

# Financial statements

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## Statement of comprehensive income for the year ended 30 June 2018

**Queensland Police Service**  
**Statement of comprehensive income**  
**For the year ended 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
<b>Income from continuing operations</b>			
Appropriation revenue	3	1,921,090	1,855,348
User charges and fees	4	94,996	85,052
Grants and other contributions	5	329,985	257,870
Other revenue		6,179	5,315
<b>Total revenue</b>		<b>2,352,250</b>	<b>2,203,585</b>
Gains on disposal/remeasurement of assets		28	13
<b>Total income from continuing operations</b>		<b>2,352,278</b>	<b>2,203,598</b>
<b>Expenses from continuing operations</b>			
Employee expenses	6	1,771,404	1,671,809
Supplies and services	8	277,498	246,606
Grants and subsidies		7,402	6,742
Depreciation and amortisation	11,12	15,637	13,194
Impairment losses		929	1,243
Other expenses	9	279,105	262,802
<b>Total expenses from continuing operations</b>		<b>2,351,975</b>	<b>2,202,396</b>
<b>Operating result from continuing operations</b>		<b>303</b>	<b>1,202</b>
<b>Other comprehensive income not reclassified subsequently to operating result</b>			
Increase/(decrease) in asset revaluation surplus		(225)	312
<b>Total other comprehensive income</b>		<b>(225)</b>	<b>312</b>
<b>Total comprehensive income</b>		<b>78</b>	<b>1,514</b>

*The accompanying notes form part of these statements.*

## Statement of financial position as at 30 June 2018

**Queensland Police Service**  
**Statement of financial position**  
**As at 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		78,150	102,077
Receivables	10	111,738	72,172
Inventories		5,699	3,864
Prepayments		3,436	6,582
<b>Total current assets</b>		<b>199,022</b>	<b>184,695</b>
<b>Non-current assets</b>			
Intangible assets	11	26,157	25,177
Property, plant and equipment	12	43,008	49,602
<b>Total non-current assets</b>		<b>69,166</b>	<b>74,779</b>
<b>Total assets</b>		<b>268,188</b>	<b>259,474</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	13	37,020	47,393
Accrued employee benefits	14	94,814	86,269
Other current liabilities	15	17,481	16,192
<b>Total current liabilities</b>		<b>149,315</b>	<b>149,854</b>
<b>Total liabilities</b>		<b>149,315</b>	<b>149,854</b>
<b>Net assets</b>		<b>118,872</b>	<b>109,621</b>
<b>Equity</b>			
Contributed equity		9,311	137
Accumulated surplus		108,870	108,568
Asset revaluation surplus		689	914
<b>Total equity</b>		<b>118,872</b>	<b>109,621</b>

*The accompanying notes form part of these statements.*

## Statement of changes in equity for the year ended 30 June 2018

**Queensland Police Service**  
**Statement of changes in equity**  
**For the year ended 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
<b>Contributed equity</b>			
Opening balance		137	-
Transactions with owners as owners:			
Appropriated equity adjustment	3	9,174	2,912
Net transfers in/(out) via machinery-of-government change		-	4,875
Transfers between classes		-	(7,650)
Closing balance		<u>9,311</u>	<u>137</u>
<b>Accumulated surplus/(deficit)</b>			
Opening balance		108,568	99,717
Operating result		303	1,202
Transactions with owners as owners:			
Transfers between classes		-	7,650
Closing balance		<u>108,870</u>	<u>108,568</u>
<b>Asset revaluation surplus</b>			
Opening balance		914	602
Increase/(decrease) in asset revaluation surplus		(225)	312
Closing balance *		<u>689</u>	<u>914</u>
<b>Total equity</b>		<u><u>118,872</u></u>	<u><u>109,621</u></u>

\* Asset revaluation surplus balance by class - Major plant and equipment \$0.689m (2017: \$0.914m)

The accompanying notes form part of these statements.

## Statement of cash flows for the year ended 30 June 2018

**Queensland Police Service**  
**Statement of cash flows**  
**For the year ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
<i>Inflows:</i>		
Service appropriation receipts	1,937,027	1,854,643
User charges and fees	96,758	80,329
Grants and other contributions	17,671	12,815
GST input tax credits from ATO	25,301	26,997
GST collected from customers	11,691	8,986
Other	5,963	5,962
<i>Outflows:</i>		
Employee expenses	(1,753,580)	(1,658,067)
Supplies and services	(285,010)	(241,052)
Grants and subsidies	(7,402)	(6,742)
GST paid to suppliers	(23,689)	(28,451)
GST remitted to ATO	(11,691)	(8,981)
Other	(36,504)	(18,150)
<b>Net cash provided by/(used in) operating activities</b>	<b>(23,465)</b>	<b>28,287</b>
<b>Cash flows from investing activities</b>		
<i>Outflows:</i>		
Payments for property, plant and equipment	(3,052)	(13,766)
Payments for intangibles	(6,860)	(9,555)
<b>Net cash provided by/(used in) investing activities</b>	<b>(9,911)</b>	<b>(23,322)</b>
<b>Cash flows from financing activities</b>		
<i>Inflows:</i>		
Equity injections	11,380	1,940
<i>Outflows:</i>		
Equity withdrawals	(1,930)	(71)
<b>Net cash provided by/(used in) financing activities</b>	<b>9,450</b>	<b>1,869</b>
Net increase/(decrease) in cash	(23,926)	6,835
Cash at beginning of financial year	102,077	95,242
<b>Cash at end of financial year</b>	<b>78,150</b>	<b>102,077</b>

## Notes to the statement of cash flows for the year ended 30 June 2018

**Queensland Police Service**  
**Notes to the statement of cash flows**  
**For the year ended 30 June 2018**

	2018 \$'000	2017 \$'000
<b>Reconciliation of operating result to net cash from operating activities</b>		
Operating result	303	1,202
<b>Non-cash items included in operating result:</b>		
Depreciation and amortisation	15,637	13,194
Donations	(108)	(259)
Net gain/loss on sale of property, plant and equipment	94	162
Impairment losses	775	215
<b>Change in assets and liabilities:</b>		
Increase/(decrease) in accrued employee benefits	8,545	17,187
(Increase)/decrease in annual leave reimbursement receivable	8,468	(2,267)
(Increase)/decrease in GST receivable	785	(1,458)
(Increase)/decrease in inventories	(1,835)	1,602
(Increase)/decrease in long service leave reimbursement receivable	810	(1,179)
(Increase)/decrease in other receivables	(215)	648
(Increase)/decrease in other current assets	3,146	(3,553)
Increase/(decrease) in payables	(10,649)	21,150
(Increase)/decrease in trade receivables	(50,344)	(4,448)
Increase/(decrease) in unearned revenue	(411)	(702)
Increase/(decrease) in other current liabilities	1,532	(13,214)
<b>Net cash from operating activities</b>	<b>(23,465)</b>	<b>28,287</b>

**Accounting Policy - Cash and cash equivalents**

Cash assets includes cash on hand and all cash and cheques receipted but not banked as at 30 June.

The department has authorisation to operate in overdraft within a specified limit in accordance with the *Financial Accountability Act 2009*. The approved overdraft limit is \$70m.

## Statement of comprehensive income by major departmental services for the year ended 30 June 2018

**Queensland Police Service**  
**Statement of comprehensive income by major departmental services**  
**for the year ended 30 June 2018**

	Crime and public order		Road safety		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Income from continuing operations</b>						
Appropriation revenue	1,561,779	1,508,333	359,311	347,015	1,921,090	1,855,348
User charges and fees	77,228	69,145	17,768	15,908	94,996	85,052
Grants and other contributions	268,266	209,639	61,719	48,231	329,985	257,870
Other revenue	5,023	4,321	1,156	994	6,179	5,315
<b>Total revenue</b>	<b>1,912,297</b>	<b>1,791,438</b>	<b>439,953</b>	<b>412,148</b>	<b>2,352,250</b>	<b>2,203,585</b>
Gain on sale/remeasurement of assets	23	11	5	2	28	13
<b>Total income from continuing operations</b>	<b>1,912,320</b>	<b>1,791,448</b>	<b>439,958</b>	<b>412,150</b>	<b>2,352,278</b>	<b>2,203,598</b>
<b>Expenses from continuing operations</b>						
Employee expenses	1,440,089	1,359,122	331,315	312,687	1,771,404	1,671,809
Supplies and services	225,596	200,482	51,902	46,124	277,498	246,606
Grants and subsidies	6,017	5,481	1,384	1,261	7,402	6,742
Depreciation and amortisation	12,712	10,726	2,925	2,468	15,637	13,194
Impairment losses	755	1,011	174	233	929	1,243
Other expenses	226,903	213,649	52,202	49,153	279,105	262,802
<b>Total expenses from continuing operations</b>	<b>1,912,074</b>	<b>1,790,471</b>	<b>439,902</b>	<b>411,925</b>	<b>2,351,974</b>	<b>2,202,396</b>
<b>Operating result for the year</b>	<b>246</b>	<b>977</b>	<b>57</b>	<b>225</b>	<b>303</b>	<b>1,202</b>
<b>Other comprehensive income not reclassified subsequently to operating result</b>						
Increase/(decrease) in asset revaluation surplus	(183)	254	(42)	58	(225)	312
<b>Total other comprehensive income</b>	<b>(183)</b>	<b>254</b>	<b>(42)</b>	<b>58</b>	<b>(225)</b>	<b>312</b>
<b>Total comprehensive income</b>	<b>63</b>	<b>1,231</b>	<b>16</b>	<b>284</b>	<b>78</b>	<b>1,514</b>

**Accounting Policy - Allocation of revenues and expenses from ordinary activities to corporate services**

The department discloses income and expenses attributable to service delivery support in the Statement of comprehensive income by major departmental services.

The expenses attributable to service delivery support includes information and technology costs, property and transport related operating and maintenance costs and cost of services received below fair value.

## Statement of assets and liabilities by major departmental services as at 30 June 2018

**Queensland Police Service**  
**Statement of assets and liabilities by major departmental services**  
**as at 30 June 2018**

	Crime and public order		Road safety		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and Cash equivalents	63,533	82,985	14,617	19,092	78,150	102,077
Receivables	90,839	58,673	20,899	13,499	111,738	72,172
Inventories	4,633	3,141	1,066	723	5,699	3,864
Prepayments	2,793	5,351	643	1,231	3,436	6,582
<b>Total current assets</b>	<b>161,798</b>	<b>150,151</b>	<b>37,224</b>	<b>34,545</b>	<b>199,022</b>	<b>184,695</b>
<b>Non-current assets</b>						
Intangible assets	21,265	20,468	4,892	4,709	26,157	25,177
Property, plant and equipment	34,964	40,324	8,044	9,277	43,008	49,602
<b>Total non-current assets</b>	<b>56,229</b>	<b>60,792</b>	<b>12,936</b>	<b>13,986</b>	<b>69,166</b>	<b>74,779</b>
<b>Total assets</b>	<b>218,027</b>	<b>210,943</b>	<b>50,160</b>	<b>48,531</b>	<b>268,188</b>	<b>259,474</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	30,096	38,529	6,924	8,864	37,020	47,393
Accrued employee benefits	77,080	70,134	17,734	16,135	94,814	86,269
Other current liabilities	14,212	13,163	3,270	3,028	17,481	16,192
<b>Total current liabilities</b>	<b>121,388</b>	<b>121,826</b>	<b>27,927</b>	<b>28,028</b>	<b>149,315</b>	<b>149,854</b>
<b>Total liabilities</b>	<b>121,388</b>	<b>121,826</b>	<b>27,927</b>	<b>28,028</b>	<b>149,315</b>	<b>149,854</b>

Crime and public order includes service standards related to personal safety, property security and public order and safety. Road safety includes service standards related to traffic policing.



# Notes to and forming part of the financial statements 2017-18

## Queensland Police Service

### Notes to and forming part of the financial statements 2017-18

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#### 1 Basis of financial statement preparation

##### (a) General information

The Queensland Police Service (QPS) is a Queensland Government department established under the *Public Service Act 2008*. The department was first established by the *Police Act of 1863*.

The QPS is a not-for-profit entity and has no controlled entities.

##### (b) Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning 1 July 2017 and other authoritative pronouncements.

##### (c) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936 (Cwth)* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

##### (d) Basis of measurement

The historical cost convention is used unless fair value is stated as the measurement basis.

##### (e) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential effect on the financial statements are outlined in the following financial statement notes:

- Valuation of property, plant and equipment - Note 12
- Depreciation - Note 12
- Services received below fair value - Notes 5 and 9.

##### (f) Presentation matters

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is less than \$500, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current year reporting period. Where such restatements have occurred, they are not material to the financial statements.

##### (g) Future impact of accounting standards not yet effective

The department did not voluntarily change any of its accounting policies during 2017-18. As at the date of authorisation of the financial report, the following accounting standards and interpretations have future commencement dates. The impact of these on the financial statements is set out below.

*AASB 9 Financial Instruments* and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

This standard will become effective from reporting periods beginning on or after 1 January 2018 and addresses recognition, classification, measurement and de-recognition of financial assets and financial liabilities and impairment of financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. AASB 9 will also apply to statutory receivables, with guidance available in AASB 2016-8.

The department has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 with regards to the categorisation and valuation of the amounts reported in Note 18:

- There will be no change to either the classification or valuation of the cash and cash equivalent item.

# Notes to and forming part of the financial statements 2017-18 (cont'd)

## Queensland Police Service

### Notes to and forming part of the financial statements 2017-18 (continued)

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#### 1 Basis of financial statement preparation (continued)

##### (g) Future impact of accounting standards not yet effective (continued)

-Trade receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department has assessed the impact of changes in the provision for impairment of trade debtors by applying the new methodology to 30 June 2018 trade debtor category balances. The assessment results indicate that the revised provision would not be sufficient to reflect management's future planned actions in relation to bad debt assessments and write-offs.

- All financial liabilities listed in Note 18 will continue to be measured at amortised cost.

Management has determined that the existing methodology of calculating the impairment of receivables is more appropriate as at 30 June 2018. This will be assessed on continual basis and the new methodology will be applied as appropriate.

##### AASB 15 Revenue from Contracts with Customers

This standard will become effective from reporting periods beginning on or after 1 January 2019.

The department has commenced analysing the new revenue recognition requirements under this standard and potential future impacts identifiable at the date of this report are as follows:

Under this standard, grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as the monies are received by the department. Grants received whereby specific performance obligations exist under a contract will be initially recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant.

Depending on the specific contractual terms, the new requirements may result in a change to the timing of revenue recognition such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations. Such amounts would be reported as a liability being unearned revenue. The department is yet to complete its analysis of current grant arrangements, but as at 30 June 2018 does not expect a significant impact on its present accounting treatment for grants revenue.

##### AASB 1058 - Income of Not-for-Profit Entities

This Standard will become effective from reporting periods beginning on or after 1 January 2019 and contains detailed requirements for the accounting for certain types of revenue from customers.

AASB 1058 amends AASB 16 Leases so that the right-of-use assets arising from 'peppercorn leases' are measured at fair value (instead of cost under AASB 16 paragraphs 23-24). This amendment applies to all leases with significantly below-market terms and conditions principally to enable the lessee entity to further its objectives. Fair value of the right-of-use asset will need to be established on initial recognition or transition but will not need to be measured on an ongoing basis. The department is currently reviewing any contracts with a material impact for the period after 1 July 2018. The department will monitor the impact of any contracts subsequently entered into before the new standard takes effect.

##### AASB 16 Leases

This standard will become effective from reporting periods beginning on or after 1 January 2019.

Under this standard, lessees will be required to recognise a right-of-use asset representing rights to use the underlying leased asset and a liability representing the obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The accounting treatment for operating leases that meet the definition of AASB 16 will change from being recognised as an expense to recognising a right-of-use asset and associated liability, interest and depreciation expense, resulting in a financial reporting impact to the financial statements from 2019-20.

The department has analysed its existing operating lease commitments by type of lessor and type of lease to estimate the expected impacts on transition based on information available at 30 June 2018.

The current assessment of operating leases indicates that approximately 38% of the department's current lease arrangements are provided at no cost or at below fair value. In addition and as disclosed in Note 17, approximately 61% of leases relate to Queensland Government Office Accommodation. These arrangements are being assessed at a whole of government level to determine the disclosure requirements for departments under AASB 16.

# Notes to and forming part of the financial statements 2017-18 (cont'd)

## Queensland Police Service

### Notes to and forming part of the financial statements 2017-18 (continued)

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#### 1 Basis of financial statement preparation (continued)

##### (g) Future impact of accounting standards not yet effective (continued)

The additional impact of the standard is currently being assessed, including the discount rate to be used.

##### Other standards and interpretations

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the department or have no material impact.

##### (h) Accounting standards applied for the first time

*AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* became effective in 2017-18 and requires the disclosure of information that will allow users to understand changes in liabilities arising from financing activities.

#### 2 Objectives and principal activities of the department

The role of the QPS is to provide timely, high quality and efficient policing services, in collaboration with community, government and non-government partners, to make Queensland safer. The department's vision is to deliver safety and secure communities through innovation, collaboration and best practice.

The identity and purpose of the major departmental services undertaken by the department during the year are as follows:

##### *Crime and Public Order*

- protect personal safety and prevent, detect and solve offences including homicide, assault, sexual assault and robbery
- protect property and prevent, detect and solve offences including unlawful entry, other property damage, motor vehicle theft and other theft
- maintain public order and safety including during major events and natural disasters and address public space enjoyment, street and nuisance offences, liquor licensing issues and environmental design to reduce crime including alcohol fuelled violence.

##### *Road Safety*

Activities to enforce traffic law and reduce road trauma through targeting the prevention and detection of speeding, red light offences, driving while distracted, driving under the influence of alcohol or drugs, driving while fatigued and not wearing seatbelts.

The department is funded for the departmental services it delivers principally by parliamentary appropriations. The department also cost recovers on a fee for service basis for special services including:

- heavy vehicle road escorts
- traffic control at road works
- additional policing services at large sporting, entertainment and public events.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

	2018 \$'000	2017 \$'000
<b>3 Appropriation revenue</b>		
<b>Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income</b>		
Budgeted appropriation revenue	1,915,871	1,783,627
Transfers from/(to) other departments	-	60,810
Transfers from/(to) other headings	(1,518)	-
Lapsed appropriation revenue	(6,510)	(10,388)
<b>Total appropriation receipts (cash)</b>	<b>1,907,843</b>	<b>1,834,049</b>
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(15,937)	(13,247)
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	13,247	21,299
<b>Net appropriation revenue</b>	<b>1,905,153</b>	<b>1,842,101</b>
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	15,937	13,247
<b>Appropriation revenue recognised in Statement of comprehensive income</b>	<b>1,921,090</b>	<b>1,855,348</b>
<b>Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity</b>		
Budgeted equity adjustment appropriation	7,932	19,903
Transfers from/(to) other headings	1,518	-
Lapsed equity adjustment	-	(19,184)
<b>Equity adjustment receipts (payments)</b>	<b>9,450</b>	<b>719</b>
Plus: Opening balance of equity adjustment payable	25	2,218
Less: Closing balance of equity adjustment payable	(301)	(25)
<b>Equity adjustment recognised in contributed equity</b>	<b>9,174</b>	<b>2,912</b>

#### Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriations Act 2017* are recognised as revenue when received or receivable. Where approved, appropriation revenue is recorded as a receivable, if the approved amounts are not received at the end of the reporting period.

### 4 User charges and fees

Special services	37,643	30,042
Incident reporting	1,284	1,185
Criminal history checks	11,781	11,463
Security services	44,287	42,363
<b>Total</b>	<b>94,996</b>	<b>85,052</b>

#### Accounting Policy - User charges and fees

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty.

### 5 Grants and other contributions

Grants and contributions	71,348	12,814
Services received below fair value *	258,637	245,056
<b>Total</b>	<b>329,985</b>	<b>257,870</b>

\* 2017-18 includes \$238.519m (2016-17: \$217.751m) of services received below fair value, representing costs for services incurred by the Public Safety Business Agency (PSBA) provided to the QPS. This amount is calculated using a cost attribution model that attributes the costs of services provided by the PSBA to its client agencies. The services provided includes information and communication services, financial and procurement services, fleet services, property and facilities management, Queensland Government air services, human resource services and other corporate services. The cost of services provided are materially represented at fair value.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 5 Grants and other contributions (continued)

##### Accounting Policy - Grants and contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements as it is earned.

##### Accounting Policy - Services received free of charge, below fair value 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 an expense in the Statement of comprehensive income.

A number of corporate service functions within the department were transferred to the PSBA on 1 July 2014. The department has continued to receive these services at below fair value from the PSBA since that date.

	2018 \$'000	2017 \$'000
<b>6 Employee expenses</b>		
<b>Employee benefits</b>		
Wages and salaries	1,332,828	1,250,507
Employer superannuation contributions	201,016	192,745
Long service leave levy	31,161	29,195
Annual leave levy	168,715	158,816
Other employee benefits	8,287	10,183
<b>Employee related expenses</b>		
Workers' compensation premium	29,398	30,363
<b>Total</b>	<b>1,771,404</b>	<b>1,671,809</b>
<b>Full-Time equivalent employees (number)</b>	<b>15,163</b>	<b>14,980</b>

##### Accounting Policy - Employee expenses

##### Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of financial position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months of the reporting date, the liabilities are recognised at their undiscounted values.

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

##### Annual leave and long service leave

The department is a member of the Queensland Government's Annual Leave Central Scheme (ALCS) and Long Service Leave Central Scheme. A levy is payable to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

##### Superannuation

The QSuper scheme has defined benefits and defined contribution categories. Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary for the defined benefit plan, and at rates per the enterprise bargaining agreements or conditions of employment for the defined contribution plan. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Amounts payable to superannuation funds are recognised in the Statement of Financial Position.

##### Workers' compensation premium

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package.

# Notes to and forming part of the financial statements 2017-18 (cont'd)

## Queensland Police Service

### Notes to and forming part of the financial statements 2017-18 (continued)

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#### 7 Key Management Personnel disclosures

##### (a) Details of Key Management Personnel (KMP)

The department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of *AASB 124 Related Party Disclosures*. That Minister is the Minister for Police and Minister for Corrective Services.

The non-Ministerial KMP personnel, being the members of the QPS Board of Management are those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2017-18. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

There were two external members appointed to the QPS Board of Management commencing 1 July 2016. For 2017-18 the independent external members received \$9,000 (2016-17: \$9,000) in remuneration. There were no other on-costs.

##### (b) Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment for the KMP are specified in employment contracts.

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses including:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was a KMP; and
  - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to benefits.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

No KMP remuneration packages provide for performance or bonus payments.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 7 Key Management Personnel disclosures (continued)

##### (c) Remuneration expenses

1 July 2017 – 30 June 2018

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000				
Commissioner	508	38	11	58	-	614
Deputy Commissioner - Strategy, Policy & Performance (Resigned 02/03/2018)	184	-	4	33	-	221
Deputy Commissioner - Strategy, Policy & Performance (Appointed 22/12/2017)	151	-	3	25	-	180
Deputy Commissioner - Strategy, Policy & Performance (Acting 05/05/2018 - 17/06/2018)	49	-	1	7	-	57
Deputy Commissioner - Specialist Operations	126	-	3	19	-	147
Deputy Commissioner - Commonwealth Games (02/10/2017 - 04/05/2018)	180	-	4	27	-	211
Deputy Commissioner - Specialist Operations (Acting 08/09/2017 - 21/12/2017)	85	-	2	10	-	96
Deputy Commissioner - Specialist Operations (Acting 15/01/2018 - 13/03/2018)	43	-	1	6	-	50
Deputy Commissioner - Specialist Operations (Acting 14/03/2018 - 01/06/2018)	52	-	1	13	-	66
Deputy Commissioner - Regional Operations (Resigned 22/12/2017)	119	-	2	18	-	139
Deputy Commissioner - Regional Operations (Appointed 22/12/2017)	167	-	4	21	-	191
Deputy Commissioner - Regional Operations (Acting 13/11/2017 - 14/01/2018))	51	-	1	6	-	58

1 July 2016 – 30 June 2017

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000				
Commissioner	458	45	10	62	-	575
Deputy Commissioner - Strategy, Policy & Performance	267	-	6	44	-	317
Deputy Commissioner - Specialist Operations	281	-	6	44	-	331
Deputy Commissioner - Regional Operations	245	-	5	34	-	284

##### (d) Related party transactions with people/entities related to KMP

There were no material related party transactions associated with the department's KMP during 2017-18 (2016-18: nil).

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

	2018 \$'000	2017 \$'000
<b>8 Supplies and services</b>		
Contractors	14,063	22,937
Materials	48,138	47,319
Repairs and maintenance	37,455	38,400
Transfer costs	5,716	6,677
Travel	41,760	17,261
Communications	24,199	24,030
Accommodation and public utilities	20,056	19,162
Minor Equipment Purchases	6,712	8,388
Operating lease rentals	23,165	22,486
Crimtrac search fees	10,367	7,651
Aircraft Hire	5,093	4,998
Outsourced works	13,458	7,752
Computing Facilities Management	3,192	2,701
Other	24,123	16,843
<b>Total</b>	<b>277,498</b>	<b>246,606</b>

#### Accounting Policy - Operating lease rentals

Operating lease payments are representative of the pattern of benefits derived for the leased assets and are expensed in the periods in which they are incurred. Material incentives received on entering into an operating lease are recognised as liabilities.

### 9 Other expenses

Audit fees *	329	268
Insurance premiums-QGIF	4,228	4,412
Insurance premiums-other	64	73
Services received below fair value **	258,547	244,803
Departmental services appropriation	15,937	13,247
<b>Total</b>	<b>279,105</b>	<b>262,802</b>

\* Total audit fees quoted by the Queensland Audit Office for the 2017-18 financial statements are estimated to be \$302,375 (2016-17: \$295,000).

\*\* Included in the 2017-18 Services received below fair value figure is \$238.519m (2016-17: \$217.751m) representing corporate services provided by the PSBA to the QPS (refer Note 5).

#### Accounting Policy - Insurance

The majority of the department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF) with premiums being paid on a risk assessment basis. For litigation purposes, under the QGIF policy, the department would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants. The department privately insures its Air-wing pilots.

#### Accounting Policy - Services received free of charge, below fair value 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 a revenue and an expense in the Statement of comprehensive income.

A number of corporate service functions within the department were transferred to the PSBA on 1 July 2014. The department has continued to receive these services at below fair value from the PSBA since that date.



## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service Notes to and forming part of the financial statements 2017-18 (continued)

	2018 \$'000	2017 \$'000
<b>10 Receivables</b>		
<b>Current</b>		
Trade debtors	74,655	24,311
Less: Allowance for impairment loss	(2,258)	(1,329)
	<u>72,397</u>	<u>22,982</u>
GST receivable	2,352	3,137
	<u>2,352</u>	<u>3,137</u>
Annual leave reimbursements	30,850	39,318
Long service leave reimbursements	5,203	6,013
Loans and advances	44	60
Other	893	662
	<u>36,989</u>	<u>46,053</u>
<b>Total</b>	<u><b>111,738</b></u>	<u><b>72,172</b></u>

#### Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. The department's standard settlement terms is 30 days from the invoice date.

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

#### Accounting Policy - Impairment of receivables

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department according to the due date (normally terms of 30 days). Economic changes impacting the department's debtors and relevant industry data also form part of the department's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written-off directly against receivables.

### 11 Intangible assets

	Software purchased	Software internally generated	Software work in progress	Total
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Gross value	2,068	54,561	299	56,929
Less: Accumulated amortisation	(1,367)	(29,404)	-	(30,771)
	<u>701</u>	<u>25,157</u>	<u>299</u>	<u>26,157</u>
<b>Reconciliation</b>				
Opening balance	324	18,733	6,120	25,177
Acquisitions	500	1,953	1,042	3,495
Transfers between classes *	-	10,099	(6,863)	3,236
Amortisation	(123)	(5,628)	-	(5,751)
<b>Closing balance</b>	<u><b>701</b></u>	<u><b>25,157</b></u>	<u><b>299</b></u>	<u><b>26,157</b></u>

\* Transfer between classes include transfers from Property, plant and equipment to Intangible assets. Refer to Note 12 Property, plant and equipment.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service Notes to and forming part of the financial statements 2017-18 (continued)

#### 11 Intangible assets (continued)

	Software purchased	Software internally generated	Software work in progress	Total
	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000
Gross value	1,568	42,509	6,120	50,197
Less: Accumulated amortisation	(1,244)	(23,776)	-	(25,020)
	<u>324</u>	<u>18,733</u>	<u>6,120</u>	<u>25,177</u>
<b>Reconciliation</b>				
Opening balance	237	19,427	425	20,089
Acquisitions	137	827	4,657	5,621
Transfers in from other Government agencies	-	2,224	2,415	4,639
Transfers out to other Government agencies	-	(706)	-	(706)
Transfers between classes	-	1,378	(1,378)	-
Amortisation	(50)	(4,417)	-	(4,467)
Closing balance	<u>324</u>	<u>18,733</u>	<u>6,120</u>	<u>25,177</u>

#### Accounting Policy - Recognition thresholds for intangible assets

Intangible assets with a cost or other value equal to or in excess of \$100,000 are capitalised for financial reporting purposes in the year of acquisition. Items purchased or acquired for a lesser value are expensed in the year of acquisition.

#### Accounting Policy - Amortisation of intangible assets

All intangible assets are amortised on a straight line basis over its estimated useful life against an 8% - 20% amortisation rate.

#### Accounting Policy - Impairment of intangible assets

All intangible assets are assessed for indicators of impairment on an annual basis in accordance with *AASB 136 Impairment of Assets*. 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.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 12 Property, plant and equipment

	Buildings	Plant and equipment	Major plant and equipment	Work in progress	Total
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Gross value	26	97,335	1,495	1,324	100,180
Less: Accumulated depreciation	(1)	(56,948)	(223)	-	(57,171)
	<b>25</b>	<b>40,387</b>	<b>1,272</b>	<b>1,324</b>	<b>43,008</b>
<b>Reconciliation</b>					
Opening balance	26	44,234	2,053	3,289	49,602
Acquisitions	-	5,588	-	1,271	6,859
Donations received	-	105	-	-	105
Revaluation increments/(decrements)	-	-	(225)	-	(225)
Transfers between classes *	-	-	-	(3,236)	(3,236)
Disposals	-	(210)	-	-	(210)
Depreciation	(1)	(9,330)	(555)	-	(9,886)
Closing balance	<b>25</b>	<b>40,387</b>	<b>1,272</b>	<b>1,324</b>	<b>43,008</b>

\* Transfer between classes include transfers from Property, plant and equipment to Intangible assets. Refer to Note 11 Intangible assets.

	Buildings	Plant and equipment	Major plant and equipment	Work in progress	Total
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Gross value	26	96,972	4,822	3,289	105,108
Less: Accumulated depreciation	-	(52,738)	(2,769)	-	(55,507)
	<b>26</b>	<b>44,234</b>	<b>2,053</b>	<b>3,289</b>	<b>49,602</b>
<b>Reconciliation</b>					
Opening balance	40	39,226	1,600	-	40,866
Acquisitions	26	12,931	436	1,814	15,207
Donations received	-	266	-	-	266
Revaluation increments/(decrements)	-	-	312	-	312
Disposals	-	(208)	-	-	(208)
Transfers in from other Government agencies	-	451	-	1,475	1,926
Transfers out to other Government agencies	(40)	-	-	-	(40)
Depreciation	-	(8,432)	(295)	-	(8,727)
Closing balance	<b>26</b>	<b>44,234</b>	<b>2,053</b>	<b>3,289</b>	<b>49,602</b>

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 12 Property, plant and equipment (continued)

##### Accounting Policy - Ownership and acquisitions of assets

The PSBA was established on 1 November 2013 to provide corporate services to the QPS and other public safety entities. These services includes holding and maintaining non-current assets such as land, buildings, fleet assets, information and communications assets and aircraft (except one aircraft that has remained on the QPS asset register). Aircraft are classified as major plant and equipment in both PSBA and QPS asset registers.

The current net book value (NBV) of assets owned and managed on behalf of the QPS and recognised in the PSBA asset register is as follows:

Class	NBV (\$'000)
Land	459,060
Buildings	952,920
Infrastructure	7,719
Heritage and cultural assets	12,775
Major plant and equipment	10,007
Plant and equipment	136,881
Software - internally generated	10,687
Software - purchased	31

Historical cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Historical cost is determined as the value provided as consideration plus costs incidental to the acquisition and costs incurred in getting the asset ready for use.

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

##### Accounting Policy - Recognition thresholds for property, plant and equipment

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

Class	Threshold (\$)
Buildings	10,000
Plant and equipment	5,000
Major plant and equipment	5,000

Items purchased or acquired for a lesser value are expensed in the year of acquisition.

##### Accounting Policy - Componentisation of complex assets

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset.

When a separately identifiable component (or groups of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant component will flow to the department in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate.

The department has one aircraft which is categorised as a complex asset.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 12 Property, plant and equipment (continued)

##### Accounting Policy - Depreciation of property, plant and equipment

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 any 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. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant asset classes within property, plant and equipment.

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.

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

Class	Depreciation rate (%)
Buildings	2
Plant and equipment	2.5 to 50
Major plant and equipment	4 to 10

##### Accounting Policy - Revaluations of property, plant and equipment

Major plant and equipment is measured at fair value in accordance with *AASB 116 Property, Plant and Equipment*, *AASB 13 Fair Value Measurement* and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being fair value at date of valuation, less any subsequent accumulated depreciation and subsequent impairment losses where applicable.

All other assets are measured at cost in accordance with the Non-Current Asset Policies.

Major plant and equipment is revalued on an annual basis by appraisals undertaken by an independent professional valuer.

Details of how fair value was determined as at 30 June 2018 are reported below.

##### Revaluation methodology

##### *Major plant and equipment*

Major plant and equipment was independently revalued by Bruce A McKenzie (AVAA Practising Valuer Number: 464) of JD Dodds Plant & Machinery Valuers as at 31 March 2018. The revaluations were determined using current market values.

##### Level 2 significant valuation inputs and relationship to fair value

Major plant and equipment categorises as Level 2. Major plant and equipment including aircraft are valued using the direct comparison valuation method. Aircraft have been valued with regard to the amount considered achievable (fair market) if sold on the open market, after investigating and analysing the sale prices of similar second-hand aircraft. Particular regard has been given to the aircraft's general appearance, condition and remaining useful life on all major components.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

	2018 \$'000	2017 \$'000
<b>13 Payables</b>		
<b>Current</b>		
Trade creditors	36,550	44,239
Equity Adjustment Payable	301	25
Other	169	3,129
<b>Total</b>	<b>37,020</b>	<b>47,393</b>

#### Accounting Policy - Payables

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

### 14 Accrued employee benefits

<b>Current</b>		
Annual leave levy payable	37,238	36,195
Long service leave levy payable	8,148	7,584
Salaries and wages outstanding	36,459	37,983
Accrued allowances	12,958	4,502
Other	10	5
<b>Total</b>	<b>94,814</b>	<b>86,269</b>

#### Accounting Policy - Accrued employee benefits

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

### 15 Other current liabilities

Unearned revenue general	44	455
Departmental services appropriation	15,937	13,247
Provision for claims	1,500	-
Intercompany creditors	-	2,490
<b>Total</b>	<b>17,481</b>	<b>16,192</b>

#### Accounting Policy - Unearned revenue

Revenue that has been received in advance of services being provided is recognised as unearned revenue.

### 16 Related party transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue and equity injections, both which are provided in cash via Queensland Treasury.

The department has received below fair value services as disclosed in Notes 5 and 9 which include an estimate the Government Wireless Network (GWN) managed by the Department of Science, Information Technology and Innovation until 12 December 2017 and the Department of Housing and Public Works after 12 December 2017. Refer to the Administrative Arrangements Order (No. 3) 2017.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 17 Commitments

##### (a) Non-cancellable operating lease commitments

Operating lease commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	Notes	2018 \$'000	2017 \$'000
<b>Payable</b>			
Not later than one year		17,069	13,471
Later than one year and not later than five years		56,795	32,617
Later than five years		48,469	1,589
<b>Total</b>		<b>122,332</b>	<b>47,680</b>

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. The department has entered into significant leasing arrangements for office accommodation at 85 George Street and 30 Makerston Street, Brisbane.

##### (b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

Class of asset			
Buildings		-	246
Plant and equipment		56	185
Work in progress		931	-
<b>Total</b>		<b>987</b>	<b>431</b>
Not later than one year		987	431
<b>Total</b>		<b>987</b>	<b>431</b>

#### 18 Financial instruments

##### Financial instrument categories

The department has the following categories of financial assets and financial liabilities:

##### Financial assets

Cash and cash equivalents		78,150	102,077
Receivables at amortised cost:			
Receivables	10	111,738	72,172
<b>Total</b>		<b>189,888</b>	<b>174,250</b>

##### Financial liabilities

Financial liabilities at amortised cost:			
Payables	13	37,020	47,393
<b>Total</b>		<b>37,020</b>	<b>47,393</b>

No financial assets or financial liabilities have been offset and presented net in the Statement of financial position.

##### Accounting Policy - Financial instruments

###### Recognition

Financial assets and financial liabilities are recognised in the Statement of financial position when the department becomes party to the contractual provisions of the financial instrument.

###### Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value
- Receivables - held at amortised cost
- Payables - held at amortised cost.

The department has not entered into transactions for speculative or hedging purposes in 2017-18. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through the profit or loss.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 18 Financial instruments (continued)

##### Financial risk management

##### (a) Risk exposure

Financial risk management is implemented pursuant to Government and QPS policies. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

The department's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (refer Note 10).
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables (refer Note 13).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The department is exposed to interest rate risk through its cash deposited in interest bearing accounts.

##### (b) Risk measurement and management strategies

The department measures risk exposure using a variety of methods as follows:

Risk exposure	Definition	Exposure
Credit risk	Ageing analysis, earnings at risk	The department manages credit risk through the use of a 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. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

##### (c) Maximum credit risk exposure where carrying amounts do not equal contractual amounts

Certain contractual obligations expose the department to credit risk in excess of the carrying amount of any asset or liability recognised from entering the transaction.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment (refer Note 10).



## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 18 Financial instruments (continued)

##### (d) Liquidity risk - contractual maturity of financial liabilities

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

Financial liabilities	Note	2018 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	13	37,020	-	-	37,020
<b>Total</b>		<b>37,020</b>	<b>-</b>	<b>-</b>	<b>37,020</b>

Financial liabilities	Note	2017 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	13	47,393	-	-	47,393
<b>Total</b>		<b>47,393</b>	<b>-</b>	<b>-</b>	<b>47,393</b>

#### 19 Schedule of administered items

##### Administered revenues

Taxes, fees and fines	15,666	10,465
Other	210	207
<b>Total</b>	<b>15,876</b>	<b>10,672</b>

##### Administered expenses

Transfers of Administered Income to Government *	15,876	10,672
<b>Total</b>	<b>15,876</b>	<b>10,672</b>

##### Administered assets

###### Current

Cash	1,525	1,816
Receivables	(5)	(7)
<b>Total current assets</b>	<b>1,520</b>	<b>1,808</b>

##### Administered liabilities

###### Current

Unclaimed Monies to Remit to Treasury	656	1,214
Payable to Government	859	
Other	5	594
<b>Total current liabilities</b>	<b>1,520</b>	<b>1,808</b>

\* The department periodically transfers to the Queensland Government the amount of all cash collected in respect of Administered revenue.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 19 Schedule of administered items (continued)

The responsibility for the administration of the grant funding for the Prostitution Licensing Authority (PLA) was transferred from the Department of Justice and Attorney-General (DJAG) to QPS from 1 January 2018 as set out in Administrative Arrangements Order (No. 4) 2017. The 2017-18 grant payment was made by DJAG and therefore not reported in the QPS administered note.

##### Accounting Policy - 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 not significant in comparison to the department's overall financial performance/financial position.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless otherwise stated.

#### 20 Trust transactions and balances

	2018 \$'000	2017 \$'000
<b>Trust assets</b>		
<i>Current</i>		
Cash	25,290	19,206
<b>Total current assets</b>	<u>25,290</u>	<u>19,206</u>
<b>Trust liabilities</b>		
<i>Current</i>		
Payables	25,290	19,206
<b>Total current liabilities</b>	<u>25,290</u>	<u>19,206</u>

The Queensland Audit Office has performed an audit of the department's trust transactions for 2017-18.

##### Accounting Policy - Trust transactions and balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties (e.g. exhibits or funds seized from alleged illicit activities, held pending determination by a court as well as unclaimed and returned QPS cheques).

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the department's financial statements but are disclosed in these notes for the information of users.

#### 21 Events occurring after balance date

There were no events occurring after balance date that management considers would have a material impact on the information disclosed in these financial statements.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 22 Budgetary reporting

Statement of comprehensive income	Variance note	Budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
<b>Income from continuing operations</b>				
Appropriation revenue		1,915,871	1,921,090	5,219
User charges and fees	22(a)	80,612	94,996	14,384
Grants and other contributions	22(b)	370,952	329,985	(40,967)
Other revenue		2,756	6,179	3,423
<b>Total revenue</b>		<b>2,370,191</b>	<b>2,352,250</b>	<b>(17,941)</b>
Gains on disposal/remeasurement of assets		-	28	28
<b>Total income from continuing operations</b>		<b>2,370,191</b>	<b>2,352,278</b>	<b>(17,913)</b>
<b>Expenses from continuing operations</b>				
Employee expenses	22(c)	1,735,470	1,771,404	35,934
Supplies and services	22(d)	314,033	277,498	(36,535)
Grants and subsidies		3,515	7,402	3,887
Depreciation and amortisation		15,773	15,637	(136)
Impairment losses		-	929	929
Other expenses	22(e)	301,400	279,105	(22,295)
<b>Total expenses from continuing operations</b>		<b>2,370,191</b>	<b>2,351,975</b>	<b>(18,216)</b>
<b>Operating result from continuing operations</b>		<b>-</b>	<b>303</b>	<b>303</b>
<b>Operating result for the year</b>		<b>-</b>	<b>303</b>	<b>303</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>(225)</b>	<b>(225)</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>78</b>	<b>78</b>

#### Explanation of major variances

- 22(a) User charges and fees variation is mainly due to revenue from Special Services (\$6.4m), Protective Services (\$4.1m) and Criminal History Checks (\$1.1m) being higher than anticipated.
- 22(b) Grants and other contributions variation is mainly due to a reduction in goods and services provided below fair value to the QPS by the PSBA compared to the 2017-18 budget (\$20m) and reduced Gold Coast 2018 Commonwealth Games funding due to QPS costs being lower than estimated (\$18.1m).
- 22(c) Employee expenses variation is mainly due to additional funding for Counter Terrorism capability and Safe Night Precincts (\$9.7m), increases in overtime for special services (\$3.3m), increased annual leave balances as a result of the Gold Coast 2018 Commonwealth Games leave restrictions (\$10.9m) and the transfer of Frontline Integration and Analytics Data Services unit from PSBA to QPS from 1 September 2017 (\$1.9m).
- 22(d) Supplies and services variation is mainly due to QPS Gold Coast 2018 Commonwealth Games costs being less than estimated (\$18.1m) and additional reprioritisation measures (\$14.1m).
- 22(e) Other expenses variation is mainly due to a reduction in goods and services provided below fair value to the QPS by the PSBA compared to the 2017-18 budget (\$20m).

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 22 Budgetary reporting (continued)

Statement of financial position	Variance note	Budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	22(f)	71,839	78,150	6,311
Receivables	22(g)	59,006	111,738	52,732
Inventories		5,466	5,699	233
Other current assets		2,413	3,436	1,023
<b>Total current assets</b>		<b>138,724</b>	<b>199,022</b>	<b>60,298</b>
<b>Non-current assets</b>				
Intangible assets	22(h)	19,919	26,157	6,238
Property, plant and equipment	22(i)	58,470	43,008	(15,462)
<b>Total non-current assets</b>		<b>78,389</b>	<b>69,166</b>	<b>(9,223)</b>
<b>Total assets</b>		<b>217,113</b>	<b>268,188</b>	<b>51,075</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables	22(k)	23,425	37,020	13,595
Accrued employee benefits	22(l)	69,080	94,814	25,734
Other current liabilities		6,855	17,481	10,626
<b>Total current liabilities</b>		<b>99,360</b>	<b>149,315</b>	<b>49,955</b>
<b>Total liabilities</b>		<b>99,360</b>	<b>149,315</b>	<b>49,955</b>
<b>Net assets</b>		<b>117,753</b>	<b>118,872</b>	<b>1,119</b>
<b>Total equity</b>		<b>117,753</b>	<b>118,872</b>	<b>1,119</b>

#### Explanation of major variances

- 22(f) Cash and cash equivalents variation is mainly due to movements in receivables, prepayments, accrued employee benefits, and payables.
- 22(g) Receivables variation is mainly due to funding for the Gold Coast 2018 Commonwealth Games which will be received in 2018-19 (\$54m).
- 22(h) Intangible variation is mainly due to transfers from property, plant and equipment work in progress and acquisitions that were budgeted for as property, plant and equipment (\$6m).
- 22(i) Property, plant and equipment variation is mainly due to planned acquisitions that are deferred to 2018-19 and higher than anticipated acquisition of intangibles (refer note 22h).
- 22(k) Payables variation is mainly due to timing of payments to creditors.
- 22(l) Accrued employee benefits variation is mainly due to timing of payments for salaries and wages and related costs.

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 22 Budgetary reporting (continued)

Statement of cash flows	Variance note	Budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Service appropriation receipts		1,915,871	1,937,027	21,156
User charges and fees		80,612	96,758	16,146
Grants and other contributions	22(m)	75,575	17,671	(57,904)
GST input tax credits from ATO		-	25,301	25,301
GST collected from customers		-	11,691	11,691
Other		2,756	5,963	3,207
<i>Outflows:</i>				
Employee expenses		(1,735,470)	(1,753,580)	(18,110)
Supplies and services		(314,033)	(285,010)	29,023
Grants and subsidies		(3,515)	(7,402)	(3,887)
GST paid to suppliers		-	(23,689)	(23,689)
GST remitted to ATO		-	(11,691)	(11,691)
Other		(6,023)	(36,504)	(30,481)
<b>Net cash provided by/(used in) operating activities</b>		<b>15,773</b>	<b>(23,465)</b>	<b>(39,238)</b>
<b>Cash flows from investing activities</b>				
<i>Outflows:</i>				
Payments for property, plant and equipment	22(r)	(23,705)	(3,052)	20,653
Payments for intangibles		-	(6,860)	(6,860)
<b>Net cash provided by/(used in) investing activities</b>		<b>(23,705)</b>	<b>(9,911)</b>	<b>13,794</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Equity injections		9,862	11,380	1,518
<i>Outflows:</i>				
Equity withdrawals		(1,930)	(1,930)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>7,932</b>	<b>9,450</b>	<b>1,518</b>
Net increase/(decrease) in cash		-	(23,926)	(23,926)
Cash at beginning of financial year		71,839	102,077	30,238
<b>Cash at end of financial year</b>		<b>71,839</b>	<b>78,150</b>	<b>6,311</b>

#### Explanation of major variances

22(m) Grants and other contributions variation is mainly due to funding for the Gold Coast 2018 Commonwealth Games which will be received in 2018-19 (\$54m).

22(r) Property, plant and equipment variation is mainly due to planned acquisitions that are deferred to 2018-19 and higher than anticipated acquisition of intangibles (refer note 22h).

## Notes to and forming part of the financial statements 2017-18 (cont'd)

### Queensland Police Service

#### Notes to and forming part of the financial statements 2017-18 (continued)

#### 22 Budgetary reporting (continued)

Schedule of administered items	Variance note	Budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
<b>Administered revenues</b>				
Taxes, fees and fines	22(t)	11,162	15,666	4,504
Other	22(u)	2,421	210	(2,211)
<b>Total</b>		<b>13,583</b>	<b>15,876</b>	<b>2,293</b>
<b>Administered expenses</b>				
Transfers of administered revenue to government	22(v)	13,583	15,876	2,293
<b>Total</b>		<b>13,583</b>	<b>15,876</b>	<b>2,293</b>
<b>Administered assets</b>				
<i>Current</i>				
Cash		1,550	1,525	(25)
Receivables		(1)	(5)	(4)
<b>Total current assets</b>		<b>1,549</b>	<b>1,520</b>	<b>(29)</b>
<b>Administered liabilities</b>				
<i>Current</i>				
Payables		1,549	1,515	(34)
Other		-	5	5
<b>Total current liabilities</b>		<b>1,549</b>	<b>1,520</b>	<b>(29)</b>

#### Explanation of major variances

- 22(t) Taxes, fees and fines variation is mainly due to an increase in fees raised under the *Weapons Act 1990*.
- 22(u) Other revenue variation is mainly due to a decrease in fines and forfeitures received in 2017-18.
- 22(v) Variation in transfers to government is mainly due to an increase in fines and forfeitures received in 2017-18, partly offset by a decrease in fees raised under the *Weapons Act 1990*.

## Management Certificate for the year ended 30 June 2018

### Queensland Police Service Management Certificate for the year ended 30 June 2018

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These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year ended 30 June 2018 and of the financial position of the department at the end of that year; and

(c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



I Stewart APM

Accountable Officer  
Commissioner



W Brummer  
B.Bus (Acctg), Grad Cert Prof Acctg, MIPA, GAICD

Chief Finance Officer

Date 27/8/18

Date 27/8/18

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Police Service

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Queensland Police Service.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

#### Key audit matters

I have determined that there are no key audit matters to communicate in our report.

#### Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



## Independent Auditor's Report (cont'd)



The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## ***Independent Auditor's Report (cont'd)***



In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

A handwritten signature in blue ink that reads "George".

30 August 2018

Nick George  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane