

QUEENSLAND POLICE SERVICE

FINANCIAL STATEMENTS 2012-13

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General Information

These financial statements cover the Queensland Police Service.

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

The department is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the department is:

200 Roma Street
Brisbane QLD 4000

A description of the nature of the department's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the department's financial statements please call (07) 3364 6583 or visit the departmental Internet site www.police.qld.gov.au

Amounts shown in this financial report may not add to the correct sub-totals or totals due to rounding.

QUEENSLAND POLICE SERVICE
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QUEENSLAND POLICE SERVICE
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Income from Continuing Operations			
Departmental services revenue	2	1,871,951	1,825,141
User charges	3	60,724	62,237
Grants and other contributions	4	15,823	20,302
Other revenue	5	6,010	7,267
Total Revenue		1,954,508	1,914,948
Gains	6	2,830	1,956
Total Income from Continuing Operations		1,957,338	1,916,904
Expenses from Continuing Operations			
Employee expenses	7	1,530,882	1,483,371
Supplies and services	9	296,775	303,460
Grants and subsidies	10	5,716	5,213
Depreciation and amortisation	11	95,497	89,943
Impairment losses	12	12,834	22,480
Other expenses	13	13,500	11,187
Total Expenses from Continuing Operations		1,955,204	1,915,653
Operating Result from Continuing Operations		2,134	1,251
Other Comprehensive Income			
<u>Items that will not be reclassified subsequently to Operating Result:</u>			
Increase (decrease) in asset revaluation surplus	26	(1,456)	30,784
Total items that will not be reclassified subsequently to Operating Result		(1,456)	30,784
Total Other Comprehensive Income*		(1,456)	30,784
Total Comprehensive Income		678	32,035

* This amount represents an increase or decrease in the asset revaluation surplus as a result of revaluations and is not part of the department's operating surplus.

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Current Assets			
Cash and cash equivalents	14	37,580	25,550
Receivables	15	93,478	77,371
Inventories	16	4,422	5,030
Other	17	11,429	12,890
		146,909	120,841
Non-current assets classified as held for sale	18	5,992	2,339
Total Current Assets		152,901	123,179
Non-Current Assets			
Intangible assets	19	69,290	70,208
Property, plant and equipment	20	1,760,302	1,786,889
		1,829,592	1,857,097
Total Assets		1,982,493	1,980,276
Current Liabilities			
Payables	21	73,539	72,760
Accrued employee benefits	22	57,372	52,746
Other	23	97	1,491
		131,009	126,998
Total Current Liabilities		131,009	126,998
Total Liabilities		131,009	126,998
Net Assets		1,851,485	1,853,278
Equity			
Contributed equity		721,060	723,531
Accumulated surplus		396,349	394,215
Asset revaluation surplus	26	734,076	735,532
		1,851,485	1,853,278
Total Equity		1,851,485	1,853,278

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus (Note 26) \$'000	Total \$'000
Balance as at 1 July 2011	698,390	392,965	704,748	1,796,102
Operating result from continuing operations	-	1,251	-	1,251
<i>Other Comprehensive Income</i>				
- Increase in asset revaluation surplus	-	-	30,784	30,784
<i>Total Comprehensive Income for the Year</i>	-	-	30,784	30,784
<i>Transactions with Owners as Owners:</i>				
- Appropriated equity injections (Note 2)	25,141	-	-	25,141
<i>Net Transactions with Owners as Owners</i>	25,141	-	-	25,141
Balance as at 30 June 2012	723,531	394,215	735,532	1,853,278

	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus (Note 26) \$'000	Total \$'000
Balance as at 1 July 2012	723,531	394,215	735,532	1,853,278
Operating result from continuing operations	-	2,134	-	2,134
<i>Other Comprehensive Income</i>				
- Decrease in asset revaluation surplus	-	-	(1,456)	(1,456)
<i>Total Comprehensive Income for the Year</i>	-	-	(1,456)	(1,456)
<i>Transactions with Owners as Owners:</i>				
- Appropriated equity injections (Note 2)	(2,471)	-	-	(2,471)
<i>Net Transactions with Owners as Owners</i>	(2,471)	-	-	(2,471)
Balance as at 30 June 2013	721,060	396,349	734,076	1,851,485

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF CASH FLOWS
For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental services receipts		1,866,246	1,816,411
User charges		59,950	63,474
Grants and other contributions		8,307	9,352
GST input tax credits from ATO		42,047	44,998
GST collected from customers		8,631	9,950
Interest receipts		348	429
Other		2,486	3,236
<i>Outflows:</i>			
Employee expenses		(1,542,110)	(1,501,651)
Supplies and services		(259,225)	(257,105)
Grants and subsidies		(6,449)	(4,594)
GST paid to suppliers		(41,187)	(44,083)
GST remitted to ATO		(10,100)	(10,475)
Other		(29,761)	(28,982)
Net cash provided by (used in) operating activities	24	<u>99,183</u>	<u>100,960</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		12,304	18,097
<i>Outflows:</i>			
Payments for property, plant and equipment		(94,478)	(125,533)
Payments for intangibles		(2,508)	(10,164)
Net cash provided by (used in) investing activities		<u>(84,682)</u>	<u>(117,600)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		56,704	80,042
<i>Outflows:</i>			
Equity withdrawals		(59,175)	(54,901)
Net cash provided by (used in) financing activities		<u>(2,471)</u>	<u>25,141</u>
Net increase (decrease) in cash and cash equivalents		12,030	8,501
Cash and cash equivalents at beginning of financial year		25,550	17,049
Cash and cash equivalents at end of financial year	14	<u><u>37,580</u></u>	<u><u>25,550</u></u>

The accompanying notes form part of these statements.

**QUEENSLAND POLICE SERVICE
STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2013**

	Professional Standards and Ethical Practice**				Personal Safety**				Property Security**				Traffic Policing**				Public Order and Safety**						
	2013		2012		2013		2012		2013		2012		2013		2012		2013		2012		2013		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Income from Continuing Operations *																							
Revenue																							
Departmental services revenue	294,267	287,866	448,802	432,063	401,157	386,194	341,140	346,852	386,585	372,166	1,871,951	1,825,141											
User charges	3,278	5,101	11,349	16,190	10,145	14,471	26,176	12,530	9,776	13,945	60,724	62,237											
Grants and other contributions	1,194	1,582	4,049	5,355	3,619	4,786	3,474	3,967	3,487	4,612	15,823	20,302											
Other revenue	664	1,591	1,531	1,617	1,368	1,445	1,128	1,221	1,319	1,393	6,010	7,267											
	299,403	296,140	465,731	455,225	416,289	406,896	371,918	364,570	401,167	392,116	1,954,508	1,914,948											
Gains																							
Gain on sale of property, plant and equipment	212	147	749	520	670	464	553	377	646	448	2,830	1,956											
	299,615	296,287	466,480	455,745	416,959	407,360	372,471	364,947	401,813	392,565	1,957,338	1,916,904											
Total Income from Continuing Operations																							
Expenses from Continuing Operations *																							
Employee expenses	209,595	207,785	372,818	360,231	333,239	321,988	294,096	283,074	321,134	310,293	1,530,882	1,483,371											
Supplies and services	45,675	42,776	70,521	72,762	63,033	65,038	56,801	60,209	60,745	62,675	296,775	303,460											
Grants and subsidies	522	343	1,487	1,394	1,330	1,247	1,096	1,028	1,281	1,201	5,716	5,213											
Depreciation and amortisation	21,754	21,269	19,929	18,419	17,814	16,463	18,833	17,927	17,167	15,865	95,497	89,943											
Losses and decrements	12,786	22,270	14	60	12	54	10	44	12	52	12,834	22,480											
Other expenses	8,957	1,925	1,203	2,460	1,075	2,199	1,229	2,483	1,036	2,119	13,500	11,187											
	299,289	296,368	465,972	455,326	416,503	406,989	372,065	364,765	401,375	392,205	1,955,204	1,915,653											
Total Expenses from Continuing Operations																							
Operating Result from Continuing Operations	326	(81)	508	419	456	371	406	182	438	359	2,134	1,251											
Other Comprehensive Income																							
Increase (decrease) in asset revaluation surplus	(332)	7,280	(304)	6,304	(271)	5,634	(287)	6,136	(262)	5,430	(1,456)	30,784											
	(332)	7,280	(304)	6,304	(271)	5,634	(287)	6,136	(262)	5,430	(1,456)	30,784											
Total Other Comprehensive Income																							
	(6)	7,199	204	6,723	185	6,005	119	6,318	176	5,789	678	32,035											
Total Comprehensive Income																							

* Allocation of income and expenses to service delivery support (disclosure only):

Income	71,241	63,869	90,516	93,694	80,906	83,748	74,926	78,821	77,967	80,705	395,556	400,837
Expenses	71,323	63,826	90,620	93,631	80,999	83,691	75,013	78,768	78,057	80,651	396,012	400,567

* * The department has systems in place to allocate income and expenses by departmental service. Following a review of departmental services and associated service standards, the department has adopted a new reporting framework for reporting six service areas. Five of the service areas in the table above describe direct services to the community. The sixth service area is service delivery support which is disclosed below total comprehensive income in the table above. Refer Note 1(w).

QUEENSLAND POLICE SERVICE
STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2013

	Professional Standards and Ethical Practice*		Personal Safety*		Property Security*		Traffic Policing*		Public Order and Safety*		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets												
Cash and cash equivalents	5,907	4,030	9,010	6,048	8,053	5,406	6,848	4,856	7,762	5,210	37,580	25,550
Receivables	14,309	11,959	22,278	18,395	19,913	16,442	17,788	14,730	19,190	15,845	93,478	77,371
Inventories	681	709	1,051	1,206	939	1,078	846	998	905	1,039	4,422	5,030
Other	1,749	1,992	2,724	3,065	2,435	2,739	2,175	2,454	2,346	2,640	11,429	12,890
	22,646	18,690	35,063	28,714	31,340	25,665	27,657	23,038	30,203	24,734	146,909	120,841
Non-current assets classified as held for sale	820	328	1,459	568	1,305	508	1,151	446	1,257	489	5,992	2,339
Total Current Assets	23,466	19,018	36,522	29,282	32,645	26,173	28,808	23,484	31,460	25,223	152,901	123,179
Non Current Assets												
Intangible assets	15,784	16,602	14,460	14,377	12,925	12,851	13,665	13,994	12,456	12,384	69,290	70,207
Property, plant and equipment	400,993	422,549	367,352	365,929	328,367	327,069	347,150	356,154	316,440	315,188	1,760,302	1,786,889
Total Non Current Assets	416,777	439,151	381,812	380,306	341,292	339,920	360,815	370,148	328,896	327,572	1,829,592	1,857,097
Total Assets	440,243	458,169	418,334	409,588	373,937	366,093	389,623	393,632	360,356	352,795	1,982,493	1,980,276
Current Liabilities												
Payables	10,271	10,202	17,839	17,632	15,944	15,760	14,119	13,979	15,366	15,187	73,539	72,760
Accrued employee benefits	7,855	7,389	13,972	12,809	12,489	11,449	11,021	10,066	12,035	11,033	57,372	52,746
Other	15	231	23	354	21	317	19	283	19	306	97	1,491
Total Current Liabilities	18,141	17,822	31,834	30,795	28,454	27,527	25,159	24,328	27,420	26,526	131,009	126,998
Total Liabilities	18,141	17,822	31,834	30,795	28,454	27,527	25,159	24,328	27,420	26,526	131,009	126,998

* The department has systems in place to allocate assets and liabilities by departmental service. Following a review of departmental services and associated service standards, the department has adopted a new reporting framework for reporting six service areas. Five of the service areas in the table above describe direct services to the community. The sixth service area is service delivery support which is disclosed below total comprehensive income in the Statement of Comprehensive Income by Major Departmental Services.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

Objectives and Principal Activities of the Department

The Queensland Police Service is a Queensland Government department responsible for preserving peace and good order in all areas of Queensland, preventing and detecting crime, protecting the Queensland community, upholding the law, administering the law fairly and efficiently and bringing offenders to justice.

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; and
- additional policing services at large sporting, entertainment and public events.

1. Summary of Significant Accounting Policies

(a) 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 & Trade's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the department has applied those requirements applicable to not-for-profit entities, as the Queensland Police Service is a not-for-profit department. 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 equity of the department.

The major departmental services undertaken by the department are disclosed in Note 1(x).

The department has no controlled entities.

(c) Administered Transactions and Balances

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Administered transactions and balances are disclosed in Note 30. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

(d) Trust/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 Note 32.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

(e) Departmental Services Revenue/Administered Revenue

Appropriations provided under the *Annual Appropriation Act 2012* are recognised as revenue when received. Appropriations receivable and unearned appropriation revenue are recognised at 30 June as approved by Queensland Treasury and Trade.

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

(f) User Charges, Taxes, Fees and Fines

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. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be utilised 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 30.

(g) 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.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. Where this is the case an equal amount is recognised as revenue and an expense.

(h) Special Payments

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than \$5,000.

The total of all special payments (including those of \$5,000 or less) is disclosed separately within Other Expenses (Note 13). However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include cash on hand, all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(j) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. The department's standard settlement terms is 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. Increases in the provision for impairment loss are based on loss events as disclosed in Note 29(c).

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

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

(k) Inventories

Inventories held for sale or distribution are valued at cost.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

(l) Non-Current Assets Classified as Held for Sale

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

Non-current assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. These assets are not depreciated while held for sale.

(m) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Actual cost is determined as the value provided as consideration plus costs incidental to the acquisition. This includes all other costs incurred in getting the asset ready for use and may include for example, architects' fees and engineering design fees. However, any training costs are expensed as incurred.

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.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(n) 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:

Buildings	\$10,000
Infrastructure	\$10,000
Land	\$1
Major Plant and Equipment	\$5,000
Plant and Equipment	\$5,000
Heritage & Cultural	\$5,000

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

Land improvements undertaken by the department are included with buildings.

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

Land is not depreciated as it has an unlimited useful life.

All intangible assets of the department are recorded as having finite useful lives and are amortised on a straight line basis.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

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. 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.

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

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

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

<i>Class</i>	<i>Average Rate (%)</i>
Buildings	1.55
Infrastructure	3.33
Major Plant and Equipment	6.84*
Motor Vehicles	31.09
Plant and Equipment	12.44
Heritage assets	1.13
Intangible assets	13.90

* Aircraft are classified as major plant and equipment.

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

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of the Queensland Police Service to materially represent their fair value at the end of the reporting period.

All other non-current assets, principally plant and equipment and intangible assets, are measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Non-current physical assets measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer or by the use of appropriate and relevant indices. Revaluations based on independent professional valuation appraisals are undertaken on a rolling basis over a five year period. However, if a significant asset or class of assets experiences significant or volatile changes in fair value (i.e. where indicators suggests that the change in the value of the assets may have a material impact on the asset class between one reporting period and the next), it is subject to such revaluations in the reporting period, where practicable, regardless of the timing of previous such method of revaluation. Major plant and equipment assets such as aircraft are independently revalued on an annual basis.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
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Where indices are used in the revaluation process the department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. State Valuation Service (SVS) supplied the indices and provided assurance as to the robustness, validity and appropriateness for application to the relevant assets. Indices used may be also tested for reasonableness by applying the indices to a sample of assets and comparing results to similar assets that have been valued by an independent professional valuer and analysing the trend of changes in values over time. At year end, management assess the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Details of how fair value was determined as at 30 June 2013 are reported in Note 20.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus 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 surplus 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 the asset's remaining useful life.

Materiality concepts under AASB 1031 *Materiality* are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

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

(q) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the department. The residual value is zero for all the department's intangible assets.

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.

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

Purchased Software

The purchase cost of software equal to or above the intangible asset threshold has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department, namely an average 6.32 years.

Internally Generated Software

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

Costs associated with the development of computer software classed as intangible assets have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department, namely an average 8.21 years.

(r) 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.

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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 Statement of Comprehensive Income, unless the asset is measured at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but only to the extent 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(p).

(s) 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 2013.

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, if applicable. Lease payments are allocated between rental expense and reduction of the liability.

(t) 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.

(u) 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 through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The department does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in Note 29.

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(v) Employee Benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits as disclosed in Note 7.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not included as part of an employee's total remuneration package. These items are not employee benefits and are recognised separately as employee related 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, the liabilities are recognised at their undiscounted values.

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.

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

From 1 July 2008, no provision for annual 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*.

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the department's financial statements, the liability being 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*.

Superannuation

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. 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 QSuper scheme has defined benefit and defined contribution categories. 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*.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to Note 8 for the disclosures on key executive management personnel and remuneration.

QUEENSLAND POLICE SERVICE
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(w) 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.

Direct expenses are fully allocated to the relevant major departmental service. However indirect expenses are reported as service delivery support and are allocated to major departmental services based on the results of a state-wide activity survey. Income is distributed based on the allocation of expenses.

The expenses attributable to service delivery support includes information and technology costs, property and transport related operating and maintenance costs, Queensland Shared Services charges and other support costs.

(x) Major Departmental Services of the Department

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

Professional Standards and Ethical Practice

This departmental service involves activities to promote ethical behaviour, discipline and professional practice to ensure the community and visitors to the community have confidence in, and respect for, the Queensland Police Service.

Personal Safety

This departmental service involves activities to protect personal safety and prevent and detect related offences including homicide, assault, sexual assault and robbery.

Property Security

This departmental service involves activities to protect property and prevent and detect related offences including unlawful entry, other property damage, motor vehicle theft and other theft.

Traffic Policing

This departmental service involves activities to enforce traffic law and reduce road trauma including through the prevention and detection of speeding, red light offences, driving under the influence of alcohol or drugs, driving while fatigued and not wearing seatbelts.

Public Order and Safety

This departmental service involves activities to maintain public order and safety during major events and natural disasters - from planning to recovery. Public order issues include those related to public space enjoyment, street and nuisance offences, liquor licensing issues, and environmental design to reduce crime including alcohol fuelled violence.

Service Delivery Support

This departmental service includes strategic positioning and response, human resource management and financial management. Activities reported under this service area supports the delivery of the five direct policing services as detailed above.

QUEENSLAND POLICE SERVICE
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(y) Insurance

The majority of the department's non-current physical assets and other risks are 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.

(z) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, 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 reporting period.

(aa) 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 Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(ab) 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 (FBT) and Goods and Services Tax (GST). GST credits receivable and GST payable to the Australian Tax Office (ATO) are recognised and disclosed in Note 15.

(ac) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner of Police (as Accountable Officer) and the Executive Director of Finance (as Chief Finance Officer) at the date of signing the Management Certificate.

QUEENSLAND POLICE SERVICE
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(ad) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that 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 significant effect are outlined in the following financial statement notes:

Valuation of Property, Plant and Equipment - Note 20
Contingencies - Note 28

The Australian government passed its *Clean Energy Act 2011* in November 2011 with a start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne of carbon dioxide equivalence in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury and Trade's report on 'Carbon Price Impacts for Queensland' dated August 2011 states that economic modelling has been undertaken to estimate the potential impact on asset prices as a result of the carbon price. This modelling indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

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

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

(af) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2012-13. Australian accounting standard changes applicable for the first time for 2012-13 have had minimal effect on the department's financial statements, as explained below.

AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]* applies as from reporting periods beginning on or after 1 July 2012. The only impact for the department from AASB 2011-9 will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in separate sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

QUEENSLAND POLICE SERVICE
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The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value (e.g. fair value less costs to sell). The potential impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The department has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While the department is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. At this stage, no consequential material impacts are expected for the department's property, plant and equipment as from 2013-14.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. The only implications for the department are that the revised AASB 119 clarifies the concept of "termination benefits", and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits".

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits". However, as the department is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criterion has no impact on the department's financial statements, as the employer liability is held by the central scheme.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The department only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the department.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

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Pursuant to AASB 1053, public sector entities like the Queensland Police Service may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Queensland Police Service, Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments (including the Queensland Police Service) and statutory bodies that are consolidated into the whole-of-government financial statements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets will only be measured at amortised cost if both the following two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(u) and 29). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets.

In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the Queensland Government's Budgetary Service Delivery Statements, this means the department will need to include in these financial statements the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows. These budgeted statements will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial statement.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the department's activities, or have no material impact on the department.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
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	2013 \$'000	2012 \$'000
2. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income		
Budgeted Departmental services appropriation	1,918,782	1,807,609
Transfers from/(to) other headings	-	8,802
Lapsed departmental service appropriation	<u>(52,536)</u>	<u>-</u>
Total Departmental services receipts	1,866,246	1,816,411
Plus: Closing balance of Departmental services revenue receivable	22,135	16,430
Less: Opening balance of Departmental services revenue receivable	<u>(16,430)</u>	<u>(7,700)</u>
Departmental service revenue recognised in Statement of Comprehensive Income	<u>1,871,951</u>	<u>1,825,141</u>
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	4,029	122,763
Transfers from/(to) other headings	(202)	(6,764)
Lapsed equity adjustment	<u>(6,298)</u>	<u>(90,858)</u>
Equity adjustment receipts (payments)	<u>(2,471)</u>	<u>25,141</u>
Less: Opening balance of equity adjustment receivable	-	-
Plus: Closing balance of equity adjustment receivable	<u>-</u>	<u>-</u>
	<u>(2,471)</u>	<u>25,141</u>
Plus: Opening balance of equity withdrawal payable	-	-
Less: Closing balance of equity withdrawal payable	<u>-</u>	<u>-</u>
Equity Adjustment Recognised in Contributed Equity	<u>(2,471)</u>	<u>25,141</u>
3. User Charges		
Special services	36,982	37,344
Incident reporting	1,334	1,328
Rental of government property	232	136
Sale of goods and services	10,170	12,553
Network user charges	<u>12,006</u>	<u>10,877</u>
Total	<u>60,724</u>	<u>62,237</u>

QUEENSLAND POLICE SERVICE
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For the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
4. Grants and Other Contributions		
Grants *	7,365	6,977
Industry contributions	618	3,312
Services received at below fair value	7,840	10,013
Total	<u>15,823</u>	<u>20,302</u>

* Included in 2012-13 grants are Natural Disaster Relief and Recovery Arrangements assistance (\$4.25M), National Drug Strategy Funding (\$747K), Queensland Early Intervention Pilot Project (\$546K), Nurses in Watchhouse Program (\$240K), Suicide Prevention Project (\$150K) and Police Diversion Program (\$132K).

5. Other Revenue		
Interest	358	403
Taxes, fees and fines	70	56
Insurance compensation - QGIF and other	751	554
Salary related and other reimbursements	18	-
Sale of plant and equipment (non assets)	234	43
General recoveries	2,318	1,842
Recognition of post capitalised assets	1,216	3,148
FBT employee contributions	742	709
Other	302	512
Total	<u>6,010</u>	<u>7,267</u>

6. Gains		
Gain on sale of property, plant and equipment	752	1,213
Gain on revaluation of major plant and equipment	2,078	742
Total	<u>2,830</u>	<u>1,956</u>

7. Employee Expenses		
Employee Benefits		
Wages and salaries	1,079,217	1,040,289
Employer superannuation contributions *	165,090	158,096
Long service leave levy *	25,723	24,871
Annual leave levy *	144,680	143,135
Voluntary redundancy payments **	20,390	20,444
Other employee benefits	5,852	6,907
Employee Related Expenses		
Payroll tax *	67,060	63,979
Workers compensation premium *	22,871	25,650
Total	<u>1,530,882</u>	<u>1,483,371</u>

* Refer to Note 1(v).

**In 2012-13, 120 staff members and 86 commissioned officers received a redundancy package and 3 staff members received a retrenchment package at a total cost of \$20.4M.

Number of Employees

The number of employees as at 30 June, including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	2013	2012
Number of Employees	14,750	14,785

**QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013**

8. Key Executive Management Personnel and Remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2012-13. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

		Current Incumbents	
Position	Responsibilities	Contract classification and appointment authority	Date appointed to position
Commissioner	The Commissioner is responsible for strategic leadership of the Queensland Police Service consistent with Government legislation and policy directions.	CEO level as agreed with the Minister and Premier. <i>Police Service Administration Act 1990</i>	Previous incumbent retired 31/10/2012 New Commissioner appointed 01/11/2012
Deputy Commissioner (Specialist Operations)	The Deputy Commissioner (Specialist Operations) is responsible for the strategic management and direction of police specialist operations throughout Queensland consistent with Government legislation and policy directions.	Deputy Commissioner remunerated at classification SES 4.2 level. <i>Police Service Administration Act 1990</i>	Appointed 04/10/2010 Previous incumbent appointed to Commissioner on 01/11/2012
Deputy Commissioner (Regional Operations)	The Deputy Commissioner (Regional Operations) is responsible for the strategic management and direction of police regional operations throughout Queensland consistent with Government legislation and policy directions.	Deputy Commissioner remunerated at classification SES 4.2 level. <i>Police Service Administration Act 1990</i>	Acting Deputy Commissioner 01/11/2012 to 31/12/2012 New Deputy Commissioner (Regional Operations) appointed 01/01/2013
Deputy Chief Executive (Resource Management)	The Deputy Chief Executive (Resource Management) is responsible for the strategic management of the resource management function for the Service to support corporate and policing operations through the areas of administration, finance, human resources, education and training and information and communications technology.	Deputy Chief Executive (Resource Management) remunerated at classification SES 4.2 level. <i>Public Service Act 2008</i>	Appointed 21/07/2006
Executive Director, Office of the Commissioner	The Executive Director is responsible for provision of strategic advice and executive support to the Commissioner including strategic planning, performance management, policy development, organisational improvement, project management support, corporate reporting and cross cultural liaison.	Executive Director, Office of the Commissioner remunerated at classification SES2.5 level. <i>Public Service Act 2008</i>	Appointed 20/12/2004

**QUEENSLAND POLICE SERVICE
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For the year ended 30 June 2013

Note 8 (cont'd)

b) Remuneration

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

For the 2012-13 year, remuneration of key executive management personnel increased by 2.2% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:

- Cashable benefits* - consisting of base salary, allowances and annual leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
- Non-monetary benefits - consisting of provision of a motor vehicle if applicable and fringe benefits tax payable on benefits received.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

Total remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2012 - 30 June 2013

	Position (Date resigned if applicable)	Short Term		Long Term		Post Employment		Termination		Total Remuneration**
		Employee Benefits		Employee Benefits		Benefits		Benefits		
		Cashable Benefits* \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Commissioner - (appointed 01/11/2012)		227	18	127	23	-	-	-	395	
Commissioner - (retired 31/10/2012)		199	7	10	13	-	-	-	229	
Deputy Commissioner (Regional Operations) - (appointed 01/01/2013)***		113	2	14	14	-	-	-	143	
Deputy Commissioner (Regional Operations) - (acting 01/11/2012 - 31/12/2012)		34	5	1	3	-	-	-	43	
Deputy Commissioner (Regional Operations) - (appointed Commissioner 01/11/2012)		78	9	6	12	-	-	-	105	
Deputy Commissioner (Specialist Operations)		243	1	9	36	-	-	-	289	
Deputy Chief Executive (Resource Management)		215	20	8	25	-	-	-	268	
Executive Director, Office of the Commissioner		171	19	1	19	-	-	-	210	
Total Remuneration		1,280	81	176	145	-	-	-	1,682	

**QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13**
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Note 8 (cont'd)

1 July 2011 - 30 June 2012

Position (Date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration**
	Cashable Benefits* \$'000	Non-Monetary Benefits \$'000				
Commissioner	323	27	16	40	\$'000	\$'000
Deputy Commissioner (Regional Operations)	220	18	9	35	-	406
Deputy Commissioner (Specialist Operations)	234	-	9	35	-	282
Deputy Chief Executive (Resource Management)	201	17	8	25	-	278
Executive Director, Office of the Commissioner	160	17	1	19	-	251
Total Remuneration	1,138	79	43	154	-	1,414

* Cashable benefits includes higher duty payments if applicable, allowance entitlements included in executive remuneration packages and movements in annual leave balances from the previous year.

** The amount calculated as total remuneration includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on benefits received. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

*** The incumbent appointed to this position was seconded to the Queensland Reconstruction Authority from 1 February 2013 to the end of financial year. Relieving arrangements were established for the position during this period.

QUEENSLAND POLICE SERVICE
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	2013 \$'000	2012 \$'000
9. Supplies and Services		
Consultancy and contractors	14,938	21,267
Materials	40,733	44,693
Repairs and maintenance	68,342	62,606
Transfer costs	6,418	6,536
Travel	13,393	14,016
Communications	36,987	51,719
Accommodation and public utilities	16,501	15,497
Resources received below fair value	7,693	9,912
Shared service provider charges	19,546	21,886
Equipment below asset threshold levels	17,922	13,293
Operating lease rentals and rental of premises	16,714	16,845
Crimtrac name search	5,539	7,088
Other	32,049	18,102
Total	296,775	303,460
10. Grants and Subsidies		
Grants – recurrent	5,533	3,615
Natural disaster payments	(53)	1,380
Subsidy payments	236	218
Total	5,716	5,213
11. Depreciation and Amortisation		
Buildings	35,425	31,107
Infrastructure	341	341
Plant and equipment	48,765	48,803
Heritage and cultural assets	181	42
Major plant and equipment	1,439	1,346
Software purchased	543	374
Software internally generated	8,804	7,930
Total	95,497	89,943
12. Impairment Losses		
Impairment losses on trade receivables	48	278
Capital work in progress*	12,786	22,202
Total	12,834	22,480

*Impairment recognised for components of the Westgate Police Academy due to a deferral of this capital works program.

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	2013	2012
	\$'000	\$'000
13. Other Expenses		
Bad debts	13	3
Loss on disposal of non current assets	3,379	4,819
Audit fees *	318	309
Insurance premiums - QGIF	5,201	3,912
Insurance premiums - Other	77	84
Ex-gratia payments **	315	339
Property plant and equipment write off	992	190
Inventory write off	34	(1)
Losses of public moneys	4	-
Gifts	1	-
Plaintiff damages and costs	777	443
Non-capital site clearing expenses	1,206	-
Other	1,185	1,088
Total	<u>13,500</u>	<u>11,187</u>

* Total external audit fees paid to the Queensland Audit Office relating to the 2012-13 financial statements are estimated to be \$315,000 (2012: \$315,168). There are no non-audit services included in this amount.

** Ex-gratia payments:

- the department made ex-gratia payments to individuals in relation to the department's policing operations.
- an ex-gratia payment was made to an employee in relation to events that occurred during the course of the member's employment with the department.

14. Cash and Cash Equivalents

Imprest accounts	222	238
Cash at bank	37,357	25,312
Total	<u>37,580</u>	<u>25,550</u>

15. Receivables

Current

Trade debtors	13,736	14,404
Less: Allowance for impairment loss	(344)	(334)
	<u>13,392</u>	<u>14,070</u>
GST receivables	4,856	4,731
GST payables	(6)	(6)
	<u>4,850</u>	<u>4,725</u>
Appropriation receivable	22,135	16,430
Interest	28	24
Long service leave reimbursement	14,403	5,922
Annual leave reimbursement	38,187	36,029
Loans and advances	4	8
Other receivables	480	164
	<u>75,236</u>	<u>58,576</u>
Total	<u>93,478</u>	<u>77,371</u>

Refer to Note 29(c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

QUEENSLAND POLICE SERVICE
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	2013 \$'000	2012 \$'000
16. Inventories		
Supplies and consumables - at cost	4,422	5,030
Total	4,422	5,030
17. Other Current Assets		
Prepayments	11,429	12,870
Other	-	20
Total	11,429	12,890
18. Non-Current Assets Classified as Held for Sale		
Property plant and equipment	5,992	2,339
Total	5,992	2,339
19. Intangible Assets		
Software purchased		
At cost	5,625	2,799
Less: accumulated amortisation	(3,709)	(922)
	1,916	1,878
Software internally generated		
At cost	108,272	106,064
Less: accumulated amortisation	(41,442)	(42,630)
	66,830	63,435
Work in progress	543	4,896
Total	69,290	70,208

The department has 6 intangible assets with an original cost of \$2.2M and written down value of zero still being used in the provision of services.

The department has nil temporarily idle intangible assets where at reporting date, the idle asset is expected to be restored to active service and not derecognised.

The department has nil intangible assets that have been retired from active use, but not classified as held for sale.

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

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

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

No intangible assets have been classified as impaired because they have been recently purchased or are work in progress.

QUEENSLAND POLICE SERVICE
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For the year ended 30 June 2013

19. Intangible Assets (cont'd)

Intangibles Reconciliation	Work in Progress		Software Internally Generated		Software Purchased		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	4,896	20,902	63,435	40,619	1,878	1,029	70,209	62,549
Acquisitions	4,921	11,592	3,163	3,147	345	597	8,429	15,336
Transfers between classes	(9,273)	(27,599)	9,037	27,599	236	-	-	-
Transfers to/from property, plant and equipment	-	-	-	-	-	626	-	626
Amortisation	-	-	(8,804)	(7,930)	(543)	(374)	(9,347)	(8,304)
Carrying amount at 30 June	543	4,896	66,830	63,435	1,916	1,878	69,290	70,208

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

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	2013	2012
	\$'000	\$'000
20. Property, Plant and Equipment		
Land		
At fair value	466,487	474,206
Less: accumulated impairment losses	-	-
	<u>466,487</u>	<u>474,206</u>
Buildings		
At fair value	1,858,295	1,907,693
Less: accumulated depreciation	(880,750)	(888,903)
Less: accumulated impairment losses	(100)	(15)
	<u>977,446</u>	<u>1,018,775</u>
Infrastructure		
At fair value	9,989	9,989
Less: Accumulated depreciation	(681)	(341)
Less: Accumulated impairment losses	-	-
	<u>9,308</u>	<u>9,648</u>
Plant and equipment		
At cost	405,786	390,516
Less: accumulated depreciation	(201,900)	(179,165)
Less: accumulated impairment losses	-	-
	<u>203,886</u>	<u>211,350</u>
Heritage and cultural assets		
At fair value	208,124	4,421
Less: accumulated depreciation	(171,855)	(129)
Less: accumulated impairment losses	-	-
	<u>36,268</u>	<u>4,292</u>
Major plant and equipment		
At fair value	26,662	22,642
Less: accumulated depreciation	(14,585)	(11,496)
Less: accumulated impairment losses	-	-
	<u>12,077</u>	<u>11,146</u>
Work in progress		
At cost	89,820	79,674
Less: accumulated impairment losses	(34,988)	(22,202)
	<u>54,831</u>	<u>57,472</u>
Total	<u>1,760,302</u>	<u>1,786,889</u>

Land and buildings are revalued to ensure that they are reported at fair value. The revaluations assessed and accepted by management incorporate the results from the independent five year rolling revaluation program, with indexation of the assets not subject to independent revaluations each year. This ensures that all assets are simultaneously revalued, and materially reflect their fair value at balance date.

Independent revaluations were performed for land and buildings in the North Coast and Southern Regions as at 30 June 2013 by the State Valuation Service of the Department of Natural Resources and Mines. Assets independently revalued in the four previous years were indexed to ensure that they are valued on the same basis and materially reflect their fair values. The results of indexations are compared to the results of independent revaluations performed in the year to ensure the results are reasonable. This methodology has been used to support management's acceptance of the revaluations performed for the last four years.

The revaluation methodology for each class is as follows:

- Land

At 30 June 2013, management determine the fair value of land by combining the results from the independent revaluations of assets revalued in the current year, and applying indices to the remaining land assets not independently revalued in the current year.

State Valuation Service conduct the independent revaluation of assets under the five year rolling revaluation program. Values were effective as at 30 June 2013. The process involves physical inspection and reference to recent market transactions for local land sales.

QUEENSLAND POLICE SERVICE
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Note 20 (cont'd)

Land not subject to market valuations were revalued using indices supplied by the Department of Natural Resources and Mines based on individual factor changes per property as derived from a review of market transactions and having regard to the review of land values undertaken for local government locations.

• Buildings

At 30 June 2013, management determine the fair value of buildings by combining the results from the independent revaluation of assets revalued in the current year, and applying indices to the remaining building assets not independently revalued in the current year.

State Valuation Service conduct the independent revaluation of assets under the five year rolling revaluation program. Values were effective as at 30 June 2013. The process involves physical inspection and was based on depreciated current replacement cost, unless a market price in an active and liquid market exists.

Buildings not subject to independent revaluation were revalued using indices supplied by the Department of Natural Resources and Mines. Residential buildings were revalued using the Cordell Building Indices – Cordell Housing Index Price – Queensland index. The commercial building assets were revalued using the Queensland Government's Office of Economic and Statistical Research Asset Revaluation Index: Non-Residential Construction, Queensland. These indices were determined to be the most appropriate when considering the department's building types and were accepted and applied by management on the basis they resulted in a materially accurate representation of the fair value of buildings as at 30 June 2013.

• Infrastructure

Infrastructure is valued at fair value and will be incorporated into the department's five year rolling revaluation program.

• Major Plant and Equipment

Major plant and equipment was independently revalued by JD Dodds Plant & Machinery Valuers as at 30 June 2013. The revaluations were determined using current market values.

• Plant and Equipment

Plant and equipment and leasehold improvements are valued at cost in accordance with Queensland Treasury and Trade's *Non-current Asset Accounting Policies for the Queensland Public Sector*.

• Heritage and Cultural Assets

A small number of building assets are the only assets recorded in the heritage and cultural asset class for the department. A commercial building index, supplied by the Department of Natural Resources and Mines, was applied to the heritage and cultural asset values. These assets were revalued using the Queensland Government's Office of Economic and Statistical Research Asset Revaluation Index: Non-Residential Construction, Queensland. This index was determined to be the most appropriate when considering the department's building types and was accepted and applied by management on the basis it resulted in a materially accurate representation of the fair value of the buildings as at 30 June 2013.

• Additional Information

The department has 45 buildings with an original cost of \$10.5M and 1,181 items of plant and equipment with an original acquisition cost of \$33.3M 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 these buildings. Plant & equipment will be replaced as required.

The department has 3 temporarily idle physical assets where at reporting date, the idle asset is expected to be restored to active service and not derecognised.

The department has 1 building assets at an original cost of \$1.5M and 1 land asset at an original cost of \$0.6M retired from active use, but not classified as held for sale.

The department has 213 items of plant and equipment with an original cost of \$9.5M that have been written down to their residual value of \$3.4M and are still being used in the provision of services. The majority of these assets are expected to be replaced in the 2013-14 financial year.

**QUEENSLAND POLICE SERVICE
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For the year ended 30 June 2013**

20. Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation	Land		Buildings		Major Plant and Equipment		Plant and Equipment		Heritage and Cultural		Infrastructure		Work in Progress		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Carrying amount at 1 July	474,206	471,643	1,018,775	978,477	11,146	10,228	211,350	219,322	4,292	4,148	9,648	-	57,472	74,791	1,786,889	1,758,609
Acquisitions	1,195	4,532	3,507	5,517	292	1,687	53,693	51,265	-	-	-	-	32,309	61,279	90,996	124,280
Donations received	-	-	-	5	-	-	122	97	-	-	-	-	-	-	122	102
Disposals	(380)	(130)	(1,008)	(1,234)	-	(166)	(14,343)	(21,354)	-	-	-	-	-	-	(15,731)	(22,884)
Assets reclassified as held for sale	-	108	-	-	-	-	(3,643)	(386)	-	-	-	-	-	-	(3,643)	(278)
Donations made	-	-	(4)	-	-	-	(12)	-	-	-	-	-	-	-	(16)	-
Transfers between classes	-	-	(15,477)	34,572	-	-	5,484	11,209	32,158	-	-	-	-	(22,164)	(55,770)	-
Transfers to/from intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(626)	-
Revaluation increments	-	-	-	-	-	742	-	-	-	186	-	-	-	-	-	(626)
Revaluation decrements (Notes 13 & 27)	(8,534)	(1,947)	-	-	2,078	-	-	-	-	-	-	-	-	-	-	9,240
Impairment losses recognised in the operating result (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,786)	(12,786)	(22,202)
Impairment losses recognised in equity*	-	-	(85)	-	-	-	-	-	-	-	-	-	-	-	(85)	-
Depreciation/amortisation	-	-	(35,425)	(31,107)	(1,439)	(1,346)	(48,765)	(48,803)	(181)	(42)	(341)	(341)	-	-	(86,150)	(81,639)
Carrying amount at 30 June	466,487	474,206	977,446	1,018,775	12,077	11,145	203,886	211,350	36,268	4,292	9,308	9,648	54,831	57,472	1,760,302	1,786,888

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

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	2013	2012
	\$'000	\$'000
21. Payables		
Current		
Trade creditors	23,505	19,293
Other payables	50,034	53,467
Total	<u>73,539</u>	<u>72,760</u>
22. Accrued Employee Benefits		
Current		
Recreation leave	(1)	36
Wages outstanding	13,101	9,493
Long service leave levy payable	6,549	6,292
Annual leave levy payable	37,039	36,633
Other employee entitlements	684	292
Total	<u>57,372</u>	<u>52,746</u>
23. Other Current Liabilities		
Current		
Unearned revenue	-	1,458
Other	97	33
Total	<u>97</u>	<u>1,491</u>

QUEENSLAND POLICE SERVICE
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For the year ended 30 June 2013

	2013 \$'000	2012 \$'000
24. Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities		
Operating surplus/(deficit)	2,134	1,251
Depreciation expense	86,150	81,638
Amortisation expense	9,347	8,304
Donated assets received	(122)	(102)
Loss on sale of property, plant and equipment	3,379	4,818
Gain on sale of property, plant and equipment	(752)	(1,213)
Gain on revaluation of property, plant and equipment	(2,078)	(742)
Impairment losses	12,834	22,480
Inventory write-offs	34	(1)
Plant and equipment write-offs	992	190
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	(125)	10
(Increase)/decrease in LSL reimbursement receivables	(8,481)	(850)
(Increase)/decrease in AL reimbursement receivables	(2,158)	(2,272)
(Increase)/decrease in trade receivables	668	714
(Increase)/decrease in inventories	608	(1,844)
(Increase)/decrease in appropriation receivable	(5,705)	(8,730)
(Increase)/decrease in loans and advances	4	10
(Increase)/decrease in interest receivable	(4)	12
(Increase)/decrease in other receivables	(316)	33
(Increase)/decrease in prepayments/other	1,461	3,059
Increase/(decrease) in payables	779	11,815
Increase/(decrease) in accrued employee benefits	4,626	(14,885)
Increase/(decrease) in other current liabilities	(1,393)	(48)
Increase/(decrease) in accruals	(2,700)	(2,687)
Net cash from operating activities	99,183	100,960

25. Non-Cash Financing and Investing Activities

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses are included in Notes 4,5 and 9 respectively.

QUEENSLAND POLICE SERVICE
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26. Asset Revaluation Surplus by Class

	Land	Buildings	Heritage & Cultural Assets	Total
	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2012	330,884	404,462	186	735,532
Revaluation increments	25,947	42,128	-	68,075
Sale of revalued assets	90	(19)	-	71
Revaluation decrements	(34,571)	(34,946)	-	(69,517)
Impairment losses through equity	-	(85)	-	(85)
Balance 30 June 2013	322,350	411,540	186	734,076

	Land	Buildings	Heritage & Cultural Assets	Total
	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2011	332,831	371,917	-	704,748
Revaluation increments	-	32,447	186	32,633
Sale of revalued assets	(8)	98	-	90
Revaluation decrements	(1,939)	-	-	(1,939)
Balance 30 June 2012	330,884	404,462	186	735,532

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

27. Commitments for Expenditure

(a) Non-Cancellable Operating Lease Commitments

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

	2013	2012
	\$'000	\$'000
Not later than one year	18,092	15,985
Later than one year and not later than five years	30,773	39,432
Later than five years	4,728	8,880
Total	53,593	64,297

Finance leases are entered into as a means of funding the acquisition of certain plant and equipment. Lease payments are generally fixed. Leases for photocopiers have a contingent rental obligation dependent on the volume of usage.

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 no financial lease commitments for the 2012-13 financial year.

QUEENSLAND POLICE SERVICE
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For the year ended 30 June 2013

27. Commitments for Expenditure (cont'd)

(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:

	Buildings	Plant and Equipment
	\$'000	\$'000
2013		
<i>Payable:</i>		
Not later than one year	9,738	13,604
Later than one year and not later than five years	149	-
Total	<u>9,887</u>	<u>13,604</u>
2012		
<i>Payable:</i>		
Not later than one year	33,853	45,578
Later than one year and not later than five years	24,936	-
Total	<u>58,789</u>	<u>45,578</u>

(c) Other Expenditure Commitments

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

	2013	2012
	\$'000	\$'000
<i>Payable:</i>		
Not later than one year	-	119
Total	<u>-</u>	<u>119</u>

QUEENSLAND POLICE SERVICE
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28. Contingencies

(a) Financial Guarantees

The department has no guarantees or undertakings that have not been recognised in the financial statements.

(b) Litigation in Process

As at 30 June 2013, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as the defendant:

	2013	2012
	Number	Number
Supreme Court	7	14
Magistrates Court	2	4
District Court	13	14
Total cases	22	32

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

The Queensland Police Service is a member of the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back, less a \$10K deductible, the amount paid to successful litigants.

(c) Native Title Claims over Departmental Land

As at 30 June 2013, there was an additional 12 native title claims received during the year directly affecting approximately 1 parcel and indirectly affecting approximately 11 parcels of departmental land. These claims have been registered with the National Native Title Tribunal, but a determination is yet to be made.

The department's 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.

(d) Queensland Reconstruction Authority Revenue

The Queensland Police Service incurred extra costs in the 2010-11 year due to the impact of natural disaster events such as the Queensland Flooding, Tropical Cyclone Tasha and Tropical Cyclone Yasi. The department has recovered funds under the National Disaster Relief and Recovery Arrangements (NDRRA) through the Queensland Reconstruction Authority. The recoverable amount received in 2012-13 and recognised as revenue was \$4.253M. A further amount of \$4.439M is expected to be received and recognised as revenue in 2013-14.

The Queensland Police Service incurred extra costs in the 2012-13 year due to the impact of natural disaster events such as Tropical Cyclone Oswald. The Department may be able to recover funds under the Natural Disaster Relief and Recovery Arrangements (NDRRA) through the Queensland Reconstruction Authority. The recoverable amount, estimated to be up to \$1.3M is to be recognised as revenue in the year of receipt which is expected to be in the 2013-14 financial year.

(e) Contingent Asset - G20 Leaders Summit

The G20 Leaders Summit is a formal meeting of the leaders of the top 20 world economies. The next G20 Leaders Summit is being held in Brisbane in 2014. The Queensland Police Service has a key role in the planning and delivery of security and public safety services for this event. The project agreement is currently being finalised with the Commonwealth in which QPS is expected to receive funding for costs incurred in the planning and delivery of the above services.

During 2012-13 essential planning was initiated with associated expenses being met by the QPS. A recoverable amount of up to \$2.8M is expected to be received from the Commonwealth and recognised as revenue in the 2013-14 financial year.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

29. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2013 \$'000	2012 \$'000
Financial Assets			
Cash and cash equivalents	14	37,580	25,550
Receivables	15	93,478	77,371
Total		131,058	102,921
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	21	73,539	72,760
Total		73,539	72,760

(b) Financial Risk Management

The Department of Police's activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk.

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

All financial risk is managed under policies approved by the department.

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

Risk Exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	As per liquidity risk

(c) Credit Risk Exposure

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 maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

Financial Assets

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

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.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the department's documented risk analysis assessment in conjunction with historic experience and associated industry data.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

29. Financial Instruments (cont'd)

The recognised impairment loss is \$48,000 for the current year. This is a decrease of \$230,000 from 2012 and is due to a number of loss events being recognised (customer write-offs).

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.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2013 Financial Assets Past Due But Not Impaired

	Overdue					Total \$'000	Total Financial Assets \$'000
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets							
Receivables	-	92,596	108	24	750	93,478	93,478
Total	-	92,596	108	24	750	93,478	93,478

2012 Financial Assets Past Due But Not Impaired

	Overdue					Total \$'000	Total Financial Assets \$'000
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets							
Receivables	-	76,015	420	226	710	77,371	77,371
Total	-	76,015	420	226	710	77,371	77,371

2013 Impaired Financial Assets

	Overdue					Total \$'000	Total Financial Assets \$'000
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets							
Receivables (gross)	-	-	-	-	357	357	357
Allowance for impairment	-	-	-	-	344	344	344
Carrying Amount	-	-	-	-	13	13	13

2012 Impaired Financial Assets

	Overdue					Total \$'000	Total Financial Assets \$'000
	Not Overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets							
Receivables (gross)	-	-	-	-	341	341	341
Allowance for impairment	-	-	-	-	334	334	334
Carrying Amount	-	-	-	-	7	7	7

	2013 \$'000	2012 \$'000
Movements in Allowance for Impairment		
Balance at 1 July	334	76
Increase/decrease in allowance recognised in operating result	48	278
Amounts written-off during the year	(38)	(20)
Balance at 30 June	344	334

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

29. Financial Instruments (cont'd)

(d) 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 cash or another financial asset.

The department is exposed to liquidity risk in respect of its payables.

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.

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. As a result, these undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

	Note	2013 Payable in			Total \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial Liabilities					
Payables	21	73,539	-	-	73,539
Total		73,539	-	-	73,539

	Note	2012 Payable in			Total \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial Liabilities					
Payables	21	72,760	-	-	72,760
Total		72,760	-	-	72,760

(e) Market Risk

The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is not exposed to interest rate risk and does not undertake any hedging in relation to interest risk.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

	2013 \$'000	2012 \$'000
30. Schedule of Administered Items		
Administered Revenues		
Taxes, fees and fines	9,222	5,908
Administered item revenue	903	701
Other	274	382
Total	10,399	6,991
Administered Expenses		
Grants and subsidies *	703	701
Other expenses	200	-
Total	903	701
Administered Assets		
<i>Current</i>		
Cash	1,469	1,397
Receivables	(5)	(9)
Total	1,464	1,388
Administered Liabilities		
<i>Current</i>		
Payables	866	598
Transfers to government	596	776
Other	2	14
Total	1,464	1,388
Transfers to Government of Taxes, Fees and Fines	9,496	6,290

* Grant to public sector non-profit organisation (Prostitution Licensing Authority)

31. Reconciliation of Payments from Consolidated Fund to Administered Revenue

	2013 \$'000	2012 \$'000
Budgeted appropriation	701	701
Transfers from/to other headings	202	(2,038)
Total administered receipts	903	(1,337)
Less: Adjustment for administered revenue payable	-	(281)
Plus: Opening balance of administered revenue payable	-	2,319
Administered revenue recognised in Note 30.	903	701

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13
For the year ended 30 June 2013

32. Trust Transactions and Balances

The department holds various suspense monies temporarily before being transferred to appropriate parties (e.g. exhibits or drug money held pending determination by a court), unclaimed and returned Queensland Police Service cheques.

As the department performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by the department and accordingly, are not recognised in the financial statements. They are however, disclosed in these notes for the information of users.

	2013	2012
	\$'000	\$'000
Trust Assets and Liabilities		
<i>Current Assets</i>		
Cash	10,789	8,534
Total	<u>10,789</u>	<u>8,534</u>
<i>Current Liabilities</i>		
Total Current Liabilities	10,789	8,534
Total	<u>10,789</u>	<u>8,534</u>

The Queensland Auditor-General performed the audit of the department's trust transactions for 2012-13.

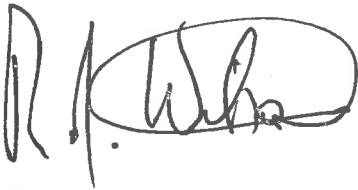
33. Events Occurring After Balance Date

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

QUEENSLAND POLICE SERVICE
Certificate of the Queensland Police Service

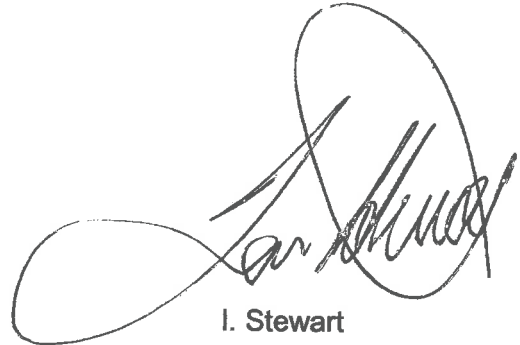
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act 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 Queensland Police Service for the financial year ended 30 June 2013 and of the financial position of the department at the end of that year.



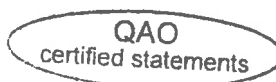
R. Wilson
Chief Finance Officer
Executive Director, Finance & Business Support Division

28/08/2013
29



I. Stewart
Accountable Officer
Commissioner

28/08/2013
29



INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Police Service

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Police Service, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Commissioner and Chief Finance Officer.

The Accountable Officer's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only 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.

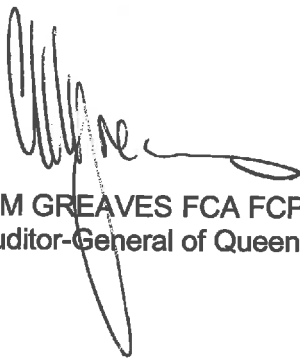
Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

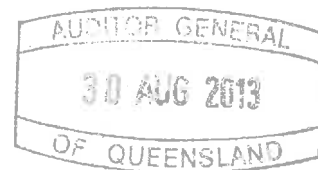
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane