 June	376,309	375,329	450,315	334,817	322,197	276,173

The accompanying notes form part of these statements.

Department of Police Cash Flow Statement For the year ended 30 June 2006	Notes	2006 \$'000	2005 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Output receipts		1,139,418	1,018,203
User charges		25,874	18,368
Grants and contributions		4,559	3,952
GST input tax credits from ATO		30,917	23,714
GST collected from customers		5,933	5,372
Interest receipts		3,197	1,728
Other		1,918	1,991
<i>Outflows:</i>			
Employee expenses		(903,341)	(835,640)
Supplies and services		(192,779)	(142,372)
Grants and subsidies		(922)	(650)
Insurance premiums		(5,979)	(6,411)
GST remitted to ATO		(5,946)	(5,274)
GST paid to suppliers		(31,130)	(24,844)
Other		(7,967)	(7,331)
Net cash provided by (used in) operating activities	24	<u>63,752</u>	<u>50,806</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		27,810	23,283
<i>Outflows:</i>			
Payments for property, plant and equipment		(97,711)	(82,131)
Payments for intangibles		(11,867)	(13,016)
Net cash provided by (used in) investing activities		<u>(81,768)</u>	<u>(71,864)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Borrowings		-	-
Equity injections		45,162	49,666
<i>Outflows:</i>			
Borrowing redemptions		-	-
Equity withdrawal paid		(660)	-
Net cash provided by (used in) financing activities		<u>44,502</u>	<u>49,666</u>
Net increase (decrease) in cash held		26,486	29,184
Cash at beginning of financial year		63,023	33,839
Cash at end of financial year	14	<u>89,509</u>	<u>63,023</u>

The accompanying notes form part of these statements.

Department of Police
Income Statement by Outputs / Major Activities
For the year ended 30 June 2006

	Community Safety and Engagement		Crime Management		Traffic Management	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Income						
Revenue						
Output revenue	330,284	294,518	396,373	360,282	237,758	212,972
User charges	7,767	6,168	9,498	7,709	5,106	4,067
Grants and contributions	4,806	4,730	4,524	4,798	2,429	2,529
Other revenue	721	1,084	883	1,364	474	735
Gains						
Gain on sale of property, plant and equipment	1,456	970	1,782	542	988	292
Total Income	345,034	307,470	413,060	374,695	246,755	220,594
Expenses						
Employee expenses	271,649	247,167	323,707	301,511	188,236	172,907
Supplies and services	55,700	43,951	67,192	54,081	41,510	32,838
Depreciation and amortisation	11,345	9,472	13,838	11,722	11,476	9,414
Grants and contributions	650	552	146	156	78	82
Impairment losses	896	391	-	-	-	-
Revaluation decrement	76	1,451	-	-	-	-
Other Expenses	5,894	5,130	7,207	7,564	5,201	4,726
Total Expenses	346,210	308,113	412,090	375,035	246,501	219,967
Operating Surplus / Deficit	(1,176)	(643)	970	(340)	254	627

* Allocation of income and expenses from ordinary activities to corporate services (disclosure only):

Income	104,817	85,559	125,586	104,642	77,621	63,817
Expenses	104,817	85,559	125,586	104,642	77,621	63,817

* Refer paragraph 1(u)

Department of Police
Income Statement by Outputs / Major Activities (cont)
For the year ended 30 June 2006

	Professional Standards and Ethical Practice		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Income				
Revenue				
Output revenue	169,459	148,679	1,133,874	1,016,451
User charges	2,101	1,668	24,472	19,612
Grants and contributions	3,095	952	14,854	13,009
Other revenue	4,864	315	6,942	3,498
Gains				
Gain on sale of property, plant and equipment	406	125	4,632	1,929
Total Income	179,925	151,739	1,184,774	1,054,499
Expenses				
Employee expenses	136,179	122,275	919,771	843,860
Supplies and services	35,923	24,983	200,325	155,854
Depreciation and amortisation	4,916	3,439	41,575	34,047
Grants and contributions	29	29	903	819
Impairment losses	-	-	896	391
Revaluation decrement	-	-	76	1,451
Other Expenses	2,093	1,824	20,395	19,244
Total Expenses	179,140	152,550	1,183,941	1,055,666
Operating Surplus / Deficit	785	(812)	833	(1,167)

* Allocation of income and expenses from ordinary activities to corporate services (disclosure only):

Income	56,401	41,923	364,425	295,941
Expenses	56,401	41,923	364,425	295,941

* 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 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

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AeIFRS) for the first time. The disclosures required by AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards concerning the transition from previous Generally Accepted Accounting Principles (GAAP) to AeIFRS are provided in Notes 36 and 37.

This financial report is a general purpose financial report and in particular complies with AAS 29 Financial Reporting by Government Departments, as well as the Treasurer's Minimum Financial Reporting Requirements for the year ending 30 June 2006 and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(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 1(v).

(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 31. These transactions and balances are not significant in comparison to the department's overall Income Statement/Balance Sheet.

(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 33 and 34 respectively.

(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 to Note 31.

(g) Grants and 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 received free of charge or for nominal value 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.

(h) Cash Assets

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques received but not banked at 30 June 2006 as well as deposits at call with financial institutions.

(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 impairment. All known bad debts were written-off as at 30 June 2006.

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) Non-Current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. These assets are not depreciated.

(l) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible 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. However, any training costs are expensed as incurred.

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 AASB 116 Property, Plant and Equipment.

(m) Property, Plant and Equipment

Items of property, plant and equipment, with a cost or other value in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Buildings	\$10,000
Land	\$1
Major Plant and Equipment	\$5,000
Plant and Equipment	\$5,000

Items with a lesser value are expensed in the year of acquisition.

(n) 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.

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.

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

Class	Average Rate
	%
Buildings	1.6
Major Plant & Equipment	*
Plant and equipment:	
Motor Vehicles	56.1
Vessels	16.1
Leasehold improvements	9.1
Computer equipment	21.1
Office equipment	12.3
Radio equipment	13.2
General plant and equipment	9.6
Intangible Assets	
Internal use software	16.4

* Aircraft are classified as major plant & equipment and were not depreciated in 2005/06 due to revaluations obtained.

(o) Revaluations of Non-Current Physical and Intangible Assets

Land, buildings, major plant and equipment are measured at fair value in accordance with AASB 116 Property, Plant and Equipment and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.

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

Non-current assets measured at fair value are comprehensively revalued on a rolling basis over a five year period, 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 completed a five year program of progressive comprehensive revaluation of land and buildings as at 1 July 2005, which was carried out by the Department of Natural Resources and Mines with reference to recent market transactions conducted on an arm's length basis. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, were comprehensively revalued.

Major plant and equipment was revalued to fair value on transition to AeIFRS as at 1 July 2004. Comprehensive revaluations for this asset class were performed by an external valuer as at 1 July 2004, 30 June 2005 and 30 June 2006.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate asset class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

(p) Intangibles

Intangible assets with a cost or other value greater than \$100,000 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.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

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) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 1(o) - Revaluations of Non-Current Physical and Intangible Assets.

(r) 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 2006.

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.

(s) 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.

(t) Employee Benefits

Wages, Salaries, Recreation Leave and Sick Leave

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Balance Sheet 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.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue 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 cost. Levies are expensed in the period in which they are paid or payable. 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. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

Therefore, 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.

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

The department discloses revenues and expenses attributable to corporate services in the Income Statement 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.

(v) 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:

• 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.

(w) Insurance

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

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

(x) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where 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.

(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.

Department of Police

Notes to and forming part of the Financial Statements 2005-06 (cont)

(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) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner and Director of Finance at the date of signing the Management Certificate.

(ab) Judgements and Assumptions

The department has made no judgements or assessments which may cause a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

2.	Reconciliation of Payments from Consolidated Fund to Output Revenue Recognised in Income Statement		
	Budgeted output appropriation	1,153,314	1,068,590
	Transfers from/(to) other headings	-	(16,479)
	Lapsed Output Appropriations	(12,638)	(35,165)
	Total output receipts	<u>1,140,676</u>	<u>1,016,946</u>
	Plus: Opening balance of output revenue payable	2,880	2,385
	Less: Closing balance of output revenue payable	(9,682)	(2,880)
	Output revenue recognised in Income Statement	<u><u>1,133,874</u></u>	<u><u>1,016,451</u></u>
	Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity in the Statement of Changes in Equity		
	Budgeted equity adjustment appropriation	89,380	34,874
	Transfers from/(to) other headings	-	14,775
	Lapsed equity adjustment	(44,861)	-
	Equity adjustment receipts (payments)	44,519	49,649
	Plus: Closing balance of equity adjustment receivable	1,327	-
		<u>45,846</u>	<u>49,649</u>
	Less: Closing balance of equity withdrawal payable	(1,522)	-
	Equity adjustment recognised in Contributed Equity	<u><u>44,324</u></u>	<u><u>49,649</u></u>
3.	User Charges		
	Special services	15,604	11,420
	Traffic incident reporting system	1,122	1,096
	Rental of government property	288	299
	Sale of other goods and services	7,459	6,797
	Total	<u><u>24,473</u></u>	<u><u>19,612</u></u>
4.	Grants and Contributions		
	Grants*	3,126	2,803
	Services received at below fair value	11,589	9,842
	Industry contributions	139	364
	Total	<u><u>14,854</u></u>	<u><u>13,009</u></u>
	* Included in 2005-06 grants are contributions of \$0.698M for the National Drug Strategy, \$0.446M for Regional Airport Security Training, \$0.105M for the Drug Diversion Program, and \$0.231M for the Community Renewal Project.		
5.	Other Revenue		
	Taxes, fees and fines	62	70
	Interest	3,910	1,758
	Insurance compensation - QGIF and other	2,247	1,137
	Salary related and other reimbursements	424	478
	Sale of plant and equipment (non-assets)	297	55
	Total	<u><u>6,940</u></u>	<u><u>3,498</u></u>
6.	Gains on Sale of Property, Plant and Equipment		
	Property, plant and equipment	4,633	1,929
	Total	<u><u>4,633</u></u>	<u><u>1,929</u></u>

7. Employee Expenses

Wages and salaries	742,240	684,102
Employer superannuation contributions	101,188	94,060
Long service leave levy	13,365	10,161
Payroll tax	40,709	37,615
Workers compensation premium	20,113	16,060
Other	2,155	1,788
Voluntary redundancy payments	-	74
Total	<u><u>919,771</u></u>	<u><u>843,860</u></u>

Number of Employees

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

	12,626	12,120
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Executive Remuneration

2006

The following is remuneration paid/payable to senior executives:

\$100,000 to \$119,999	-
\$120,000 to \$139,999	2
\$140,000 to \$159,999	6
\$160,000 to \$179,999	11
\$180,000 to \$199,999	2
\$200,000 to \$219,999	1
\$220,000 to \$239,999	-
\$240,000 to \$259,999	-
\$260,000 to \$279,999	-
\$280,000 to \$299,999	1
Total	<u><u>23</u></u>

Aggregate amount of total remuneration of executives shown above \$3,885,734

Aggregate amount of separation and redundancy/termination benefit payments during the year to executives included in above -

8. Supplies and Services

Consultants and contractors	18,397	8,028
Materials	39,762	30,287
Repairs and maintenance	37,140	27,882
Transfer costs	6,049	5,330
Travel	10,266	8,005
Communications	22,700	20,983
Accommodation and public utilities	10,041	9,208
Resources provided below fair value	9,880	8,182
Contributions to national/state agencies	1,521	1,824
Training fees - courses/membership	1,392	815
Shared service provider charges	13,052	11,087
Equipment not capitalised	14,512	12,457
Other Expenses	15,612	11,766
Total	<u><u>200,325</u></u>	<u><u>155,854</u></u>

9. Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:

Buildings	16,989	13,415
Major Plant and Equipment		
Aircraft	-	248
Plant and Equipment		
Vessels	1,033	944
Computing equipment	3,374	3,461
Motor vehicles	11,993	8,061
General Plant and equipment	1,446	1,682
Radio equipment	1,539	1,823
Office equipment	1,240	1,003
Leasehold improvements	1,069	1,037
Software	2,892	2,373
Total	41,575	34,047

10. Grants and Contributions

Queensland Police-Citizens' Youth Welfare Association	396	255
Queensland Blue Light Association Inc.	25	25
Community policing grant - various authorities	224	236
Policing grants - various community groups	257	303
Total	902	819

11. Impairment Losses

Plant and equipment	896	-
Intangibles	-	391
Total	896	391

12. Revaluation Decrement

Major Plant and Equipment-Aircraft	76	1,451
Total	76	1,451

The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Income Statement.

13. Other Expenses

Legal fees and compensation claimable from QGIF	1,216	1,073
Insurance premiums - QGIF	1,505	1,682
Insurance premiums - Other	2,716	2,071
External audit fees*	136	126
Property, plant and equipment write-offs	1,301	1,812
Inventory write-offs	32	30
Bad and impaired debts	30	74
Operating lease rentals and rental of premises	6,716	6,384
Losses from disposal of non-current assets	4,629	4,438
Losses of public monies	-	114
Special payments:		
- Ex-gratia payments	92	198
- Spouse payments	189	185
- Gifts	97	-
Other	1,734	1,056
Total	20,395	19,244

* Total external audit fees relating to the 2005-06 financial year are estimated to be \$143,000 (2005: \$145,000). There are no non-audit services included in this amount.

Department of Police	2006	2005
Notes to and forming part of the Financial Statements 2005-06 (cont)	\$'000	\$'000

14. Cash Assets

Imprest accounts	205	198
Cash at bank	89,304	62,825
Total	<u>89,509</u>	<u>63,023</u>

Cash deposited with the Queensland Treasury Corporation earned interest at rates between 4.6% and 4.7% (2005: 4.4% to 4.9%).

15. Receivables

Trade debtors	8,662	7,290
less: provision for impairment	(151)	(161)
	<u>8,511</u>	<u>7,129</u>
 GST receivable	 6,202	 5,527
GST payable	(655)	(662)
	<u>5,547</u>	<u>4,865</u>
 Equity Injection Receivable	 1,327	 -
Interest	1,131	418
Long service leave reimbursements	2,720	3,133
Advances-Capital Works Projects	2,042	2,042
Total	<u>21,277</u>	<u>17,587</u>

16. Inventories

Supplies and consumables-at cost	3,029	2,961
Total	<u>3,029</u>	<u>2,961</u>

17. Other Current Assets

Prepayments	5,136	3,146
Other	77	77
Total	<u>5,213</u>	<u>3,223</u>

18. Non-current assets classified as held for sale

Motor vehicles	3,347	6,035
Total	<u>3,347</u>	<u>6,035</u>

19. Intangible assets

Internal Use Software (at cost)	37,810	16,608
less: Accumulated amortisation	(10,182)	(7,466)
less: Accumulated impairment losses	-	(391)
Internal Use Software work in progress (at cost)	5,564	15,600
Total	<u>33,192</u>	<u>24,351</u>

Intangibles Reconciliation

	Software	Work in Progress
Carrying amount at 1 July 2005	8,751	15,600
Acquisitions	418	11,658
Acquisitions through internal development	21,404	(16,427)
Disposals	(54)	(5,267)
Amortisation	(2,892)	-
Carrying amount at 30 June 2006	<u>27,627</u>	<u>5,564</u>

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Income Statement

All intangible assets of the department have finite useful lives and are amortised on a straight line basis. Refer to Note 1(p)

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

20. Property, Plant and Equipment

Land:		
At valuation	274,214	229,196
Buildings:		
At valuation	1,130,041	956,148
Less: Accumulated depreciation	<u>(357,978)</u>	<u>(293,066)</u>
	772,063	663,082
Major plant and equipment:		
At valuation	14,053	14,497
Less: Accumulated depreciation	<u>(957)</u>	<u>(1,238)</u>
	13,096	13,259
Plant and Equipment		
At cost	186,583	163,374
Less: Accumulated depreciation	<u>(81,537)</u>	<u>(71,258)</u>
Less: Accumulated impairment losses	<u>(896)</u>	<u>-</u>
	104,150	92,116
Capital works in progress:		
At cost	15,962	24,481
Total	<u><u>1,179,485</u></u>	<u><u>1,022,134</u></u>

Independent valuations of land and buildings were performed by the Department of Natural Resources and Mines using 'fair value' principles in accordance with the department's five year program of comprehensive revaluations. Refer note 1(o).

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.

Major plant and equipment was independently valued by Pickles Auctions as at 30 June 2005 and 30 June 2006 using 'fair value' principles. The valuations were determined using current market values.

Plant and equipment and leasehold improvements are valued at cost in accordance with Queensland Treasury's *Non-current Assets Accounting Policies for the Queensland Public Sector*. Refer also to Summary of Significant Accounting Policies note 1(o).

The department has 60 buildings with an original cost of \$10.804M and 1,174 items of plant and equipment with an original acquisition cost of \$25.537M that have a written down value of zero which are still being used in the provision of services. There are no plans to retire or replace the buildings. Plant & equipment will be replaced as required

During 2005/06 a vessel was determined to be in a sub-standard condition and determined as being impaired, and written down to its depreciated replacement cost. An impairment loss of \$0.896M was recognised in the Income Statement.

20. Property, Plant and Equipment Reconciliation

	Land 2006 \$'000	Buildings 2006 \$'000	Major Plant and Equip 2006 \$'000	Plant and equipment 2006 \$'000	Capital works in progress 2006 \$'000	Total 2006 \$'000
Carrying amount at 1 July 2005	229,196	663,080	13,259	92,116	24,481	1,022,132
Acquisitions	2,857	12,681	-	55,075	36,184	106,797
Assets not previously recognised	-	7	-	8	-	15
Donations received	-	-	-	55	-	55
Disposals	(2,770)	(1,893)	(87)	(19,541)	-	(24,291)
Assets reclassified as held for sale	-	-	-	(3,347)	-	(3,347)
Donations made	-	-	-	(102)	-	(102)
Transfers between classes	-	42,227	-	2,476	(44,703)	-
Impairment Losses recognised in Operating Surplus/(Deficit)*	-	-	-	(896)	-	(896)
Revaluation Increments/(Decrements) (Note 26)	44,931	72,951	(76)	-	-	117,806
Depreciation / amortisation	-	(16,989)	-	(21,694)	-	(38,683)
Carrying amount at 30 June 2006	274,214	772,064	13,096	104,150	15,962	1,179,486

* Impairment losses and reversals of impairment losses are shown as separate line items in the Income Statement

21. Payables

Trade creditors	48,037	38,847
Other	8,041	5,647
Total	56,078	44,495

22. Accrued Employee Benefits

Current		
Recreation Leave Payable	86,230	79,081
Wages Outstanding	19,718	16,282
Long Service leave levy payable	3,389	2,338
Other Employee Entitlements	2,559	2,106
Total	111,896	99,807
Non-Current		
Recreation Leave Payable	4,485	2,973
Total	4,485	2,973

The discount rate used to calculate the present value of non-current annual leave is 5.7933% (2005: 5.3349%)

23. Other Current Liabilities

Unearned revenue	12,250	5,719
Equity Withdrawal Payable	1,522	-
Total	13,772	5,719

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

Operating surplus/(deficit)	833	(1,167)
Non-Cash Items		
Impairment losses	896	391
Revaluation decrement expense	76	1,451
Depreciation expense	38,683	31,674
Amortisation expense	2,892	2,373
Donated assets received	47	(264)
Loss on sale of property, plant and equipment	4,629	4,438
Gain on sale of property, plant and equipment	(4,633)	(1,925)
Bad debts	30	74
Inventory write-offs	32	30
Plant and equipment write-offs	1,301	1,812
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(225)	(1,032)
(Increase)/decrease in LSL reimbursement receivables	413	(1,293)
(Increase)/decrease in trade receivables	(1,129)	151
(Increase)/decrease in inventories	306	(268)
(Increase)/decrease in interest receivable	(713)	(31)
(Increase)/decrease in prepayments	(673)	3,522
Increase/(decrease) in unearned revenue	(6,542)	(2,777)
Increase/(decrease) in employee benefits	13,600	6,389
Increase/(decrease) in accounts payable	7,916	2,547
Increase/(decrease) in accruals	6,014	4,711
Net cash provided by (used in) operating activities	<u><u>63,753</u></u>	<u><u>50,806</u></u>

25. Non-Cash Financing and Investing Activities

Assets and liabilities received or donated/transferred by the department are detailed in Note 20 and included as revenues and expenses in Notes 4 and 13 respectively.

<u>30</u>	<u>262</u>
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26. Asset Revaluation Reserve by Class:

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance 1 July 2005	110,413	223,704	700	334,817
Revaluation Increments	44,931	72,951	-	117,882
Sale of Revalued Assets	(1,762)	(622)	-	(2,384)
Balance 30 June 2006	<u><u>153,582</u></u>	<u><u>296,033</u></u>	<u><u>700</u></u>	<u><u>450,315</u></u>

The asset revaluation reserve represents the net effect of upwards and downwards revaluations of assets to fair value

27. Commitments for Expenditure

(a) Non-Cancellable Operating Lease Commitments	2006	2005
	\$'000	\$'000

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

Not later than one year	5,247	4,664
Later than one year and not later than five years	10,847	8,577
Later than five years	3,866	4,778
Total	19,960	18,019

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:

2006	Buildings	Plant & Equipment	
<u>Payable:</u>			
Not later than one year	8,883	724	
Later than one year and not later than five years	100	-	
Later than five years	-	-	
Total	8,983	724	
2005	Buildings	Plant & Equipment	
<u>Payable:</u>			
Not later than one year	33,018	3,054	
Later than one year and not later than five years	33	-	
Later than five years	-	-	
Total	33,051	3,054	

28. Contingencies

(a) Litigation in process

At 30 June 2006, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as defendant:

	<u>Number</u>
Supreme Court	13
Magistrates Court	5
District Court	<u>16</u>
Total cases	<u><u>34</u></u>

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 2006, there were 95 native title claims affecting about 1,248 parcels of departmental land. These claims have been registered with the National Native Title Tribunal but a determination is yet to be made.

Service exposure to liability for a claim is considered to be minimal as most of the affected land is community infrastructure developed in accordance with the gazetted purpose of the reserve.

29. Controlled Entities

The Department has no controlled entities.

30 Financial Instruments

Transition to Australian Equivalents to International Financial Reporting Standards

The Department has used the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and has not presented comparative information for financial instruments that complies with AASB132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 7 *Financial Instruments: Disclosures*.

No adjustments were required to comply with the new requirements set out in AASB132 and AASB 139.

Categorisation of Financial Instruments

The department has categorised the financial assets and financial liabilities held as:

Financial Assets	Category
Cash	
Receivables	Loans and receivables (at nominal value)
Financial Liabilities	
Payables	Financial liability not at fair value through the Profit and Loss (at nominal value)

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.

	Contractual Maturity Analysis in Time Bands					Total \$'000	Weighted Average Rate %
	Floating Rate \$'000	1 year or less \$'000	1 to 5 Years \$'000	Greater than 5 years \$'000	Non interest bearing \$'000		
Financial Assets							
Cash	89,304	-	-	-	205	89,509	4.63
Receivables	-	-	-	-	21,277	21,277	NA
Total	89,304	-	-	-	21,482	110,786	4.63
Financial Liabilities							
Payables	-	-	-	-	56,078	56,078	NA
Total	-	-	-	-	56,078	56,078	NA

Floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2006.

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 impairment as indicated in the Balance Sheet. No significant credit risks have been identified, as exposure is spread over a large number of counterparties and customers.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The department manages credit risk through the use of the Credit Management Strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis, including that it has sufficient funds available to meet obligations at all times. Exposure to credit risk is monitored on a regular basis.

30 Financial Instruments (cont)

Liquidity Risk

The department aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that appropriate levels of cash are held in our main bank account so as to match the expected duration of the various employee and supplier liabilities.

Net Fair Value

The net fair value is determined as follows:

The 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 Instruments	Total Carrying Amount		Net Fair Value	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial Assets				
Cash	89,509	63,023	89,509	63,023
Trade receivables	8,511	7,129	8,511	7,129
Other receivables	12,766	10,458	12,766	10,458
Total	110,786	80,610	110,786	80,610
Financial Liabilities				
Payables	56,078	44,494	56,078	44,494
Total	56,078	44,494	56,078	44,494

Financial Assets Past Due But Not Impaired

Financial Assets	Ageing of Financial Assets Overdue					Total \$'000
	Not Overdue \$'000	Less than 30 Days \$'000	30 - 60 Days \$'000	61 - 90 Days \$'000	More than 90 Days \$'000	
Receivables	19,766	618	180	181	532	21,277
Total	19,766	618	180	181	532	21,277

Impaired Financial Assets

Financial Assets	Ageing of Financial Assets Overdue					Total \$'000
	Less than 30 Days \$'000	30 - 60 Days \$'000	61 - 90 Days \$'000	More than 90 Days \$'000		
Impaired Receivables *	-	-	-	151	151	
Total	-	-	-	151	151	

*Actual debts written off in 2005/06 were \$41,487

No collateral is held as security relating to the financial assets held by the department stated above.
No credit enhancements relate to the financial assets held by the department stated above.

Department of Police	2006	2005
Notes to and forming part of the Financial Statements 2005-06 (cont)	\$'000	\$'000

31. Schedule of Administered Items*

Administered Revenues		
Commonwealth grants	-	1,503
Taxes, fees and fines	1,956	3,194
Administered item revenue	418	1,073
Other	287	266
Total	2,661	6,036
Administered Expenses		
Supplies and services	42	1,165
Grants and subsidies	376	806
Total	418	1,971
Administered Assets		
<i>Current</i>		
Cash	2,595	2,757
Receivables	2	-
Total	2,597	2,757
Administered Liabilities		
<i>Current</i>		
Payables	-	5
Transfers to government	132	251
Other	2,465	2,501
Total	2,597	2,757
Transfers to Government of taxes, fees and fines	2,243	4,065

* The department has only one output - Administered.

32. Reconciliation of Payments from Consolidated Fund to Administered Item Revenue

Budgeted appropriations	376	806
Unforeseen expenditure	-	1,704
Total administered receipts	376	2,510
Plus: Opening balance of administered revenue payable	2,494	1,057
Less: Closing balance of administered revenue payable	(2,452)	(2,494)
Administered item revenue recognised in Note 31	418	1,073

33. 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	<u>6,214</u>	<u>4,851</u>
Total	<u>6,214</u>	<u>4,851</u>

34. 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 and in the collection of authorised deductions from employees' wages and salaries for on-payment to third parties. A reconciliation of amounts collected and distributed follows:

Balance at 1 July	135	161
Collections during reporting period	275,604	255,884
Distributions to principals during reporting period	<u>(275,606)</u>	<u>(255,910)</u>
Balance at 30 June*	<u>133</u>	<u>135</u>

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

Fees of \$232,982 (2005: \$353,215) received by the Department for providing agency services are recognised in Note 3 User Charges.

35. 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.

36. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2004

	Previous GAAP 1 July 2004 \$'000	Effect of transition to AEIFRS \$'000	AEIFRS 1 July 2004 \$'000
Current Assets			
Cash Assets	33,839	-	33,839
Receivables	13,938	-	13,938
Inventories	2,870	-	2,870
Other	2,195	-	2,195
	<u>52,842</u>	<u>-</u>	<u>52,842</u>
Non-current assets classified as held for sale	-	-	-
Total Current Assets	52,842	-	52,842
Non Current Assets			
36.1 Intangible Assets	19,546	(5,656)	13,890
36.2 Property, Plant and Equipment	866,814	(37,631)	829,183
Total Non Current Assets	886,360	(43,287)	843,073
Total Assets	939,202	(43,287)	895,915
Current Liabilities			
36.3 Payables	42,410	(2,513)	39,897
36.4 Provisions	72,689	(72,689)	-
36.3, 36.4 Accrued Employee Benefits	-	75,202	75,202
Other	5,149	-	5,149
Total Current Liabilities	120,248	-	120,248
Non Current Liabilities			
36.5 Accrued Employee Benefits	-	4,085	4,085
36.6 Provisions	4,400	(4,400)	-
Total Non Current Liabilities	4,400	(315)	4,085
Total Liabilities	124,648	(315)	124,333
Net Assets	814,554	(42,972)	771,582
Equity			
Contributed Equity	223,771	-	223,771
36.7 Retained Surplus	413,626	(36,968)	376,658
36.8 Asset Revaluation Reserve	177,157	(6,004)	171,153
Total Equity	814,554	(42,972)	771,582

Department of Police
Notes to and forming part of the Financial Statements 2005-06 (cont)

Notes to reconciliation

36.1	Write-off of previously capitalised research and training costs which have been included in the value of internally developed software	(5,303)
	Write-off of previously capitalised assets below new asset recognition threshold	(353)
	Adjustment to intangible assets	<u>(5,656)</u>
36.2	Write-off of previously capitalised assets below new asset recognition threshold	(32,038)
	Revaluation of aircraft as major plant & equipment	(5,593)
	Adjustment to property, plant and equipment	<u>(37,631)</u>
36.3	LSL levy payable is no longer a payable, but an Accrued Employee Benefit	(2,513)
	Adjustment to current payables	<u>(2,513)</u>
36.4	Employee benefits no longer a provision, but are now an accrual	(72,689)
	Adjustment to current provisions	<u>(72,689)</u>
36.5	Employee benefits no longer a provision, but are now an accrual	4,400
	Impact of discounting on non-current recreation leave	(315)
	Adjustment to non-current accrued employee benefits	<u>4,085</u>
36.6	Employee benefits no longer a provision, but are now an accrual	(4,400)
	Adjustment to non-current provisions	<u>(4,400)</u>
36.7	The adjustments to Retained Surplus are as follows:	
	Write-off of previously capitalised research and training costs which have been included in the value of internally developed software (refer 36.1)	(5,303)
	Write-off of previously capitalised assets below new asset recognition threshold (refer 36.1)	(353)
	Write-off of previously capitalised assets below new asset recognition threshold (refer 36.2)	(30,613)
	Impact of discounting on non-current recreation leave (refer 36.5)	315
	Revaluation of aircraft as major plant & equipment	(1,014)
	Adjustment to retained surplus	<u>(36,968)</u>
36.8	Write-off of previously capitalised assets below new asset recognition threshold (refer 36.2)	(1,425)
	Revaluation of aircraft as major plant & equipment	(4,579)
	Adjustment to asset revaluation reserve	<u>(6,004)</u>

37. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AIFRS) - as at 1 July 2005

	Previous GAAP 1 July 2005 \$'000	Effect of transition to AIFRS		AIFRS 1 July 2005 \$'000
		Opening Adjustments 1 July 2004 \$'000	2004-05 Adjustments \$'000	
Current Assets				
Cash Assets	63,023	-	-	63,023
Receivables	17,587	-	-	17,587
Inventories	2,961	-	-	2,961
Other	3,223	-	-	3,223
	86,794	-	-	86,794
37.1 Non-current assets classified as held for sale	-	-	6,035	6,035
Total Current Assets	86,794	-	6,035	92,829
Non Current Assets				
37.2 Intangible Assets	30,396	(5,656)	(389)	24,351
37.3 Property, Plant and Equipment	1,067,172	(37,631)	(7,407)	1,022,134
Total Non Current Assets	1,097,568	(43,287)	(7,795)	1,046,485
Total Assets	1,184,362	(43,287)	(1,760)	1,139,314
Current Liabilities				
37.4 Payables	65,176	(2,513)	175	62,838
Provisions	72,689	(72,689)	-	-
37.5 Accrued Employee Benefits	6,392	75,202	(175)	81,419
Other	5,764	-	-	5,764
Total Current Liabilities	150,021	-	-	150,021
Non Current Liabilities				
37.6 Accrued Employee Benefits	(1,200)	4,085	88	2,973
Provisions	4,400	(4,400)	-	-
Total Non Current Liabilities	3,200	(315)	88	2,973
Total Liabilities	153,221	(315)	88	152,994
Net Assets	1,031,141	(42,972)	(1,848)	986,320
Equity				
Contributed Equity	276,173	-	-	276,173
37.7 Retained Surplus	414,147	(36,968)	(1,849)	375,330
Asset Revaluation Reserve	340,821	(6,004)	-	334,817
Total Equity	1,031,141	(42,972)	(1,849)	986,320

37. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2005 (cont.)

	Effect of transition to AEIFRS		
	Previous GAAP 1 July 2005 \$'000	2004-05 Adjustments \$'000	AEIFRS 1 July 2005 \$'000
Revenues from ordinary activities			
Output revenue	1,016,451	-	1,016,451
User charges	19,612	-	19,612
Grants and other contributions	13,009	-	13,009
37.8 Other	4,867	561	5,428
Total revenues from ordinary activities	1,053,939	561	1,054,500
Expenses from ordinary activities			
37.9 Employee expenses	843,772	88	843,860
37.10 Supplies and services	143,363	12,491	155,854
Equity return expense	-	-	-
37.11 Depreciation and amortisation	45,114	(11,066)	34,048
Grants and subsidies	819	-	819
37.12 Revaluation decrement	-	1,451	1,451
37.13 Impairment Loss	-	391	391
37.14 Other	20,188	(945)	19,243
Total expenses from ordinary activities excluding borrowing costs	1,053,256	2,410	1,055,666
Borrowing costs	-	-	-
Net Operating Result	683	(1,849)	(1,167)
Non-Owner transaction changes in equity			
Net increase/(decrease) in Asset Revaluation Reserve	163,664	-	163,664
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity	(162)	-	(162)
Total revenues, expenses and valuation adjustments recognised directly in equity	163,502	-	163,502
Total changes in equity other than those resulting from transactions with owners as owners	164,185	(1,849)	162,335

Department of Police
Notes to and forming part of the Financial Statements 2005-06 (cont)

Notes to Reconciliation

37.1	Transfer of Non-Current Assets classified as Held for Sale	6,035
	Adjustment to non-current assets classified as held for sale	6,035
37.2	The adjustments to Intangibles are as follows:	
	Write-off of previously capitalised research and training costs which have been included in the value of internally developed software	(34)
	Write-off of previously capitalised assets below new asset recognition threshold	(74)
	Reversal of amortisation expenses for intangibles below \$100,000 purchased during 2004/05	110
	Intangible asset deemed impaired during 2004/05	(391)
	Adjustment to intangibles	(389)
37.3	The adjustments to Property, Plant & Equipment are as follows:	
	Transfer to Non-Current Assets classified as Held for Sale	(6,035)
	Revaluation of aircraft as major plant & equipment	(637)
	Recalculation of disposal of aircraft in 04/05	1,310
	Write-off of previously capitalised assets below new asset recognition threshold	(12,383)
	Reversal of depreciation expenses for PP&E below the thresholds and purchased during 2004/05	10,142
	Reversal of the disposal of any PP&E below the thresholds during 2004/05	195
	Adjustment to property, plant and equipment	(7,408)
37.4	LSL levy payable is no longer a payable, but an Accrued Employee Benefit	175
	Adjustment to payables	175
37.5	LSL levy payable is no longer a payable, but an Accrued Employee Benefit	(175)
	Adjustment to current accrued employee benefits	(175)
37.6	Impact of discounting on non-current recreation leave	88
	Adjustment to non-current accrued employee benefits	88
37.7	Adjustment to Net Operating Result as a result of changes	(1,849)
	Adjustment to retained surplus	(1,849)
37.8	The adjustments to Other revenue are as follows:	
	Reversal of entries posted to Gain on disposal for assets disposed in 2004/05	(19)
	Recognition of revenue on the sale/disposal of items whose cost was not capitalised	41
	Recalculation of gain on disposal of aircraft in 04/05	539
	Adjustment to other revenue	561
37.9	Impact of discounting on non-current recreation leave	88
	Adjustment to employee expenses	88
37.10	Write-off of previously capitalised research and training costs which have been included in the value of internally developed software (refer 37.2)	34
	Items purchased during 2004/05 below new recognition thresholds	12,457
	Adjustment to supplies and services	12,491
37.11	Reversal of depreciation expenses for PP&E below the thresholds and purchased during 2004/05	(10,252)
	Reduction in aircraft depreciation expense due to revaluation	(814)
	Adjustment to depreciation expenses	(11,066)
37.12	Revaluation of aircraft as major plant & equipment (refer 37.3)	1,451
	Adjustment to revaluation decrement	1,451
37.13	Intangible asset deemed impaired during 2004/05 (refer 37.2)	391
	Adjustment to impairment loss	391
37.14	The adjustments to Other expenses are as follows:	
	Reversal of entries posted to Loss on disposal for assets disposed in 2004/05	(174)
	Recalculation of loss on disposal of aircraft in 04/05	(771)
	Adjustment to other expenses	(945)

Department of Police
Certificate of the Department of Police
For the year ended 30 June 2006

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 2006 and of the financial position of the department at the end of that year.



J. O'Donohue
Acting Director, Finance Division

15/09/2006



R. Atkinson
Commissioner

15/09/2006

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 2006 included on the Department of Police web site. The Accountable Officer is responsible for the integrity of the Department of Police web site. I have not been engaged to report on the integrity of the Department of Police web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these 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 Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Income Statement by Outputs/Major Activities, 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 2006.

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*, which incorporate the *Australian Auditing Standards*, to enable me to provide an independent opinion whether in all material respects the financial report is presented 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 audit 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 s.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 2005 to 30 June 2006 and of the financial position as at the end of that year.



JP BEH FCPA
Director of Audit
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane