Financial statements 2011-12

General information

These financial statements cover the Queensland Police Service (Formerly Department of Police).

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 QPS is:

200 Roma Street
Brisbane QLD 4000

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

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

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

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12

QUEENSLAND POLICE SERVICE
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Income from Continuing Operations			
Departmental services revenue	2	1,825,141	1,707,413
User charges	3	62,237	57,568
Grants and other contributions	4	20,302	12,642
Other revenue	5	7,267	8,005
Total Revenue		1,914,948	1,785,628
Gains	6	1,956	746
Total Income from Continuing Operations		**1,916,904**	**1,786,375**
Expenses from Continuing Operations			
Employee expenses	7	1,483,371	1,389,913
Supplies and services	9	303,460	302,178
Grants and subsidies	10	5,213	4,008
Depreciation and amortisation	11	89,943	86,256
Impairment losses	12	22,480	28
Revaluation decrement	13	-	3,075
Other expenses	14	11,187	(326)
Total Expenses from Continuing Operations		**1,915,653**	**1,785,133**
Operating Result from Continuing Operations		**1,251**	**1,242**
Other Comprehensive Income			
Increase (decrease) in asset revaluation surplus	27	30,784	(38,620)
Total Other Comprehensive Income*		**30,784**	**(38,620)**
Total Comprehensive Income		**32,035**	**(37,378)**

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

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Notes	2012	2011
		$'000	$'000
Current Assets			
Cash and cash equivalents	15	25,550	17,049
Receivables	16	77,371	66,557
Inventories	17	5,030	3,186
Other	18	12,890	15,949
		120,841	**102,741**
Non-current assets classified as held for sale	19	2,339	2,319
Total Current Assets		**123,179**	**105,060**
Non Current Assets			
Intangible assets	20	70,208	62,550
Property, plant and equipment	21	1,786,889	1,758,609
Total Non Current Assets		**1,857,097**	**1,821,159**
Total Assets		**1,980,276**	**1,926,219**
Current Liabilities			
Payables	22	72,760	60,945
Accrued employee benefits	23	52,746	67,631
Other	24	1,491	1,540
Total Current Liabilities		**126,998**	**130,116**
Total Liabilities		**126,998**	**130,116**
Net Assets		**1,853,278**	**1,796,102**
Equity			
Contributed equity		723,531	698,390
Accumulated surplus		394,215	392,965
Asset revaluation surplus	27	735,532	704,748
Total Equity		**1,853,278**	**1,796,102**

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Contributed Equity	Accumulated Surplus	Asset Revaluation	TOTAL 2011
	$'000	$'000	$'000	$'000
Balance as at 1 July 2010	643,878	391,722	743,368	1,778,968
Operating result from continuing operations	-	1,242	-	1,242
Total Other Comprehensive Income:				
- Increase (decrease) in asset revaluation surplus	-	-	(38,620)	(38,620)
Transactions with Owners as Owners:				
- Appropriated equity injections (Note 2)	53,374	-	-	53,374
- Transfers between departments	1,138	-	-	1,138
Balance as at 30 June 2011	**698,390**	**392,965**	**704,748**	**1,796,102**

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

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
Cash flows from operating activities			
Inflows:			
Departmental services receipts		1,816,411	1,699,713
User charges		63,474	55,577
Grants and other contributions		9,352	5,528
GST input tax credits from ATO		44,998	45,360
GST collected from customers		9,950	6,072
Interest receipts		429	(219)
Other		3,236	7,650
Outflows:			
Employee expenses		(1,501,651)	(1,376,085)
Supplies and services		(257,105)	(270,042)
Grants and subsidies		(4,594)	(2,517)
GST paid to suppliers		(44,083)	(44,301)
GST remitted to ATO		(10,475)	(9,581)
Other		(28,982)	(30,922)
Net cash provided by (used in) operating activities	25	**100,960**	**86,233**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		18,097	25,109
Outflows:			
Payments for property, plant and equipment		(125,533)	(130,021)
Payments for intangibles		(10,164)	(11,993)
Net cash provided by (used in) investing activities		**(117,600)**	**(116,905)**
Cash flows from financing activities			
Inflows:			
Equity injections		80,042	99,342
Outflows:			
Equity withdrawals		(54,901)	(54,406)
Net cash provided by (used in) financing activities		**25,141**	**44,936**
Net increase (decrease) in cash and cash equivalents		8,501	14,264
Cash and cash equivalents at beginning of financial year		17,049	2,785
Cash and cash equivalents at end of financial year	15	**25,550**	**17,049**

The accompanying notes form part of these statements.

QUEENSLAND POLICE SERVICE
STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2012

	Professional Standards and Ethical Practice**		Personal Safety**		Property Security**		Traffic Policing**		Public Order and Safety**		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations *												
Revenue												
Departmental services revenue	287,866	262,199	432,063	382,487	386,194	359,686	346,852	328,956	372,166	374,084	1,825,141	1,707,413
User charges	5,101	5,683	16,190	13,793	14,471	12,971	12,530	11,629	13,945	13,492	62,237	57,568
Grants and other contributions	1,582	1,670	5,355	2,948	4,786	2,773	3,967	2,367	4,612	2,884	20,302	12,642
Other revenue	1,591	1,835	1,617	1,585	1,445	1,490	1,221	1,545	1,393	1,550	7,267	8,005
	296,140	271,387	455,225	400,813	406,896	376,920	364,570	344,497	392,116	392,010	1,914,948	1,785,628
Gains												
Gain on sale of property, plant and equipment	147	62	520	184	464	173	377	147	448	180	1,956	746
Total Income from Continuing Operations	**296,287**	**271,449**	**455,745**	**400,997**	**407,360**	**377,093**	**364,947**	**344,645**	**392,564**	**392,191**	**1,916,904**	**1,786,375**
Expenses from Continuing Operations *												
Employee expenses	207,785	205,974	360,231	314,249	321,988	295,516	283,074	266,786	310,293	307,388	1,483,371	1,389,913
Supplies and services	42,776	46,612	72,762	67,156	65,038	63,153	60,209	59,567	62,675	65,690	303,460	302,178
Grants and subsidies	343	1,295	1,394	730	1,247	686	1,028	584	1,201	714	5,213	4,008
Depreciation and amortisation	21,269	17,136	18,419	17,878	16,463	16,812	17,927	16,942	15,865	17,488	89,943	86,256
Losses and decrements	22,270	2	60	7	54	7	44	6	52	6	22,480	28
Revaluation decrement	-	259	-	771	-	725	-	617	-	702	-	3,075
Other expenses	1,925	(19)	2,460	(72)	2,199	(68)	2,483	(95)	2,119	(71)	11,187	(326)
Total Expenses from Continuing Operations	**296,368**	**271,260**	**455,326**	**400,718**	**406,989**	**376,831**	**364,765**	**344,406**	**392,205**	**391,917**	**1,915,653**	**1,785,133**
Operating Result from Continuing Operations	**(81)**	**189**	**419**	**279**	**371**	**262**	**182**	**240**	**359**	**273**	**1,251**	**1,242**
Other Comprehensive Income												
Increase (decrease) in asset revaluation surplus	**7,280**	**(7,673)**	**6,304**	**(8,005)**	**5,634**	**(7,527)**	**6,136**	**(7,585)**	**5,430**	**(7,830)**	**30,784**	**(38,620)**
Total Other Comprehensive Income	**7,280**	**(7,673)**	**6,304**	**(8,005)**	**5,634**	**(7,527)**	**6,136**	**(7,585)**	**5,430**	**(7,830)**	**30,784**	**(38,620)**
Total Comprehensive Income	**7,199**	**(7,484)**	**6,723**	**(7,726)**	**6,005**	**(7,265)**	**6,318**	**(7,346)**	**5,789**	**(7,557)**	**32,035**	**(37,378)**
** Allocation of income and expenses to service delivery support (disclosure only):*												
Income	63,869	55,808	93,694	75,602	83,748	71,095	78,821	66,979	80,705	73,899	400,837	343,383
Expenses	63,826	55,769	93,631	75,550	83,691	71,046	78,768	66,933	80,651	73,848	400,567	343,146

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

QUEENSLAND POLICE SERVICE
STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES
For the year ended 30 June 2012

	Professional Standards and Ethical Practice*		Personal Safety*		Property Security*		Traffic Policing*		Public Order and Safety*		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets												
Cash and cash equivalents	4,030	2,618	6,048	3,819	5,406	3,592	4,856	3,285	5,210	3,735	25,550	17,049
Receivables	11,959	10,114	18,395	14,940	16,442	14,050	14,730	12,841	15,845	14,612	77,371	66,557
Inventories	709	491	1,206	708	1,078	666	998	628	1,039	693	5,030	3,186
Other	1,992	2,424	3,065	3,580	2,739	3,367	2,454	3,077	2,640	3,502	12,890	15,949
	18,690	15,647	28,714	23,047	25,665	21,674	23,038	19,831	24,734	22,542	120,841	102,741
Non-current assets classified as held for sale	328	344	568	524	508	493	446	445	489	513	2,339	2,319
Total Current Assets	**19,018**	**15,990**	**29,282**	**23,571**	**26,173**	**22,167**	**23,484**	**20,276**	**25,223**	**23,055**	**123,179**	**105,060**
Non Current Assets												
Intangible assets	16,602	12,427	14,377	12,965	12,851	12,192	13,994	12,286	12,384	12,682	70,208	62,550
Property, plant and equipment	422,549	349,380	365,929	364,501	327,069	342,773	356,154	345,410	315,188	356,544	1,786,889	1,758,609
Total Non Current Assets	**439,151**	**361,807**	**380,306**	**377,466**	**339,920**	**354,965**	**370,148**	**357,696**	**327,572**	**369,226**	**1,857,097**	**1,821,159**
Total Assets	**458,169**	**377,797**	**409,588**	**401,038**	**366,093**	**377,132**	**393,632**	**377,971**	**352,795**	**392,281**	**1,980,276**	**1,926,219**
Current Liabilities												
Payables	10,202	9,098	17,632	13,737	15,760	12,918	13,979	11,754	15,187	13,437	72,760	60,945
Accrued employee benefits	7,389	10,022	12,809	15,291	11,449	14,379	10,066	12,981	11,033	14,957	52,746	67,631
Other	231	234	354	346	317	325	283	297	306	338	1,491	1,540
Total Current Liabilities	**17,822**	**19,354**	**30,795**	**29,374**	**27,526**	**27,623**	**24,328**	**25,033**	**26,526**	**28,733**	**126,998**	**130,116**
Total Liabilities	**17,822**	**19,354**	**30,795**	**29,374**	**27,526**	**27,623**	**24,328**	**25,033**	**26,526**	**28,733**	**126,998**	**130,116**

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

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 Treasury's Minimum Reporting Requirements for the year ending 30 June 2012, 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(w).

(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 32. 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 34.

(e) Departmental Services Revenue/Administered Revenue

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

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' 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 32.

(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. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(h) Cash and Cash Equivalents

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

(i) Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the provision for impairment loss are based on loss events as disclosed in Note 16.

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

(j) Inventories

Inventories held for sale or distribution are valued at cost.

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

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

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

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

(l) Acquisitions of Assets

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

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

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

(m) 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 and 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.

(n) 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.

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:

Class	***Average Rate (%)***
Buildings	1.45
Infrastructure	3.33
Major Plant and Equipment	6.86*
Motor Vehicles	34.56
Plant and Equipment	12.55
Heritage assets	1.00
Intangible assets	14.47

* Aircraft are classified as major plant and equipment.

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

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury'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'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 2012 are reported in Note 21.

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

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

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

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

(p) Intangibles

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

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

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

Purchased Software
The purchase cost of software equal to or above the intangible asset threshold has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department, namely an average 5.8 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 8.36 years.

(q) Impairment of Non-Current Assets

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

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

An impairment loss is recognised immediately in the 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(o).

(r) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

There were no finance leases held by the department as at 30 June 2012.

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.

(s) 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.

(t) 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 31.

(u) Employee Benefits

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

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

Wages, Salaries and Sick Leave
Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

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

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

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

From 1 July 2008, no provision for annual leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting* .

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

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

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

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

(v) 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, Shared Service Agency charges and other support costs.

(w) Major Departmental Services of the Department

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

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

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

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

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

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

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

(x) 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.

(y) 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.

(z) 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.

(aa) 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 16.

(ab) Issuance of Financial Statements

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

(ac) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

Valuation of Property, Plant and Equipment - Note 21
Contingencies - Note 29

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

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

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

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

(ad) 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.

(ae) New and Revised Accounting Standards

The department did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standard changes applicable for the first time for 2011-12 have had minimal effect on the department's financial statements, as explained below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* became effective from reporting periods beginning on or after 1 January 2011. The only impact from AASB 2010-4 for the department will be on the financial instruments note (Note 31(c)), in relation to disclosures about credit risk. That note no longer needs to disclose amounts that best represent the maximum exposure to credit risk where the carrying amount of the instruments already reflects this. As this was the case with all the department's receivables as at 30 June 2012 (and as at 30 June 2011), receivables are not included in the credit risk disclosure in this year's financial statements.

AASB 1054 *Australian Additional Disclosures* became effective from reporting periods on or after 1 July 2011. AASB 1054 had minimal impact on the department. One of the footnotes to Note 14 Other Expenses, regarding audit fees, has been slightly amended to identify the department's auditor and clarify the nature of the work performed by the auditor.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]* also became effective from reporting periods beginning on or after 1 July 2011. The only potential implication for the department from this amending standard was the deletion from AASB 101 *Presentation of Financial Statements* of the requirement for disclosure of commitments. However, Treasury Department's Financial Reporting Requirements require continuation of commitments disclosures, so this deletion from AASB 101 has no impact on the department's commitments note (Note 28).

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

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

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

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

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

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets will only be measured at amortised cost if both the following two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 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(t) and 31). 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.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2013.

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

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

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

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

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

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.

	2012 $'000	2011 $'000
2. Reconciliation of Payments from Consolidated Fund to Departmental Services Revenue recognised in Statement of Comprehensive Income		
Budgeted Departmental services appropriation	1,807,609	1,736,205
Transfers from/(to) other headings	8,802	-
Lapsed departmental service appropriation	-	(36,492)
Total Departmental services receipts	1,816,411	1,699,713
Plus: Closing balance of Departmental services revenue receivable	16,430	7,700
Less: Opening balance of Departmental services revenue receivable	(7,700)	-
Departmental service revenue recognised in Statement of Comprehensive Income	**1,825,141**	**1,707,413**
Reconciliation of Payments from Consolidated Fund to Equity Adjustment recognised in Contributed Equity		
Budgeted equity adjustment appropriation	122,763	114,529
Transfers from/(to) other headings	(6,764)	-
Lapsed equity adjustment	(90,858)	(69,593)
Equity adjustment receipts (payments)	25,141	44,936
Less: Opening balance of equity adjustment receivable	-	(7,625)
Plus: Closing balance of equity adjustment receivable	-	-
	25,141	37,311
Plus: Opening balance of equity withdrawal payable	-	16,063
Less: Closing balance of equity withdrawal payable	-	-
Equity Adjustment recognised in Contributed Equity	**25,141**	**53,374**
3. User Charges		
Special services	37,344	31,623
Incident reporting	1,328	1,274
Rental of government property	136	381
Sale of goods and services	12,553	13,409
Network user charges	10,877	10,881
Total	**62,237**	**57,568**

	2012 $'000	2011 $'000
4. Grants and Contributions		
Grants *	6,977	5,029
Industry contributions	3,312	859
Services received at below fair value	10,013	6,754
Total	**20,302**	**12,642**

* Included in 2011-12 grants are National Drug Strategy Funding ($787K), Queensland Early Intervention Pilot Project ($1.688M), New Queensland Drivers Licence Funding ($1.211M), Natural Disaster Relief and Recovery Arrangements Assistance ($812K), Productivity Places Program ($246K), Nurses in Watchhouse Program ($240K), Special Circumstances Court Program ($60K), Suicide Prevention Project ($150K) and Police Diversion Program ($131K).

	2012 $'000	2011 $'000
5. Other Revenue		
Interest	403	433
Taxes, fees and fines	56	30
Insurance compensation - QGIF and other	554	4,035
Sale of plant and equipment (non assets)	43	56
General recoveries	1,842	2,381
Recognition of post capitalised assets*	3,148	135
FBT employee contributions	709	661
Other	512	274
Total	**7,267**	**8,005**

* Following a land reconciliation activity, assets not previously recognised in the asset register have been post capitalised in 2011-12.

	2012 $'000	2011 $'000
6. Gains		
Gain on sale of property, plant and equipment	1,213	746
Gain on revaluation of major plant and equipment	742	-
Total	**1,956**	**746**

	2012 $'000	2011 $'000
7. Employee Expenses		
Employee Benefits		
Wages and salaries	1,040,289	995,499
Employer superannuation contributions*	158,096	149,604
Long service leave levy*	24,871	23,648
Annual leave levy*	143,135	132,117
Voluntary redundancy payments**	20,444	146
Other employee benefits	6,907	7,181
Employee Related Expenses		
Payroll tax*	63,979	61,317
Workers compensation premium *	25,650	20,401
Total	**1,483,371**	**1,389,913**

* Refer to Note 1(u).

**In 2011-12, 225 employees accepted offers of voluntary separation packages totalling $20.4M as part of the Queensland Government Voluntary Separation Program (VSP).

Number of Employees

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

	2012	2011
Number of Employees	14,785	14,496

8. Key Executive Management personnel and Remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2011-12. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

		Current Incumbents	
Position	**Responsibilities**	**Contract classification and appointment authority**	**Date appointed to position**
Commissioner	The Commissioner is responsible for strategic leadership of the Queensland Police Service consistent with Government legislation and policy directions.	CEO level as agreed with the Minister and Premier. *Police Service Administration Act 1990*	Appointed 01/11/2000
Deputy Commissioner (Specialist Operations)	The Deputy Commissioner (Specialist Operations) is responsible for the strategic management and direction of police specialist operations throughout Queensland consistent with Government legislation and policy directions.	Deputy Commissioner remunerated at classification SES 4.2 level. *Police Service Administration Act 1990*	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.	Deputy Commissioner remunerated at classification SES 4.2 level. *Police Service Administration Act 1990*	Appointed 03/10/2010
Deputy Chief Executive (Resource Management)	The Deputy Chief Executive (Resource Management) is responsible for the strategic management of the resource management function for the Service to support corporate and policing operations through the areas of administration, finance, human resources, education and training and information and communications technology.	Deputy Chief Executive (Resource Management) remunerated at classification SES 4.2 level. *Public Service Act 2008*	Appointed 21/07/2006
Executive Director, Office of the Commissioner	The Executive Director is responsible for provision of strategic advice and executive support to the Commissioner including strategic planning, performance management, policy development, organisational improvement, project management support, corporate reporting and cross cultural liaison.	Executive Director, Office of the Commissioner remunerated at classification SES2.5 level. *Public Service Act 2008*	Appointed 20/12/2004

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12
For the year ended 30 June 2012

Note 8 (cont'd)

b) Remuneration

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

For the 2011-12 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

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

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

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

1 July 2011 - 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration***
	Cashable Benefits*	Non-Monetary Benefits				
	$'000	$'000	$'000	$'000	$'000	$'000
Commissioner	323	27	16	40	-	406
Deputy Commissioner (Regional Operations)	220	18	9	35	-	282
Deputy Commissioner (Specialist Operations)	234	-	9	35	-	278
Deputy Chief Executive (Resource Management)	201	17	8	25	-	251
Executive Director, Office of the Commissioner	160	17	1	19	-	197
Total Remuneration	**1,138**	**79**	**43**	**154**	**-**	**1,414**

QUEENSLAND POLICE SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2011-12
For the year ended 30 June 2012

Note 8 (cont'd)

1 July 2010 - 30 June 2011

Position	Short Term Employee Benefits: Cashable Benefits*	Short Term Employee Benefits: Non-Monetary Benefits	Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration***
	$'000	$'000	$'000	$'000	$'000	$'000
Commissioner	293	27	6	39	-	365
Deputy Commissioner (Specialist Operations)	224	6	4	28	-	262
Deputy Commissioner (Regional Operations)	208	18	4	32	-	262
Deputy Chief Executive (Resource Management)	202	20	4	24	-	250
Assistant Commissioner Ethical Standards Command**	72	7	2	13	-	94
Executive Director, Office of the Commissioner	162	17	(3)	19	-	195
Assistant Commissioner, Northern Region**	81	12	2	14	-	109
Executive Director, Administration Division**	88	-	2	9	-	99
Total Remuneration	**1,330**	**107**	**21**	**178**	**-**	**1,636**

* Cashable benefits includes higher duty payments if applicable and movements in annual leave balances from the previous year.

** As a result of new internal governance arrangements, this position only had authority and responsibility for planning, directing and controlling the activities of the department from 1/7/2010 - 31/12/2010.

*** The amount calculated as total remuneration in this note 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 motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

	2012 $'000	2011 $'000
9. Supplies and Services		
Consultancy and contractors	21,267	23,309
Materials	44,693	48,993
Repairs and maintenance	62,606	64,945
Transfer costs	6,536	6,046
Travel	14,016	15,503
Communications	51,719	34,603
Accommodation and public utilities	15,497	14,472
Resources received below fair value	9,912	6,719
Shared service provider charges	21,886	20,254
Equipment below asset threshold levels	13,293	18,116
Operating lease rentals and rental of premises	16,845	16,739
Crimtrac name search	7,088	8,351
Other	18,102	24,128
Total	**303,460**	**302,178**

	2012 $'000	2011 $'000
10. Grants and Subsidies		
Grants – recurrent	3,615	3,237
Natural disaster payments	1,380	719
Subsidy payments	218	52
Total	**5,213**	**4,008**

	2012 $'000	2011 $'000
11. Depreciation and Amortisation		
Buildings	31,107	29,671
Infrastructure	341	-
Plant and equipment	48,803	48,310
Heritage and cultural assets	42	42
Major plant and equipment	1,346	2,005
Software purchased	374	180
Software internally generated	7,930	6,048
Total	**89,943**	**86,256**

	2012 $'000	2011 $'000
12. Impairment Losses		
Impairment losses on trade receivables	278	28
Capital work in progress*	22,202	-
Total	**22,480**	**28**

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

	2012 $'000	2011 $'000
13. Revaluation Decrement		
Major plant and equipment	-	3,075
Total	-	**3,075**

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

	2012 $'000	2011 $'000
14. Other Expenses		
Bad debts	3	47
Loss on disposal of non current assets	4,819	4,561
Audit fees*	309	361
Insurance premiums - QGIF	3,912	3,821
Insurance premiums - Other	84	120
Ex-gratia payments	339	276
Property plant and equipment write off	190	-
Inventory write off	(1)	13
Gifts	-	2
Plaintiff damages and costs	443	1,012
Departmental services expense**	-	(11,117)
Other	1,088	578
Total	**11,187**	**(326)**

* Total external audit fees paid to the Queensland Audit Office relating to the 2011-12 financial statements are estimated to be $330,495 (2011: $313,500). There are no non-audit services included in this amount.

**Due to the nature of appropriations, the settlement of an obligation can be replaced by another obligation such as the delivery of services during the year. In accordance with Queensland Treasury's Accounting Policy Guideline APG 2 - Contributions Received by Not-For-Profit Agencies, the department accrued a liability in the Statement of Financial Position and an expense in the Statement of Comprehensive Income in 2009-10 for the unspent appropriation of services, totalling $11.117 million, which was de-recognised in 2010-11.

	2012 $'000	2011 $'000
15. Cash and Cash Equivalents		
Imprest accounts	238	237
Cash at bank	25,312	16,812
Total	**25,550**	**17,049**

	2012 $'000	2011 $'000
16. Receivables		
Current		
Trade debtors	14,404	15,118
Less: Allowance for impairment loss	(334)	(76)
	14,070	15,042
GST receivables	4,731	4,741
GST payables	(6)	(6)
	4,725	4,735
Appropriation receivable	16,430	7,700
Interest	24	36
Long service leave reimbursement	5,922	5,072
Annual leave reimbursement	36,029	33,757
Loans and advances	8	18
Other receivables	164	197
	58,576	46,779
Total	**77,371**	**66,557**

Movements in the allowance of provision for impairment

	2012 $'000	2011 $'000
Balance at beginning of the year	76	53
Amounts written off during the year	(20)	(5)
Increase/decrease in allowance recognised in the operating result	278	28
Balance at the end of the year	**334**	**76**

	2012 $'000	2011 $'000
17. Inventories		
Supplies and consumables - at cost	5,030	3,186
Total	**5,030**	**3,186**
18. Other Current Assets		
Prepayments	12,870	15,929
Other	20	20
Total	**12,890**	**15,949**
19. Non-Current Assets Classified as Held for Sale		
Property plant and equipment	2,339	2,319
Total	**2,339**	**2,319**
20. Intangible Assets		
Software purchased		
At cost	2,799	1,576
Less: accumulated amortisation	(922)	(548)
	1,878	1,029
Software internally generated		
At cost	106,064	75,318
Less: accumulated amortisation	(42,630)	(34,700)
	63,435	40,619
Work in progress	4,896	20,902
Total	**70,208**	**62,550**

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

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

The department has 4 intangible assets with an original cost of $7.7M retired from active use, but not classified as held for sale.

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

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

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.

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20. Intangible Assets (cont'd)

Intangibles Reconciliation	Work in Progress		Software Internally Generated		Software Purchased		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	20,902	5,064	40,619	46,409	1,029	524	62,550	51,996
Acquisitions	11,592	15,950	3,147	56	597	380	15,336	16,386
Transfers between classes	(27,599)	(89)	27,599	89	-	-	-	-
Transfers to/from property, plant and equipment	-	(23)	-	-	626	305	626	282
Transfers between Departments	-	-	-	113	-	-	-	113
Amortisation	-	-	(7,930)	(6,048)	(374)	(180)	(8,304)	(6,228)
Carrying amount at 30 June	**4,896**	**20,902**	**63,435**	**40,619**	**1,878**	**1,029**	**70,208**	**62,550**

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

	2012 $'000	2011 $'000
21. Property, Plant and Equipment		
Land		
At fair value	474,206	471,643
Less: accumulated impairment losses	-	-
	474,206	471,643
Buildings		
At fair value	1,907,693	1,694,599
Less: accumulated depreciation	(888,903)	(716,070)
Less: accumulated impairment losses	(15)	(52)
	1,018,775	978,477
Infrastructure		
At fair value	9,989	-
Less: Accumulated depreciation	(341)	-
Less: Accumulated impairment losses	-	-
	9,648	-
Plant and equipment		
At cost	390,516	372,999
Less: accumulated depreciation	(179,165)	(153,571)
Less: accumulated impairment losses	-	(106)
	211,350	219,322
Heritage and cultural assets		
At fair value	4,421	4,229
Less: accumulated depreciation	(129)	(81)
Less: accumulated impairment losses	-	-
	4,292	4,148
Major plant and equipment		
At fair value	22,642	17,229
Less: accumulated depreciation	(11,496)	(7,001)
Less: accumulated impairment losses	-	-
	11,146	10,228
Work in progress		
At cost	79,674	74,791
Less: accumulated impairment losses	(22,202)	-
	57,472	74,791
Total	**1,786,889**	**1,758,609**

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 South Eastern Region, Metropolitan North Region and Metropolitan South Region as at 30 June 2012 by the State Valuation Service of the Department of Natural Resources and Mines. Assets independently revalued in the four previous years are indexed to ensure that they are valued on the same basis and materially reflect their fair values. The results of indexations are compared to the results of independent revaluations performed in the year to ensure the results are reasonable. This methodology has been used to support management's acceptance of the revaluations performed for the last four years.

The revaluation methodology for each class is as follows:

• Land

At 30 June 2012, 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 conducted the independent revaluation of assets under the five year rolling revaluation program. Values were effective as at 30 June 2012. The process involved physical inspection and reference to recent market transactions for local land sales.

Note 21 (cont'd)

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

• Buildings

At 30 June 2012, 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 conducted the independent revaluation of assets under the five year rolling revaluation program. Values were effective as at 30 June 2012. The process involved physical inspection and was based on depreciated current replacement cost, unless a market price in an active and liquid market existed.

Buildings not subject to independent revaluations 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 materially represent the fair value of the buildings as at 30 June 2012.

• Infrastructure

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

• Major Plant and Equipment

Major plant and equipment was independently revalued by JD Dodds Plant & Machinery Valuers as at 30 June 2012. 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’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 materially represents the fair value of the buildings as at 30 June 2012.

• Additional Information

The department has 52 buildings with an original cost of $10.6M and 1,386 items of plant and equipment with an original acquisition cost of $35.1M 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 and equipment will be replaced as required.

The department has 2 temporarily idle physical assets where at reporting date, the idle asset is expected to be restored to active service and not derecognised.

The department has 21 Plant and equipment assets, 14 building assets at an original cost of $1.3M and 4 land assets at an original cost of $0.232M retired from active use, but not classified as held for sale.

The department has 307 items of plant and equipment with an original cost of $12.8M that have been written down to their residual value of $5.0M and are still being used in the provision of services. The majority of these assets are expected to be replaced in the 2012-13 financial year.

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21. 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	471,643	508,884	978,477	981,641	10,228	15,131	219,322	182,874	4,148	4,187	-	-	74,791	75,079	1,758,609	1,767,797
Acquisitions	4,532	2,659	5,517	10,625	1,687	177	51,265	57,803	-	3	-	-	61,279	61,630	124,280	132,897
Donations Received		-	5	-	-	-	97	282	-	-	-	-	-	-	102	282
Disposals	(130)	(1,095)	(1,234)	(1,402)	(166)	-	(21,354)	(17,775)	-	-	-	-	-	-	(22,884)	(20,272)
Assets reclassified as held for sale	108	(165)	-	(87)	-	-	(386)	(522)	-	-	-	-	-	-	(278)	(774)
Donations Made	-	-	-	(202)	-	-	-	(84)	-	-	-	-	-	-	-	(286)
Transfers between classes	-	-	34,572	16,620	-	-	11,209	44,612	-	-	9,989	-	(55,770)	(61,232)	-	-
Transfers between Departments	-	932	-	-	-	-	-	38	-	-	-	-	-	-	-	970
Transfers to/from Intangibles	-	-	-	-	-	-	-	404	-	-	-	-	(626)	(686)	(626)	(282)
Revaluation Increments	-	-	32,545	1,041	742	-	-	-	186	-	-	-	-	-	33,473	1,041
Revaluation decrements (Notes 13 & 27)	(1,947)	(39,109)	-	-	-	(3,075)	-	-	-	-	-	-	-	-	(1,947)	(42,184)
Impairment losses recognised in the operating result (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	(22,202)	-	(22,202)	-
Impairment losses recognised in equity*	-	(463)	-	(88)	-	-	-	-	-	-	-	-	-	-	-	(551)
Depreciation/amortisation	-	-	(31,107)	(29,671)	(1,346)	(2,005)	(48,803)	(48,310)	(42)	(42)	(341)	-	-	-	(81,639)	(80,028)
Carrying amount at 30 June	**474,206**	**471,643**	**1,018,775**	**978,477**	**11,146**	**10,228**	**211,350**	**219,322**	**4,292**	**4,148**	**9,648**	**-**	**57,472**	**74,791**	**1,786,889**	**1,758,609**

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

	2012 $'000	2011 $'000
22. Payables		
Current		
Trade creditors	19,293	27,182
Other payables	53,467	33,763
Total	**72,760**	**60,945**

	2012 $'000	2011 $'000
23. Accrued Employee Benefits		
Current		
Recreation leave	36	32
Wages outstanding	9,493	25,721
Long service leave levy payable	6,292	6,035
Annual leave levy payable	36,633	35,835
Other employee entitlements	292	8
Total	**52,746**	**67,631**

	2012 $'000	2011 $'000
24. Other Current Liabilities		
Current		
Unearned revenue	1,458	1,498
Other	33	42
Total	**1,491**	**1,540**

25. Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities

	2012 $'000	2011 $'000
Operating surplus/(deficit)	1,251	1,242
Depreciation expense	81,638	80,029
Amortisation expense	8,304	6,228
Assets donated expensed	-	286
Donated assets received	(102)	(282)
Revaluation decrement	-	3,075
Loss on sale of property, plant and equipment	4,818	4,561
Gain on sale of property, plant and equipment	(1,213)	(746)
Gain on revaluation of property, plant and equipment	(742)	-
Impairment losses	22,480	-
Inventory write-offs	(1)	13
Plant and equipment write-offs	190	-
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	10	1,157
(Increase)/decrease in LSL reimbursement receivables	(850)	35
(Increase)/decrease in AL reimbursement receivables	(2,272)	(3,075)
(Increase)/decrease in trade receivables	714	2,357
(Increase)/decrease in inventories	(1,844)	81
(Increase)/decrease in appropriation receivable	(8,730)	(7,700)
(Increase)/decrease in loans and advances	10	(14)
(Increase)/decrease in interest receivable	12	(4)
(Increase)/decrease in other receivables	33	(153)
(Increase)/decrease in prepayments/other	3,059	1,076
Increase/(decrease) in payables	11,815	2,151
Increase/(decrease) in accrued employee benefits	(14,885)	22,388
Increase/(decrease) in other current liabilities	(48)	(10,871)
Increase/(decrease) in accruals	(2,687)	(15,601)
Net cash from operating activities	**100,960**	**86,233**

26. 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 respectively.

27. Asset Revaluation Surplus by Class

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

	Land $'000	Buildings $'000	Heritage & Cultural Assets $'000	Total $'000
Balance 1 July 2010	372,403	370,964	-	743,367
Revaluation increments	-	1,595	-	1,595
Sale of revalued assets	(406)	(554)	-	(960)
Revaluation decrements	(38,703)	-	-	(38,703)
Impairment losses through equity	(463)	(88)	-	(551)
Balance 30 June 2011	**332,831**	**371,917**	**-**	**704,748**

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

28. 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:	2012 $'000	2011 $'000
Not later than one year	15,985	15,295
Later than one year and not later than five years	39,432	33,864
Later than five years	8,880	8,885
Total	**64,297**	**58,044**

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 2011-12 financial year.

28. 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
2012	**$'000**	**$'000**
Payable:		
Not later than one year	33,853	45,578
Later than one year and not later than five years	24,936	-
Total	**58,789**	**45,578**
2011		
Payable:		
Not later than one year	34,434	25,078
Later than one year and not later than five years	83	2,025
Total	**34,517**	**27,103**

(c) Other Expenditure Commitments

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

	2012 $'000	2011 $'000
Payable:		
Not later than one year	119	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	**119**	**-**

29. 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 2012, the following cases were filed with the respective jurisdiction naming the Queensland Police Service as the defendant:

	2012 Number	2011 Number
Supreme Court	14	20
Magistrates Court	4	3
District Court	14	13
Total cases	**32**	**36**

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 2012, there was an additional 6 native title claims received during the year directly affecting approx. 12 parcels and indirectly affecting approx. 5 parcels of departmental land. These claims have been registered with the National Native Title Tribunal but a determination is yet to be made.

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

(d) Queensland Reconstruction Authority Revenue

The Queensland Police Service incurred extra costs in the 2010-11 year due to the impact of natural disaster events such as the Queensland Flooding, Tropical Cyclone Tasha and Tropical Cyclone Yasi. The department has recovered funds under the National Disaster Relief and Recovery Arrangements (NDRRA) through the Queensland Reconstruction Authority. The recoverable amount received in 2011-12 and recognised as revenue was $0.812M. A further amount of $10.476M is expected to be received and recognised as revenue in 2012-13.

30. Controlled Entities

The department has no controlled entities.

31. Financial Instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2012 $'000	2011 $'000
Financial Assets			
Cash and cash equivalents	15	25,550	17,049
Receivables	16	77,371	66,557
Total		**102,921**	**83,606**
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	22	72,760	60,945
Total		**72,760**	**60,945**

(b) Financial Risk Management

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

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

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

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

Risk Exposure	Measurement method
Credit risk	Ageing analyses, earnings at risk
Liquidity risk	Sensitivity analyses
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 conjuction with historic experience and associated industry data.

The recognised impairment loss is $278,000 for the current year. This is an increase of $250,000 from 2011 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.

31. Financial Instruments (cont'd)

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

2012 Financial Assets Past Due But Not Impaired

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

2011 Financial Assets Past Due But Not Impaired

			Overdue				
	Not Overdue $'000	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000	Total Financial Assets $'000
Financial Assets							
Receivables	-	65,683	225	40	609	66,557	66,557
Total	**-**	**65,683**	**225**	**40**	**609**	**66,557**	**66,557**

2012 Impaired Financial Assets

			Overdue				
	Not Overdue $'000	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000	Total Financial Assets $'000
Financial Assets							
Receivables	-	-	-	-	334	334	334
Total	**-**	**-**	**-**	**-**	**334**	**334**	**334**

2011 Impaired Financial Assets

			Overdue				
	Not Overdue $'000	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000	Total Financial Assets $'000
Financial Assets							
Receivables	-	-	-	-	76	76	76
Total	**-**	**-**	**-**	**-**	**76**	**76**	**76**

31. 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.

		2012 Payable in			**Total**
	Note	< 1 year	1 - 5 years	> 5 years	
		$'000	$'000	$'000	$'000
Financial Liabilities					
Payables	22	72,760	-	-	72,760
Total		**72,760**	**-**	**-**	**72,760**

		2011 Payable in			**Total**
	Note	< 1 year	1 - 5 years	> 5 years	
		$'000	$'000	$'000	$'000
Financial Liabilities					
Payables	22	60,945	-	-	60,945
Total		**60,945**	**-**	**-**	**60,945**

(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.

32. Schedule of Administered Items

	2012 $'000	2011 $'000
Administered Revenues		
Taxes, fees and fines	5,908	4,703
Administered item revenue	701	441
Other	382	291
Total	**6,991**	**5,435**
Administered Expenses		
Grants and subsidies*	701	441
Total	**701**	**441**
Administered Assets		
Current		
Cash	1,397	3,583
Receivables	(9)	(5)
Total	**1,388**	**3,578**
Administered Liabilities		
Current		
Payables	598	559
Transfers to government	776	307
Other	14	2,712
Total	**1,388**	**3,578**
Transfers to Government of Taxes, Fees and Fines	**6,290**	**4,994**

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

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

	2012 $'000	2011 $'000
Budgeted appropriation	701	441
Transfers from/to other headings	(2,038)	-
Total administered receipts	**(1,337)**	**441**
Less: Adjustment for Administered revenue payable*	(281)	
Plus: Opening balance of administered revenue payable	2,319	2,319
Less: Closing balance of administered revenue payable	-	(2,319)
Administered revenue recognised in Note 32.	**701**	**441**

* Adjustment relates to funds refunded to the Commonwealth under the 1996 National Firearms Scheme.

34. 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.

	2012 $'000	2011 $'000
Trust Assets and Liabilities		
Current Assets		
Cash	8,534	8,724
Total	**8,534**	**8,724**
Current Liabilities		
Total Current Liabilities	8,534	8,724
Total	**8,534**	**8,724**

The Queensland Auditor-General performed the audit of the department's trust transactions for 2011-12.

35. Events Occurring After Balance Date

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

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 2012 and of the financial position of the department at the end of that year.

R. Wilson
Chief Finance Officer
Executive Director, Finance Division

30/08/2012

R. Atkinson
Accountable Officer
Commissioner

30/08/2012

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Police Service

Report on the Financial Report

I have audited the accompanying financial report of Queensland Police Service, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2012, 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 the 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 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 Queensland Police Service for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Queensland Police Service for the year ended 30 June 2012. Where the financial report is included on Queensland Police Service's website the Accountable Officer is responsible for the integrity of Queensland Police Service's website and I have not been engaged to report on the integrity of Queensland Police Service's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

AUDITOR GENERAL
31 AUG 2012
OF QUEENSLAND

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane