

QUEENSLAND POLICE SERVICE

FINANCIAL STATEMENTS 2013-14

Contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Statement of Comprehensive Income by Major Departmental Services

Statement of Assets and Liabilities by Major Departmental Services

Notes To and Forming Part of the Financial Statements

Certificate of the Queensland Police Service

Independent Auditor's Report

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 6542 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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14

	Objectives and Principal Activities of the Department
Note 1:	Summary of Significant Accounting Policies
Note 2:	Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue
	Recognised in Statement of Comprehensive Income
	Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity
Note 3:	User Charges
Note 4:	Grants and Other Contributions
Note 5:	Other Revenue
Note 6:	Gains
Note 7:	Employee Expenses
Note 8:	Key Executive Management Personnel and Remuneration
Note 9:	Supplies and Services
Note 10:	Grants and Subsidies
Note 11:	Depreciation and Amortisation
Note 12:	Impairment Losses
Note 13:	Other Expenses
Note 14:	Cash and Cash Equivalents
Note 15:	Receivables
Note 16:	Inventories
Note 17:	Other Current Assets
Note 18:	Non-Current Assets Classified as Held for Sale
Note 19:	Intangible Assets
Note 20:	Property, Plant and Equipment
Note 21:	Payables
Note 22:	Accrued Employee Benefits
Note 23:	Other Current Liabilities
Note 24:	Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities
Note 25:	Non-Cash Financing and Investing Activities
Note 26:	Asset Revaluation Surplus by Class
Note 27:	Commitments for Expenditure
Note 28:	Contingencies
Note 29:	Financial Instruments
Note 30:	Schedule of Administered Items
Note 31:	Reconciliation of Payments from Consolidated Fund to Administered Revenue
Note 32:	Trust Transactions and Balances
Note 33:	Events Occurring After Balance Date

QUEENSLAND POLICE SERVICE
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

		2014 \$'000	2013 \$'000
Income from Continuing Operations			
Departmental services revenue	2	1,925,179	1,871,951
User charges	3	61,133	60,724
Grants and other contributions	4	18,792	15,823
Other revenue	5	4,719	6,010
Total Revenue		<u>2,009,822</u>	<u>1,954,508</u>
Gains on disposal/remeasurement of assets	6	1,239	2,830
Total Income from Continuing Operations		<u>2,011,061</u>	<u>1,957,338</u>
Expenses from Continuing Operations			
Employee expenses	7	1,582,445	1,530,882
Supplies and services	9	310,441	296,775
Grants and subsidies	10	5,102	5,716
Depreciation and amortisation	11	97,336	95,497
Impairment losses	12	(428)	12,834
Revaluation decrement		784	-
Other expenses	13	14,524	13,500
Total Expenses from Continuing Operations		<u>2,010,205</u>	<u>1,955,204</u>
Operating Result from Continuing Operations		<u>856</u>	<u>2,134</u>
Other Comprehensive Income			
<u>Items that will not be reclassified subsequently to Operating Result:</u>			
Increase (decrease) in asset revaluation surplus*	26	<u>(25,211)</u>	<u>(1,456)</u>
Total items that will not be reclassified subsequently to Operating Result		<u>(25,211)</u>	<u>(1,456)</u>
Total Other Comprehensive Income		<u>(25,211)</u>	<u>(1,456)</u>
Total Comprehensive Income		<u>(24,355)</u>	<u>678</u>

* 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 result.

The accompanying notes form part of these statements.

QAO
certified statements

QUEENSLAND POLICE SERVICE
STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	14	86,553	37,580
Receivables	15	76,408	93,478
Inventories	16	4,475	4,422
Other current assets	17	15,281	11,429
		<u>182,717</u>	<u>146,909</u>
Non-current assets classified as held for sale	18	4,123	5,992
Total Current Assets		<u>186,840</u>	<u>152,901</u>
Non-Current Assets			
Intangible assets	19	61,182	69,290
Property, plant and equipment	20	1,683,298	1,760,302
		<u>1,744,480</u>	<u>1,829,592</u>
Total Non-Current Assets		<u>1,744,480</u>	<u>1,829,592</u>
Total Assets		<u>1,931,320</u>	<u>1,982,493</u>
Current Liabilities			
Payables	21	64,987	73,539
Accrued employee benefits	22	68,295	57,372
Other current liabilities	23	14,331	97
		<u>147,613</u>	<u>131,009</u>
Total Current Liabilities		<u>147,613</u>	<u>131,009</u>
Total Liabilities		<u>147,613</u>	<u>131,009</u>
Net Assets		<u>1,783,707</u>	<u>1,851,485</u>
Equity			
Contributed equity		670,995	721,060
Accumulated surplus		403,847	396,349
Asset revaluation surplus	26	708,865	734,076
		<u>1,783,707</u>	<u>1,851,485</u>
Total Equity		<u>1,783,707</u>	<u>1,851,485</u>

The accompanying notes form part of these statements.



QUEENSLAND POLICE SERVICE
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

	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>				
- Increase (decrease) in asset revaluation surplus	-	-	(1,456)	(1,456)
<i>Total Comprehensive Income for the Year</i>	-	2,134	(1,456)	678
<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

	Contributed Equity \$'000	Accumulated Surplus \$'000	Asset Revaluation Surplus (Note 26) \$'000	TOTAL \$'000
Balance as at 1 July 2013	721,060	396,349	734,076	1,851,485
Operating result from continuing operations	-	856	-	856
<i>Other Comprehensive Income</i>				
- Increase (decrease) in asset revaluation surplus	-	-	(25,211)	(25,211)
<i>Total Comprehensive Income for the Year</i>	-	856	(25,211)	(24,355)
<i>Transactions with Owners as Owners:</i>				
- Appropriated equity injections (Note 2)	(30,265)	-	-	(30,265)
- Net transfers in/(out) (transferred via machinery-of-Government change)	(19,800)	6,642	-	(13,158)
<i>Net Transactions with Owners as Owners</i>	(50,065)	6,642	-	(43,423)
Balance as at 30 June 2014	670,995	403,847	708,865	1,783,707

The accompanying notes form part of these statements.

QAO
certified statements

QUEENSLAND POLICE SERVICE
STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental services receipts		1,961,502	1,866,246
User charges		58,770	59,950
Grants and other contributions		9,248	8,307
GST input tax credits from ATO		34,954	42,047
GST collected from customers		8,731	8,631
Interest receipts		358	348
Other		2,986	2,486
<i>Outflows:</i>			
Employee expenses		(1,566,751)	(1,542,110)
Supplies and services		(297,923)	(259,225)
Grants and subsidies		(4,015)	(6,449)
GST paid to suppliers		(40,733)	(41,187)
GST remitted to ATO		(10,330)	(10,100)
Other		(21,831)	(29,761)
Net cash provided by (used in) operating activities	24	<u>134,966</u>	<u>99,183</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		12,420	12,304
<i>Outflows:</i>			
Payments for property, plant and equipment		(67,538)	(94,478)
Payments for intangibles		(610)	(2,508)
Net cash provided by (used in) investing activities		<u>(55,728)</u>	<u>(84,682)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		24,086	56,704
<i>Outflows:</i>			
Equity withdrawals		(54,351)	(59,175)
Net cash provided by (used in) financing activities		<u>(30,265)</u>	<u>(2,471)</u>
Net increase (decrease) in cash and cash equivalents		48,973	12,030
Cash and cash equivalents at beginning of financial year		37,580	25,550
Cash and cash equivalents at end of financial year	14	<u>86,553</u>	<u>37,580</u>

The accompanying notes form part of these statements.

QAO
certified statements

QUEENSLAND POLICE SERVICE
STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2014

	Crime and Public Order**		Road Safety**		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Income from Continuing Operations *						
Appropriation Revenue	1,574,339	1,530,811	350,840	341,140	1,925,179	1,871,951
User charges and fees	34,761	34,548	26,352	26,178	61,133	60,724
Grants and other contributions	14,666	12,349	4,126	3,474	18,792	15,823
Other revenues	4,007	4,682	712	1,128	4,719	6,010
Gains	1,627,792	1,582,590	382,030	371,918	2,008,822	1,954,508
Gain on sale/revaluation of assets	997	2,277	242	553	1,239	2,830
Total Income from Continuing Operations	1,628,789	1,584,867	382,272	372,471	2,010,061	1,957,338
Expenses from Continuing Operations *						
Employee expenses	1,278,029	1,236,786	304,417	294,096	1,582,445	1,530,882
Supplies and services	251,024	239,974	59,417	56,801	310,441	296,775
Grants and subsidies	4,124	4,620	978	1,096	5,102	5,716
Depreciation and amortisation	78,140	76,664	19,193	18,833	97,336	95,497
Impairment losses	356	12,824	-	10	356	12,834
Other expenses	13,202	12,271	1,322	1,229	14,524	13,500
Total Expenses	1,624,875	1,585,139	365,330	372,065	2,010,205	1,955,204
Net (Surplus)/Deficit	3,914	1,728	(3,058)	406	856	2,134
Other Comprehensive Income						
Increase (decrease) in asset revaluation surplus	(20,242)	(1,169)	(4,989)	(287)	(25,211)	(1,456)
Total Other Comprehensive Income	(20,242)	(1,169)	(4,989)	(287)	(25,211)	(1,456)
Total Comprehensive Income	(16,328)	559	(8,028)	119	(24,355)	678

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

Income	335,929	320,630	79,379	74,926	415,308	395,556
Expenses	335,786	320,999	79,345	75,013	415,131	395,012

** The Department has systems in place to allocate income and expenses by departmental service. The QPS has replaced its previous six services with a single service area: Police Services, and two services: Crime and Public Order and Road Safety. Police Services consolidates service standards previously presented under the Professional Standards and Ethical Practice and Service Delivery Support services. Crime and Public Order includes service standards related to personal safety, property security and public order and safety. Road Safety includes service standards related to traffic policing.

QAO
certified statements

QUEENSLAND POLICE SERVICE
STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2014

	Crime and Public Order**		Road Safety**		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current Assets						
Cash and cash equivalents	70,781	30,732	15,772	6,848	86,553	37,580
Receivables	61,867	75,690	14,541	17,788	76,408	93,478
Inventories	3,619	3,576	856	846	4,475	4,422
Other current assets	12,373	9,254	2,908	2,175	15,281	11,429
	148,640	119,252	34,077	27,657	182,717	146,909
Non-current assets classified as held for sale						
	3,331	4,841	792	1,151	4,123	5,992
Total Current Assets	151,971	124,093	34,869	28,808	186,840	152,901
Non Current Assets						
Intangible assets	49,116	55,625	12,066	13,665	61,182	69,290
Property, plant and equipment	1,351,334	1,413,152	331,964	347,150	1,683,298	1,760,302
Total Non Current Assets	1,400,450	1,468,777	344,030	360,815	1,744,480	1,829,592
Total Assets	1,552,421	1,592,870	378,899	389,623	1,931,320	1,982,493
Current Liabilities						
Payables	53,457	59,420	11,530	14,119	64,987	73,539
Accrued employee benefits	55,176	46,351	13,119	11,021	68,295	57,372
Other current liabilities	10,556	78	3,775	19	14,331	97
Total Current Liabilities	119,189	105,849	28,424	25,159	147,613	131,009
Total Liabilities	119,189	105,849	28,424	25,159	147,613	131,009

** The Department has systems in place to allocate assets and liabilities by departmental service. The QPS has replaced its previous six services with a single service area: Police Services, and two services: Crime and Public Order and Road Safety. Police Services consolidates service standards previously presented under the Professional Standards and Ethical Practice and Service Delivery Support services. Crime and Public Order includes service standards related to personal safety, property security and public order and safety. Road Safety includes service standards related to traffic policing.

QAO
certified statements

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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 and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, 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(y).

The department has no controlled entities.

(c) Administered Transactions and Balances

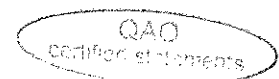
The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

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 2013-14
For the year ended 30 June 2014

(e) Departmental Services Revenue/Administered Revenue

Appropriations provided under the *Appropriation Act 2013* 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 received 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 i.e. the agreed purchase/contract price. The department's standard settlement terms is 30 days from invoice date.

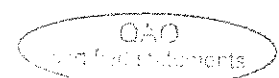
The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the provision for impairment loss are based on loss events as disclosed in Note 29(c).

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

(k) Inventories

Inventories held for 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.



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(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 asset's 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, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland 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.

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.

OAO
 certified statements

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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*, AASB 13 *Fair Value Measurement* 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.

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 2014 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.

QAO
 Financial Statements

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the department include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the department assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

Level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

Level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of the department's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value. As 2013-14 is the first year of application of AASB 13 by the Queensland Police Service, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the department's Property, Plant and Equipment is outlined in Note 20.

(r) 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 are 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.

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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.

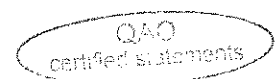
(s) Impairment of Non-Current Assets

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

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

An impairment loss is recognised immediately in the 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).



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(t) 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 2014.

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.

(u) 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.

(v) 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.

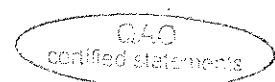
Classification

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.



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(w) 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 of reporting date, 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*.

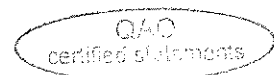
Superannuation

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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(x) 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.

(y) 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:

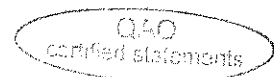
Crime and Public Order

Crime and Public Order services:

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

Road Safety

Road safety services 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.



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(z) 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.

(aa) 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.

(ab) Contributed Equity

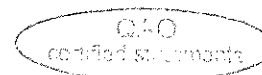
Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(ac) 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.

(ad) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner of Police (as Accountable Officer) and the General Manager of Business Services Division (as Chief Finance Officer) at the date of signing the Management Certificate.



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(ae) 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 the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

Valuation of Property, Plant and Equipment - Note 20

Contingencies - Note 28

Depreciation and Amortisation - Note 11

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

From 1 July 2014, the government has abolished the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

(af) 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.

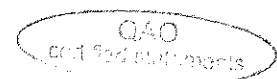
(ag) Machinery of Government changes

As a result of the *Public Service Departmental Arrangements Notice (No.8) 2013*, dated 1 November 2013 and effective 1 November 2013, that part of the Queensland Police Service known as the Queensland Police Service Air Wing excluding the Aerial Surveillance Unit, was transferred to the Public Safety Business Agency (PSBA).

As agreed between the Commissioner of Police for the Queensland Police Service and the Chief Executive Officer for the Public Safety Business Agency as a result of this machinery-of-Government (MoG) change the following assets and liabilities were transferred out of the Queensland Police Service effective 1 November 2013.

Machinery-of-Government Transfers Out	PSBA \$'000
Assets	
Cash and cash equivalents	-
Receivables	-
Inventories	-
Other financial assets	-
Intangible assets	-
Property, plant and equipment	10,749
Total assets	<u>10,749</u>
Liabilities	
Payables	-
Accrued employee benefits	-
Other liabilities	-
Total liabilities	<u>-</u>
Net assets	<u>10,749</u>

This resulted in \$10.749M in net assets being transferred to the Public Safety Business Agency.



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

(ag) (cont'd)

Decreases in assets and liabilities have been accounted for in Contributed equity as disclosed in the Statement of Changes in Equity.

(ah) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2013-14. The Australian Accounting Standard changes applicable for the first time as from 2013-14 have had minimal effect on the department's financial statements, as explained below.

AASB 13 *Fair Value Measurement* became effective 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 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. The 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 reviewed 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 assess whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13. The revised valuation methodologies have not resulted in material differences from the previous methodologies used by the department.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. As the department does not directly recognise any employee benefit liabilities, the only implications for the department were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 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 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 criteria 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* became effective for 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.

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, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade 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. Therefore, the release of AASB 1053 and associated amending standards has had no impact on the department.

Q&O
 certified statements

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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 Queensland Treasury and Trade. 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 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The department will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures 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 information.

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

AASB 9 *Financial Instruments* 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] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with the department's 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 can only be measured at amortised cost if 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 2017-18 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(v) 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.

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 2013-14
 For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
2. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue Recognised in Statement of Comprehensive Income		
Budgeted Departmental services appropriation	1,923,604	1,918,782
Transfers from/(to) other headings	24,202	-
Unforeseen expenditure	13,696	-
Lapsed departmental service appropriation	-	(52,536)
Total Departmental services receipts	<u>1,961,502</u>	<u>1,866,246</u>
Plus: Closing balance of Departmental services revenue receivable	-	22,135
Less: Opening balance of Departmental services revenue receivable	(22,135)	(16,430)
Plus: Opening balance of Departmental services revenue payable	-	-
Less: Closing balance of Departmental services revenue payable	(14,188)	-
Departmental service revenue recognised in Statement of Comprehensive Income	<u>1,925,179</u>	<u>1,871,951</u>
Reconciliation of Payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	(3,369)	4,029
Transfers from/(to) other headings	(26,896)	(202)
Lapsed equity adjustment	-	(6,298)
Equity adjustment receipts (payments)	<u>(30,265)</u>	<u>(2,471)</u>
Less: Opening balance of equity adjustment receivable	-	-
Plus: Closing balance of equity adjustment receivable	-	-
	<u>(30,265)</u>	<u>(2,471)</u>
Plus: Opening balance of equity withdrawal payable	-	-
Less: Closing balance of equity withdrawal payable	-	-
Equity Adjustment Recognised in Contributed Equity	<u>(30,265)</u>	<u>(2,471)</u>
3. User Charges		
Special services	36,534	36,982
Incident reporting	1,233	1,334
Rental of government property	223	232
Sale of goods and services	12,380	10,170
Network user charges	10,764	12,006
Total	<u>61,133</u>	<u>60,724</u>



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
4. Grants and Other Contributions		
Grants *	8,641	7,365
Industry contributions	442	618
Services received at below fair value	9,709	7,840
Total	<u>18,792</u>	<u>15,823</u>

* included in 2013-14 grants are Natural Disaster Relief and Recovery Arrangements Assistance (\$6M), National Drug Strategy Funding (\$564K), Crimtrac National Police Competency Standards Funding (\$681K), National Standards Commission Funding (\$236K), and Police Diversion Program (\$132K).

5. Other Revenue

Interest	366	358
Taxes, fees and fines	74	70
Insurance compensation - QCIF and other	928	751
Salary Related and Other Reimbursements	-	18
Sale of plant and equipment (non assets)	92	234
General Recoveries	1,006	2,318
Recognition of post capitalised assets	1,286	1,216
FBT Employee Contributions	582	742
Other	386	302
Total	<u>4,719</u>	<u>6,010</u>

6. Gains on disposal/remeasurement of assets

Gain on sale of property, plant and equipment	1,239	752
Gain on revaluation of major plant and equipment	-	2,078
Total	<u>1,239</u>	<u>2,830</u>

7. Employee Expenses

Employee Benefits

Wages and salaries	1,131,280	1,079,217
Employer superannuation contributions*	172,248	165,090
Long service leave levy*	26,338	25,723
Annual leave levy*	150,241	144,680
Voluntary redundancy payments**	1,537	20,390
Other employee benefits	6,504	5,852

Employee Related Expenses

Payroll tax*	69,072	67,060
Workers compensation premium *	25,225	22,871
Total	<u>1,582,445</u>	<u>1,530,882</u>

* Refer to Note 1(w).

** 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:

Number of Employees	2014 14,874	2013 14,750
---------------------	----------------	----------------

QAO
certified statements

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

8. Key Executive Management personnel and Remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel, being the members of the QPS Board of Management* include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		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>	Appointed 01/11/2012
Deputy Commissioner (Strategy, Policy and Performance)	The Deputy Commissioner (Strategy, Policy and Performance) is responsible for strategic leadership of the Queensland Police Service consistent with Government legislation and policy directions.	SES 4 Equivalent <i>Police Service Administration Act 1990</i>	Appointed 01/07/2013
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.	SES 4 Equivalent <i>Police Service Administration Act 1990</i>	Appointed 04/10/2010
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.	SES 4 Equivalent <i>Police Service Administration Act 1990</i>	Appointed 01/01/2013
Acting Deputy Commissioner (Regional Operations)	The Acting 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.	SES 4 Equivalent <i>Police Service Administration Act 1990</i>	Acting from 18/10/2013
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.	SES 4 <i>Public Service Act 2008</i>	Retired on 02/12/2013 (Position abolished)

* An external member was appointed to the QPS Board of Management commencing 5 June 2014. The external member is remunerated at the standard government rate of \$605 per meeting. From 1 July 2013, the position of Executive Director, Office of the Commissioner was no longer represented on the QPS Board of Management.

** The incumbent appointed to this position was seconded to lead Operation Resolute from 18 October 2013 to the end of the financial year. Relieving arrangements were established for this position.



**QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014**

Note 8 (cont'd)

b) Remuneration Expenses

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 contracts may provide for other benefits including a motor vehicle allowance and for the chief executive officers (CEOs), may provide for the provision of At Risk Component payments. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

For the 2013-14 year, remuneration packages 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:
 - Salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - Performance payments recognised as an expense during the year.
 - 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 entitlements earned.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Termination benefits 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 payments are not paid under the contracts in place.

1 July 2013 - 30 June 2014

Position (Date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits		Post Employment Benefits	Termination Benefits	Total Remuneration**
	Monetary Expenses*	Non-Monetary Benefits	\$'000	\$'000			
Commissioner	436	30	14	67	-	-	548
Deputy Commissioner (Strategy, Policy and Performance) - appointed 01/07/2013	237	6	7	36	-	-	287
Deputy Commissioner (Specialist Operations)	232	-	7	36	-	-	275
Deputy Commissioner (Regional Operations)	95	4	3	14	-	-	116
Acting Deputy Commissioner (Regional Operations)	146	21	5	15	-	-	187
Deputy Chief Executive (Resource Management) - retired 02/12/2013	93	3	8	11	-	427	542
Total Remuneration	1,240	65	43	180	427	1,954	

* Monetary expenses was returned in 2013-14 from cashable benefits.



QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

Note 8 (cont'd)

1 July 2012 - 30 June 2013

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

* 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.

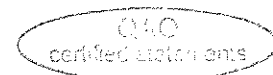
*** The incumbent appointed to this position was seconded to the Queensland Reconstruction Authority from 1 February to the end of financial year. Relieving arrangements were established for the position during this period.



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
9. Supplies and Services		
Consultancy and contractors	12,824	14,938
Materials	47,215	40,733
Repairs and maintenance	71,041	68,342
Transfer costs	5,949	6,418
Travel	16,004	13,393
Communications	26,945	36,987
Accommodation and public utilities	17,009	16,501
Resources received below fair value	9,590	7,693
Shared service provider charges	20,224	19,546
Equipment below asset threshold levels	16,175	17,922
Operating lease rentals and rental of premises	17,308	16,714
Crimtrac name search	7,018	5,539
Other	43,139	32,049
Total	<u>310,441</u>	<u>296,775</u>
10. Grants and Subsidies		
Grants – recurrent	4,716	5,533
Natural disaster payments	64	(53)
Subsidy payments	322	236
Total	<u>5,102</u>	<u>5,716</u>
11. Depreciation and Amortisation		
Buildings	37,466	35,425
Infrastructure	222	341
Plant and equipment	47,162	48,765
Heritage and cultural assets	1,925	181
Major plant and equipment	362	1,439
Software purchased	637	543
Software internally generated	9,562	8,804
Total	<u>97,336</u>	<u>95,497</u>
12. Impairment Losses		
Impairment losses on trade receivables	264	48
Capital work in progress*	(692)	12,786
Total	<u>(428)</u>	<u>12,834</u>

* Impairment recognised for components of the Westgate Police Academy and the reversal of the Deeragun project (Townsville District) write off costs incurred on the Capital Works Program.



QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
13. Other Expenses		
Bad debts	43	13
Loss on disposal of non current assets	3,241	3,379
Audit fees*	312	318
Insurance premiums - QGIF	5,770	5,201
Insurance premiums - Other	84	77
Ex-gratia payments**	348	315
Property plant and equipment write off	1,134	992
Inventory write off	14	34
Losses of Public Moneys	-	4
Gifts	5	1
Plaintiff damages and costs	1,125	777
Non-capital site clearing expenses	-	1,206
Other	2,448	1,185
Total	14,524	13,500

* Total external audit fees paid to the Queensland Audit Office relating to the 2013-14 financial statements are estimated to be \$312,000 (2013: \$318,000). 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.

14. Cash and Cash Equivalents		
Imprest accounts	236	222
Cash at bank	86,316	37,357
Total	86,553	37,580
15. Receivables		
Current		
Trade debtors	27,395	13,736
Less: Allowance for impairment loss	(608)	(344)
	26,786	13,392
GST receivables	4,906	4,856
GST payables	(6)	(6)
	4,900	4,850
Appropriation receivable	-	22,135
Interest	36	28
Long service leave reimbursement	5,112	14,403
Annual leave reimbursement	38,901	38,187
Loans and advances	16	4
Other receivables	657	480
	44,721	75,236
Total	76,408	93,478

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

QAO
 certified statements

QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
16. Inventories		
Supplies and consumables - at cost	4,475	4,422
Total	<u>4,475</u>	<u>4,422</u>
17. Other Current Assets		
Prepayments	12,816	11,429
Other	2,464	-
Total	<u>15,281</u>	<u>11,429</u>
18. Non-Current Assets Classified as Held for Sale		
Property plant and equipment	4,123	5,992
Total	<u>4,123</u>	<u>5,992</u>
19. Intangible Assets		
Software purchased		
At cost	5,625	5,625
Less: accumulated amortisation	<u>(4,346)</u>	<u>(3,709)</u>
	1,279	1,918
Software internally generated		
At cost	109,692	108,272
Less: accumulated amortisation	<u>(51,004)</u>	<u>(41,442)</u>
	58,688	66,830
Work in progress	1,215	543
Total	<u>61,182</u>	<u>69,290</u>

The department has nil intangible assets with a written down value of zero still being used in the provision of services.

The department has 1 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.

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

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.

CFO
and financial statements



**QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014**

19. Intangible Assets (cont'd)

Intangibles Reconciliation	Work in Progress		Software Internally Generated		Software Purchased		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	543	4,886	66,830	63,435	1,916	1,878	69,290	70,209
Acquisitions	672	4,921	1,420	3,163	-	345	2,092	8,429
Transfers between classes	-	(9,273)	-	9,037	-	236	-	-
Transfers to/from property, plant and equipment	-	-	-	-	-	-	-	-
Amortisation	-	-	(9,562)	(8,804)	(637)	(543)	(10,199)	(9,347)
Carrying amount at 30 June	1,215	543	58,687	66,830	1,279	1,916	61,182	69,290

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

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
20. Property, Plant and Equipment		
Land		
At fair value	446,989	466,487
Less: accumulated impairment losses	-	-
	<u>446,989</u>	<u>466,487</u>
Buildings		
At fair value	2,034,180	1,858,295
Less: accumulated depreciation	(1,064,562)	(880,750)
Less: accumulated impairment losses	(100)	(100)
	<u>969,518</u>	<u>977,446</u>
Infrastructure		
At fair value	9,260	9,989
Less: Accumulated depreciation	(828)	(681)
Less: Accumulated impairment losses	-	-
	<u>8,432</u>	<u>9,308</u>
Plant and equipment		
At cost	438,165	405,786
Less: accumulated depreciation	(234,338)	(201,900)
Less: accumulated impairment losses	-	-
	<u>203,827</u>	<u>203,886</u>
Heritage and cultural assets		
At fair value	84,568	208,124
Less: accumulated depreciation	(50,236)	(171,855)
Less: accumulated impairment losses	-	-
	<u>34,332</u>	<u>36,268</u>
Major plant and equipment		
At fair value	2,285	26,662
Less: accumulated depreciation	(1,077)	(14,585)
Less: accumulated impairment losses	-	-
	<u>1,208</u>	<u>12,077</u>
Work in progress		
At cost	53,289	89,820
Less: accumulated impairment losses	(34,297)	(34,988)
	<u>18,992</u>	<u>54,831</u>
Total	<u>1,683,298</u>	<u>1,760,302</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 Brisbane, Southern and Central Regions and Education and Training Command as at 30 June 2014 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. This methodology falls within Level 3 of the Determination of Fair Value Hierarchy Level as per the Non-Current Asset Policies for the Queensland Public Sector NCAP 3 - Valuation of Assets.

The revaluation methodology for each class is as follows:

- Land

At 30 June 2014, 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 2014. The process involves physical inspection and reference to recent market transactions for local land sales.

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.

QPS
 aud for statements

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014
Note 20 (cont'd)

• Buildings

At 30 June 2014, 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 2014. 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 2014.

• Infrastructure

At 30 June 2014, management determine the fair value of the infrastructure asset resulting from an independent revaluation by the State Valuation Services as part of the department's five year rolling revaluation program. For the Westgate Police Academy project, management obtained independent advice from GRC Quantity Surveyors to confirm the correct accounting treatment for the Westgate infrastructure assets.

• Major Plant and Equipment

Major plant and equipment was independently revalued by JD Dodds Plant & Machinery Valuers as at 30 June 2014. 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 2014.

• Additional Information

The department has 30 buildings with an original cost of \$5.0M and 1,406 items of plant and equipment with an original acquisition cost of \$38.4M 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 7 building assets at an original cost of \$3.8M and 10 land asset at an original cost of \$5.4M retired from active use, but not classified as held for sale.

The department has 123 items of plant and equipment with an original cost of \$6.2M that have been written down to their residual value of \$1.7M and are still being used in the provision of services. The majority of these assets are expected to be replaced in the 2014-15 financial year.

QAO
 certified accounts



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	466,487	474,206	977,446	1,048,775	12,077	11,146	211,550	211,550	36,268	4,292	9,308	9,648	54,831	57,472	1,760,302	1,736,689
Acquisitions	346	1,195	4,298	3,537	308	292	55,782	53,893	64	-	-	-	11,555	32,309	72,352	90,966
Donations Received	-	-	-	-	-	-	129	122	-	-	-	-	-	-	129	122
Disposals	(167)	(380)	(115)	(1,008)	-	-	(14,170)	(14,343)	-	-	-	-	-	-	(14,452)	(15,731)
Assets reclassified as held for sale	(6,049)	-	-	-	-	-	(4,293)	(3,643)	-	-	-	-	-	-	(10,341)	(3,643)
Donations Made	-	-	(1)	(4)	-	-	(12)	-	-	-	-	-	-	-	(1)	(16)
Transfers between classes	-	-	37,853	(15,477)	-	-	9,716	5,484	(990)	32,158	110	-	(39,142)	(22,164)	7,548	-
Transfers through machinery-of-Government Change	-	-	-	-	(10,796)	-	(61)	-	-	-	-	-	(8,943)	-	(19,800)	-
Transfers to/from Intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net revaluation increments/(decrements) (Note 26)	(13,628)	(8,534)	(12,498)	7,162	(20)	2,078	-	-	915	-	(764)	-	-	-	(25,994)	706
Impairment losses recognised in operating result (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	692	(12,786)	692	(12,786)
Impairment losses recognised in equity*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(85)
Depreciation/amortisation	-	-	(37,466)	(35,425)	(362)	(1,439)	(47,162)	(48,765)	(1,925)	(181)	(222)	(341)	-	-	(87,137)	(86,150)
Carrying amount at 30 June	446,989	466,487	969,518	977,446	1,208	12,077	203,827	203,886	34,332	36,268	8,432	9,308	18,992	54,831	1,663,298	1,760,302

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

QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
21. Payables		
Current		
Trade creditors	29,556	23,505
Other payables	35,431	50,034
Total	<u>64,987</u>	<u>73,539</u>
22. Accrued Employee Benefits		
Current		
Recreation leave	11	(1)
Wages outstanding	17,632	13,101
Long service leave levy payable	6,831	6,549
Annual leave levy payable	39,336	37,039
Other employee entitlements	4,484	684
Total	<u>68,295</u>	<u>57,372</u>
23. Other Current Liabilities		
Current		
Unearned revenue	14,255	-
Other	75	97
Total	<u>14,331</u>	<u>97</u>

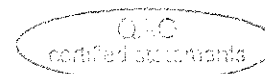
CFO
 certified statements

QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
24. Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities		
Operating surplus/(deficit)	856	2,134
Depreciation expense	87,137	86,150
Amortisation expense	10,199	9,347
Donated assets received	(129)	(122)
Revaluation decrement	784	-
Loss on sale of property, plant and equipment	3,241	3,379
Gain on sale of property, plant and equipment	(1,239)	(752)
Gain on revaluation of property, plant and equipment	-	(2,078)
Impairment losses	(428)	12,834
Inventory write-offs	14	34
Plant and equipment write-offs	1,134	992
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	(50)	(125)
(Increase)/decrease in LSL reimbursement receivables	9,291	(8,481)
(Increase)/decrease in AL reimbursement receivables	(714)	(2,158)
(Increase)/decrease in trade receivables	(13,658)	668
(Increase)/decrease in inventories	(54)	608
(Increase)/decrease in appropriation receivable	22,135	(5,705)
(Increase)/decrease in loans and advances	(12)	4
(Increase)/decrease in interest receivable	(8)	(4)
(Increase)/decrease in other receivables	(177)	(316)
(Increase)/decrease in prepayments/other	(3,852)	1,461
Increase/(decrease) in payables	(8,552)	779
Increase/(decrease) in accrued employee benefits	10,923	4,626
Increase/(decrease) in other current liabilities	14,233	(1,393)
Increase/(decrease) in accruals	3,892	(2,700)
Net cash from operating activities	134,966	99,183

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 and 9.



QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

26. Asset Revaluation Surplus by Class

	Land \$'000	Buildings \$'000	Heritage & Cultural Assets \$'000	Total \$'000
Balance 1 July 2013	322,351	411,540	186	734,076
Revaluation increments	10,567	25,398	3,407	39,374
Sale of revalued assets	799	(1,424)	(52,622)	(53,247)
Revaluation decrements	(24,994)	(36,473)	50,130	(11,338)
Impairment losses through equity	-	-	-	-
Balance 30 June 2014	308,722	399,042	1,101	708,865

	Land \$'000	Buildings \$'000	Heritage & Cultural Assets \$'000	Total \$'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	322,351	411,540	186	734,076

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:

	2014 \$'000	2013 \$'000
Not later than one year	23,257	18,092
Later than one year and not later than five years	35,373	30,773
Later than five years	3,127	4,728
Total	61,757	53,593

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 2013-14 financial year.

040
end two statements

QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

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
2014		
<i>Payable:</i>		
Not later than one year	2,593	5,989
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	<u>2,593</u>	<u>5,989</u>
2013		
<i>Payable:</i>		
Not later than one year	9,738	13,604
Later than one year and not later than five years	149	-
Later than five years	-	-
Total	<u>9,887</u>	<u>13,604</u>

* Buildings has decreased due to less projects being committed into the 2014-15 financial year and future years.

** Plant and Equipment has decreased mainly due to most purchase orders for the replacement of marine vessels having been filled within the 2013-14 financial year.

(c) Other Expenditure Commitments

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

	2014	2013
	\$'000	\$'000
<i>Payable:</i>		
Not later than one year	-	-
Total	<u>-</u>	<u>-</u>

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 2014, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as the defendant:

	2014 Number	2013 Number
Supreme Court	6	7
Magistrates Court	4	2
District Court	8	13
Total cases	<u>18</u>	<u>22</u>

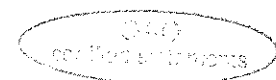
It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

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 2014, there was an additional 3 native title claims received during the year directly affecting approximately 1 parcel and indirectly affecting approximately 2 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.



QUEENSLAND POLICE SERVICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14**

For the year ended 30 June 2014

(d) Contingent 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 2013-14 and recognised as revenue was \$5.995M. A further amount of \$0.96M is expected to be received and recognised as revenue in 2014-15.

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 and the North Stradbroke Fires. 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 \$1.389M is to be recognised as revenue in the year of receipt which is expected to be in the 2014-15 financial year.

The Queensland Police Service incurred extra costs in the 2013-14 year due to the impact of natural disaster events such as Tropical Cyclone Ita. 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 \$0.17M is to be recognised as revenue in the year of receipt which is expected to be in the 2014-15 financial year.



QUEENSLAND POLICE SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14

For the year ended 30 June 2014

29. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2014 \$'000	2013 \$'000
Financial Assets			
Cash and cash equivalents	14	86,553	37,580
Receivables	15	76,408	93,478
Total		162,961	131,058
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	21	64,986	73,539
Total		64,986	73,539

(b) Financial Risk Management

The Police Service's departmental 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.

The recognised impairment loss is \$264K for the current year. This is an increase of \$216K from 2013 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.

010
classified statements

QUEENSLAND POLICE SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14

For the year ended 30 June 2014

29. Financial Instruments (cont'd)

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

2014 Financial Assets Past Due But Not Impaired

	Overdue					Total \$'000	Total Financial Assets \$'000
	Not Overdue \$'000	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000		
Financial Assets							
Receivables	-	75,051	56	89	1,212	76,408	76,408
Total	-	75,051	56	89	1,212	76,408	76,408

2013 Financial Assets Past Due But Not Impaired

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

2014 Impaired Financial Assets

	Overdue					Total \$'000	Total Financial Assets \$'000
	Not Overdue \$'000	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000		
Financial Assets							
Receivables (gross)	-	-	-	-	618	618	618
Allowance for impairment	-	-	-	-	608	608	608
Carrying Amount	-	-	-	-	10	10	10

2013 Impaired Financial Assets

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

Movements in Allowance for Impairment

	2014 \$'000	2013 \$'000
Balance at 1 July	344	334
Increase/decrease in allowance recognised in operating result	264	48
Amounts written-off during the year	-	(38)
Balance at 30 June	608	344

QUEENSLAND POLICE SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14

For the year ended 30 June 2014

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	2014 Payable in			Total \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial Liabilities					
Payables	21	64,986	-	-	64,986
Total		64,986	-	-	64,986

	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

(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.

CFO
certified statements

QUEENSLAND POLICE SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
 For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
30. Schedule of Administered Items		
Administered Revenues		
Taxes, fees and fines	12,735	9,222
Administered item revenue	708	903
Other	205	274
Total	13,648	10,399
Administered Expenses		
Grants and subsidies*	708	703
Other expenses	-	200
Total	708	903
Administered Assets		
<u>Current</u>		
Cash	1,752	1,469
Receivables	(14)	(5)
<u>Non-Current</u>		
Property, Plant and Equipment**	8,943	-
Total	10,682	1,464
Administered Liabilities		
<u>Current</u>		
Payables	961	866
Transfers to government	776	596
Other	1	2
Total	1,739	1,464
Administered Equity		
Contributed Equity**	8,943	-
Total	8,943	-
Transfers to Government of Taxes, Fees and Fines	12,940	9,496

* As a result of *Administrative Arrangements Order (No. 2) 2013*, effective 1 November 2013, the functions of the Prostitution Licensing Authority (PLA) was transferred from the Queensland Police Service portfolio to the Department of Justice and Attorney-General. The department receives administered funding which is paid to the authority as grant funding. The authority is a statutory body under the *Prostitution Act 1999* and prepares separate financial statements.

** Relates to roads that have been designated as "public roads" under the *Land Act 1994* and have automatically become the responsibility of the Brisbane City Council. This transfer is external to the Queensland public sector and must be adjusted through the department's Administered Statement.

31. Reconciliation of Payments from Consolidated Fund to Administered Revenue

	2014 \$'000	2013 \$'000
Budgeted appropriation	708	701
Transfers from/to other headings	-	202
Total administered receipts	708	903
Less: Adjustment for Administered revenue payable	-	-
Plus: Opening balance of administered revenue payable	-	-
Administered revenue recognised in Note 30.	708	903



QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14
For the year ended 30 June 2014

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.

	2014 \$'000	2013 \$'000
Trust Assets and Liabilities		
<i>Current Assets</i>		
Cash	15,241	10,789
Total	<u>15,241</u>	<u>10,789</u>
<i>Current Liabilities</i>		
Total Current Liabilities	15,241	10,789
Total	<u>15,241</u>	<u>10,789</u>

The Queensland Auditor-General performed the audit of the department's trust transactions for 2013-14.

33. Events Occurring After Balance Date

As a result of the *Public Service Departmental Arrangements Notice (No. 1) 2014*, effective 1 July 2014, functions of the Queensland Police Service responsible for providing corporate, business services and education and training services will transfer to the Public Safety Business Agency (PSBA) which has been established under the *Public Safety Business Agency Act 2014*. The PSBA will continue to provide these services to the Queensland Police Service from this date.

Effective 1 July 2014, as part of the Government Employee Housing Centralisation Project, the Queensland Police Service will transfer 305 of Government Employee properties to the Department of Housing and Public Works (HPW). The final market rents have been agreed and leasing agreements are in place for the transferred properties that the Queensland Police Service continue to occupy to ensure a smooth transition to HPW. The transfer is at arm's length basis and the value of these properties that will transfer to HPW in 2014-15 is estimated to be \$82.2M.

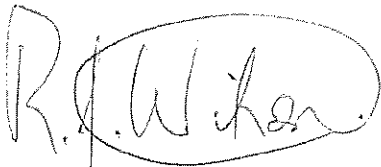
There were no events occurring after balance date, including the events described above, that management considers would have a material impact on the information disclosed in these financial statements.

CFO
 Queensland Police Service

QUEENSLAND POLICE SERVICE
Certificate of the Queensland Police Service

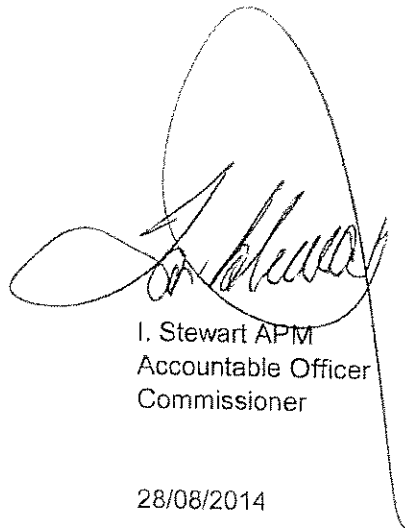
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act 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 2014 and of the financial position of the department at the end of that year; and
- (c) these assertions are based on an appropriate system of internal control and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



R. Wilson
B.Bus (Mgt), MIPA
Grad Cert Exec Leadshp, GAICD
Chief Finance Officer

28/08/2014



I. Stewart APM
Accountable Officer
Commissioner

28/08/2014



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 2014, 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.

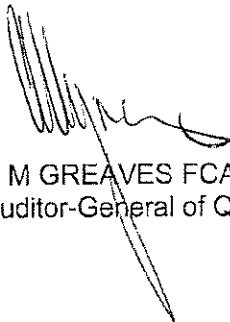
Opinion

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

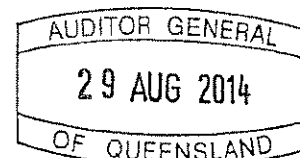
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year 1 July 2013 to 30 June 2014 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