

## Financial statements

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## Statement of comprehensive income for the year ended 30 June 2019

**Queensland Police Service**  
**Statement of comprehensive income**  
**For the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Income from continuing operations</b>			
Appropriation revenue	3	2,035,312	1,921,090
User charges and fees	4	96,912	94,996
Grants and other contributions	5	258,224	329,985
Other revenue		6,558	6,179
<b>Total revenue</b>		<b>2,397,005</b>	<b>2,352,250</b>
Gains on disposal/remeasurement of assets		34	28
<b>Total income from continuing operations</b>		<b>2,397,039</b>	<b>2,352,278</b>
<b>Expenses from continuing operations</b>			
Employee expenses	6	1,835,533	1,771,404
Supplies and services	8	278,995	277,498
Grants and subsidies		4,856	7,402
Depreciation and amortisation	11,12	17,113	15,637
Impairment losses (gains)		(1,603)	929
Other expenses	9	258,761	279,105
<b>Total expenses from continuing operations</b>		<b>2,393,656</b>	<b>2,351,975</b>
<b>Operating result for the year</b>		<b>3,384</b>	<b>303</b>
<b>Other comprehensive income not reclassified subsequently to operating result</b>			
Increase/(decrease) in asset revaluation surplus		(1)	(225)
<b>Total other comprehensive income</b>		<b>(1)</b>	<b>(225)</b>
<b>Total comprehensive income</b>		<b>3,383</b>	<b>78</b>

The accompanying notes form part of these statements.

## Statement of financial position as at 30 June 2019

**Queensland Police Service**  
**Statement of financial position**  
**As at 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash		143,485	78,150
Receivables	10	75,775	111,738
Inventories		5,006	5,699
Prepayments		5,076	3,436
<b>Total current assets</b>		<b>229,342</b>	<b>199,022</b>
<b>Non-current assets</b>			
Intangible assets	11	22,710	26,157
Property, plant and equipment	12	38,429	43,008
<b>Total non-current assets</b>		<b>61,139</b>	<b>69,166</b>
<b>Total assets</b>		<b>290,481</b>	<b>268,188</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	13	48,380	37,020
Accrued employee benefits	14	95,542	94,814
Other current liabilities	15	20,599	17,481
<b>Total current liabilities</b>		<b>164,521</b>	<b>149,315</b>
<b>Total liabilities</b>		<b>164,521</b>	<b>149,315</b>
<b>Net assets</b>		<b>125,960</b>	<b>118,872</b>
<b>Equity</b>			
Contributed equity		12,436	9,311
Accumulated surplus		112,835	108,870
Asset revaluation surplus		688	689
<b>Total equity</b>		<b>125,960</b>	<b>118,872</b>

*The accompanying notes form part of these statements.*

## Statement of changes in equity for the year ended 30 June 2019

**Queensland Police Service**  
**Statement of changes in equity**  
**For the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Contributed equity</b>			
Opening balance		9,311	137
Transactions with owners as owners:			
Appropriated equity adjustment	3	3,125	9,174
Closing balance		<b>12,436</b>	<b>9,311</b>
<b>Accumulated surplus/(deficit)</b>			
Opening balance		108,870	108,568
Operating result		3,384	303
Net effect of changes in accounting policies		580	-
Closing balance		<b>112,835</b>	<b>108,870</b>
<b>Asset revaluation surplus</b>			
Opening balance		689	914
Increase/(decrease) in asset revaluation surplus		(1)	(225)
Closing balance *		<b>688</b>	<b>689</b>
<b>Total equity</b>		<b>125,960</b>	<b>118,872</b>

\* Asset revaluation surplus balance by class - Major plant and equipment \$0.687m (2018: \$0.689m) and Buildings \$0.001m (2018: \$Nil).

*The accompanying notes form part of these statements.*

## Statement of cash flows for the year ended 30 June 2019

**Queensland Police Service**  
**Statement of cash flows**  
**For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
<i>Inflows:</i>		
Service appropriation receipts	2,038,235	1,937,027
User charges and fees	146,522	96,758
Grants and other contributions	22,078	17,671
GST input tax credits from ATO	31,730	25,301
GST collected from customers	11,422	11,691
Other	6,558	5,963
<i>Outflows:</i>		
Employee expenses	(1,845,666)	(1,753,580)
Supplies and services	(268,199)	(285,010)
Grants and subsidies	(4,856)	(7,402)
GST paid to suppliers	(32,074)	(23,689)
GST remitted to ATO	(11,422)	(11,691)
Other	(23,207)	(36,504)
<b>Net cash provided by/(used in) operating activities</b>	<b>71,119</b>	<b>(23,465)</b>
<b>Cash flows from investing activities</b>		
<i>Inflows:</i>		
Sales of property, plant and equipment	49	-
<i>Outflows:</i>		
Payments for property, plant and equipment	(5,181)	(3,052)
Payments for intangibles	(3,776)	(6,860)
<b>Net cash provided by/(used in) investing activities</b>	<b>(8,908)</b>	<b>(9,911)</b>
<b>Cash flows from financing activities</b>		
<i>Inflows:</i>		
Equity injections	5,055	11,380
<i>Outflows:</i>		
Equity withdrawals	(1,930)	(1,930)
<b>Net cash provided by/(used in) financing activities</b>	<b>3,125</b>	<b>9,450</b>
Net increase/(decrease) in cash	65,336	(23,926)
Cash at beginning of financial year	78,150	102,077
<b>Cash at end of financial year</b>	<b>143,485</b>	<b>78,150</b>

*The accompanying notes form part of these statements.*

## Notes to the statement of cash flows for the year ended 30 June 2019

**Queensland Police Service**  
**Notes to the statement of cash flows**  
**For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of operating result to net cash from operating activities</b>		
Operating result	3,384	303
<b>Non-cash items included in operating result:</b>		
Depreciation and amortisation	17,113	15,637
Donations	(592)	(108)
Net gain/loss on sale of property, plant and equipment	98	94
Impairment losses (gains)	(1,540)	775
<b>Change in assets and liabilities:</b>		
Increase/(decrease) in accrued employee benefits	728	8,545
(Increase)/decrease in annual leave reimbursement receivable	(9,075)	8,468
(Increase)/decrease in GST receivable	(345)	785
(Increase)/decrease in inventories	693	(1,835)
(Increase)/decrease in long service leave reimbursement receivable	(1,786)	810
(Increase)/decrease in other receivables	250	(215)
(Increase)/decrease in other current assets	(1,640)	3,146
Increase/(decrease) in payables	11,610	(10,649)
(Increase)/decrease in trade receivables	49,103	(50,344)
Increase/(decrease) in unearned revenue	195	(411)
Increase/(decrease) in other current liabilities	2,923	1,532
<b>Net cash from operating activities</b>	<b>71,119</b>	<b>(23,465)</b>

**Accounting Policy - Cash**

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

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

## Statement of comprehensive income by major departmental services as at 30 June 2019

**Queensland Police Service**  
**Statement of comprehensive income by major departmental services**  
**for the year ended 30 June 2019**

	Crime and public order		Road safety		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Income from continuing operations</b>						
Appropriation revenue	1,654,637	1,561,779	380,675	359,311	2,035,312	1,921,090
User charges and fees	78,786	77,228	18,126	17,768	96,912	94,996
Grants and other contributions	209,927	268,266	48,297	61,719	258,224	329,985
Other revenue	5,331	5,023	1,227	1,156	6,558	6,179
<b>Total revenue</b>	<b>1,948,681</b>	<b>1,912,297</b>	<b>448,324</b>	<b>439,953</b>	<b>2,397,005</b>	<b>2,352,250</b>
Gain on sale/remeasurement of assets	28	23	6	5	34	28
<b>Total income from continuing operations</b>	<b>1,948,709</b>	<b>1,912,320</b>	<b>448,330</b>	<b>439,958</b>	<b>2,397,039</b>	<b>2,352,278</b>
<b>Expenses from continuing operations</b>						
Employee expenses	1,492,224	1,440,089	343,309	331,315	1,835,533	1,771,404
Supplies and services	226,813	225,596	52,182	51,902	278,995	277,498
Grants and subsidies	3,948	6,017	908	1,384	4,856	7,402
Depreciation and amortisation	13,913	12,712	3,201	2,925	17,113	15,637
Impairment losses (gains)	(1,303)	755	(300)	174	(1,603)	929
Other expenses	210,364	226,903	48,397	52,202	258,761	279,105
<b>Total expenses from continuing operations</b>	<b>1,945,958</b>	<b>1,912,074</b>	<b>447,697</b>	<b>439,902</b>	<b>2,393,656</b>	<b>2,351,974</b>
<b>Operating result for the year</b>	<b>2,751</b>	<b>246</b>	<b>633</b>	<b>57</b>	<b>3,384</b>	<b>303</b>
<b>Other comprehensive income not reclassified subsequently to operating result</b>						
Increase/(decrease) in asset revaluation surplus	(1)	(183)	-	(42)	(1)	(225)
<b>Total other comprehensive income</b>	<b>(1)</b>	<b>(183)</b>	<b>-</b>	<b>(42)</b>	<b>(1)</b>	<b>(225)</b>
<b>Total comprehensive income</b>	<b>2,750</b>	<b>63</b>	<b>633</b>	<b>16</b>	<b>3,383</b>	<b>78</b>

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

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

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

## Statement of assets and liabilities by major departmental services as at 30 June 2019

**Queensland Police Service**  
**Statement of assets and liabilities by major departmental services**  
**as at 30 June 2019**

	Crime and public order		Road safety		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and Cash equivalents	116,648	63,533	26,837	14,617	143,485	78,150
Receivables	61,602	90,839	14,173	20,899	75,775	111,738
Inventories	4,069	4,633	936	1,066	5,006	5,699
Prepayments	4,127	2,793	949	643	5,076	3,436
<b>Total current assets</b>	<b>186,447</b>	<b>161,798</b>	<b>42,895</b>	<b>37,224</b>	<b>229,342</b>	<b>199,022</b>
<b>Non-current assets</b>						
Intangible assets	18,462	21,265	4,248	4,892	22,710	26,157
Property, plant and equipment	31,241	34,964	7,188	8,044	38,429	43,008
<b>Total non-current assets</b>	<b>49,704</b>	<b>56,229</b>	<b>11,435</b>	<b>12,936</b>	<b>61,139</b>	<b>69,166</b>
<b>Total assets</b>	<b>236,151</b>	<b>218,027</b>	<b>54,330</b>	<b>50,160</b>	<b>290,481</b>	<b>268,188</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	39,331	30,096	9,049	6,924	48,380	37,020
Accrued employee benefits	77,673	77,080	17,870	17,734	95,542	94,814
Other current liabilities	16,746	14,212	3,853	3,270	20,599	17,481
<b>Total current liabilities</b>	<b>133,750</b>	<b>121,388</b>	<b>30,771</b>	<b>27,927</b>	<b>164,521</b>	<b>149,315</b>
<b>Total liabilities</b>	<b>133,750</b>	<b>121,388</b>	<b>30,771</b>	<b>27,927</b>	<b>164,521</b>	<b>149,315</b>

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



## Notes to the financial statements 2018-19

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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#### 1 Basis of financial statement preparation

##### (a) General information

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

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

##### (b) Statement of compliance

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

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning 1 July 2018 and other authoritative pronouncements.

##### (c) Taxation

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

##### (d) Basis of measurement

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

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

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

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

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

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

##### (f) Presentation matters

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

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

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

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

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

This standard will first apply to the department when preparing the financial statements for 2019-20.

The department does not currently have any revenue contracts with a material impact for the period after 1 July 2019 and will monitor the impact of any such contracts subsequently entered into before the new standard takes effect.

# Notes to the financial statements for the year ended 30 June 2019 (cont'd)

## Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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

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

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

This Standard will first apply to the department when preparing the financial statements for 2019-20.

AASB 1058 amends AASB 16 Leases so that the right-of-use assets arising from leases with significantly below market terms and conditions such as 'peppercorn leases' are measured at fair value (instead of cost under AASB 16 paragraphs 23-24). However, this has been amended by AASB 2018-8 which provides a temporary option for Not-for-profit lessees to not initially fair value a right of use asset arising from leases that have significantly below market terms when AASB 1058 and AASB 16 become effective for the 30 June 2020 year-end. The option relief is expected to remain in place until further guidance has been developed to assist Not-for-profit entities in fair valuing such right-of-use assets and the financial reporting requirements have been finalised. The department has elected to apply this temporary option, resulting in 'peppercorn leases' being measured at cost with no change to current financial reporting in the financial statements.

##### AASB 16 - Leases

This standard will first apply to the department from its financial statements for 2019-20.

##### *Impact for lessees*

Under AASB 16, the right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

In accordance with Queensland Treasury's policy, the department will not need to restate comparative information to recognise existing operating leases. Instead, the department will measure the new lease liability at 1 July 2019 by discounting the remaining lease payments by the QTC fixed borrowing rate.

##### *Outcome of review as lessee*

The department has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program. The department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

The department has quantified the transitional impact on the statement of financial position and statement of comprehensive income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows.

- Statement of financial position impact on 1 July 2019:
  - \$24.196m increase in lease liabilities
  - \$24.196m increase in right-of-use assets.
- Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018-19:
  - \$6.305m increase in depreciation and amortisation expense
  - \$0.336m increase in interest expense.

##### Other standards and interpretations

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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

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

###### *AASB 9 - Financial Instruments*

The department applied AASB 9 for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

###### *Classification and measurement*

There is no change to either the classification or valuation of receivables as disclosed in Note 18 and they will continue to be measured at amortised cost.

###### *Impairment*

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all receivables rather than only on those receivables that are credit impaired.

The department has recognised uncollectible trade debtors totalling \$1.540M in 2018-19. On adoption of AASB 9's new impairment model, the department recognised reduced impairment losses of \$138k on its trade receivables. This resulted in an increase in opening accumulated surplus of \$580k. Below is a reconciliation of the ending impairment allowance under AASB 139 to the loss allowance reported under AASB 9.

	AASB 9 measurement category	Impairment allowance 30 June 2018	Re- measurement	Loss allowance 1 July 2018
		\$'000	\$'000	\$'000
<b>AASB 139 measurement category</b>				
<b>Receivables</b>				
Trade debtors	Amortised cost	(2,258)	(2,120)	(138)
		<u>(2,258)</u>	<u>(2,120)</u>	<u>(138)</u>

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

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

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

##### *Crime and Public Order*

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

##### *Road Safety*

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

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

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>3 Appropriation revenue</b>		
<b>Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income</b>		
Budgeted appropriation revenue	1,989,981	1,915,871
Transfers from/(to) other headings	950	(1,518)
Lapsed appropriation revenue	-	(6,510)
Unforeseen expenditure	28,444	-
<b>Total appropriation receipts (cash)</b>	<b>2,019,375</b>	<b>1,907,843</b>
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(18,860)	(15,937)
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	15,937	13,247
<b>Net appropriation revenue</b>	<b>2,016,452</b>	<b>1,905,153</b>
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	18,860	15,937
<b>Appropriation revenue recognised in Statement of comprehensive income</b>	<b>2,035,312</b>	<b>1,921,090</b>
<b>Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity</b>		
Budgeted equity adjustment appropriation	4,285	7,932
Transfers from/(to) other headings	(950)	1,518
<b>Equity adjustment receipts (payments)</b>	<b>3,335</b>	<b>9,450</b>
Plus: Opening balance of equity adjustment payable	301	25
Less: Closing balance of equity adjustment payable	(511)	(301)
<b>Equity adjustment recognised in contributed equity</b>	<b>3,125</b>	<b>9,174</b>

#### Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriations Act 2018* are recognised as revenue when received or receivable. Where approved, appropriation revenue is recorded as a receivable, if the approved amounts are not received at the end of the reporting period.

### 4 User charges and fees

Special services	39,833	37,643
Incident reporting	1,344	1,284
Criminal history checks	11,736	11,781
Security services	43,998	44,287
<b>Total</b>	<b>96,912</b>	<b>94,996</b>

#### Accounting Policy - User charges and fees

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

### 5 Grants and other contributions

Grants and contributions	21,570	71,348
Services received below fair value *	236,654	258,637
<b>Total</b>	<b>258,224</b>	<b>329,985</b>

\* 2018-19 includes \$216.389m (2017-18: \$238.519m) of services received below fair value that represent costs for services incurred by the Public Safety Business Agency (PSBA) provided to the QPS. This amount is calculated using a cost attribution model that attributes the costs of services provided by the PSBA to its client agencies. The services provided includes information and communication services, financial and procurement services, fleet services, property and facilities management, Queensland Government air services, human resource services and other corporate services. The cost of services provided are materially represented at fair value.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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

##### Accounting Policy - Grants and contributions

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

##### Accounting Policy - Services received free of charge, below fair value or for nominal value

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

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

	2019 \$'000	2018 \$'000
<b>6 Employee expenses</b>		
<b>Employee benefits</b>		
Wages and salaries	1,370,070	1,332,828
Employer superannuation contributions	209,674	201,016
Long service leave levy	32,141	31,161
Annual leave levy	173,207	168,715
Other employee benefits	11,188	8,287
<b>Employee related expenses</b>		
Workers' compensation premium	39,252	29,398
<b>Total</b>	<b>1,835,533</b>	<b>1,771,404</b>
<b>Full-Time equivalent employees (number)</b>	<b>15,272</b>	<b>15,163</b>

##### Accounting Policy - Employee expenses

##### Wages, salaries and sick leave

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

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

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

##### Annual leave and long service leave

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

##### Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's Qsuper defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan - 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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

##### Workers' compensation premium

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

#### 7 Key Management Personnel disclosures

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

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

The following details for non-Ministerial KMP personnel, being the members of the QPS Board of Management are those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2018-19. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Commissioner	Responsible for the overall efficient and proper administration, management and functioning of the department
Deputy Commissioner - Strategy, Policy & Performance	Responsible for achieving efficiencies and continual improvement of a diverse portfolio within the department
Deputy Commissioner - Crime, Counter-Terrorism and Specialist Operations	Responsible for the provision of specialist police services within the department
Deputy Commissioner - Regional Operations	Responsible for providing the strategic direction, leadership, overview and review of the delivery of policing services across the statewide regions

There were four independent external members appointed to the QPS Board of Management during 2018-19. Two of the external members commenced on 1 July 2016, with one external member finishing on 31 December 2018. One new external member commenced on 1 June 2018 and another new external member commenced on 1 January 2019. For 2018-19 three external members received \$11,700 (2017-18: \$9,000) in remuneration and one member was remunerated by the Department of Transport and Main Roads. There were no other on-costs.

##### (b) Remuneration policies

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

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

Remuneration expenses for KMP comprise the following components:

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

No KMP remuneration packages provide for performance or bonus payments.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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

##### (c) Remuneration expenses

1 July 2018 – 30 June 2019

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000				
Commissioner	511	38	11	60	-	619
Deputy Commissioner - Strategy, Policy & Performance (Appointed 22/12/2017)	291	18	6	46	-	362
Deputy Commissioner - Specialist Operations (Appointed 01/07/2018)	302	-	6	45	-	354
Deputy Commissioner - Regional Operations (Resigned 22/05/2019)	282	-	6	42	-	330
Deputy Commissioner - Regional Operations (Acting 20/05/2019 - 30/06/2019)	27	-	1	4	-	32

1 July 2017 – 30 June 2018

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

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

There were no material related party transactions associated with the department's KMP during 2018-19 (2017-18: nil).

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>8 Supplies and services</b>		
Contractors	9,526	14,063
Materials	47,393	48,138
Repairs and maintenance	39,035	37,455
Transfer costs	7,632	5,716
Travel	19,600	41,760
Communications	26,605	24,199
Accommodation and public utilities	17,445	20,056
Minor Equipment Purchases	6,143	6,712
Operating lease rentals	23,627	23,165
Crimtrac search fees	7,683	10,367
Aircraft Hire	4,822	5,093
Outsourced works	21,101	13,458
Computing Facilities Management	1,456	3,192
Postage	2,248	2,171
Management fees	20,379	-
Other	24,300	21,952
<b>Total</b>	<b>278,995</b>	<b>277,498</b>

#### Accounting Policy - Operating lease rentals

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

#### **9 Other expenses**

Audit fees *	249	329
Insurance premiums-QGIF	4,015	4,228
Insurance premiums-other	76	64
Services received below fair value **	235,561	258,547
Departmental services appropriation	18,860	15,937
<b>Total</b>	<b>258,761</b>	<b>279,105</b>

\* Total audit fees quoted by the Queensland Audit Office for the 2018-19 financial statements are estimated to be \$275,000 (2017-18: \$302,375).

\*\* Included in the 2018-19 Services received below fair value figure is \$216.389m (2017-18: \$238.519m) representing corporate services provided by the PSBA to the QPS (refer Note 5).

#### Accounting Policy - Insurance

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

The department has no contingent liabilities which would have a material impact on the information disclosed in the 2018-19 financial statements.

#### Accounting Policy - Services received free of charge, below fair value or for nominal value

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

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



## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

**Queensland Police Service**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>10 Receivables</b>		
<b>Current</b>		
Trade debtors	25,552	74,655
Less: Allowance for impairment loss	(76)	(2,258)
	<u>25,476</u>	<u>72,397</u>
GST receivable	2,697	2,352
	<u>2,697</u>	<u>2,352</u>
Annual leave reimbursements	39,925	30,850
Long service leave reimbursements	6,989	5,203
Loans and advances	52	44
Other	635	893
	<u>47,602</u>	<u>36,989</u>
<b>Total</b>	<u><b>75,775</b></u>	<u><b>111,738</b></u>

**Accounting Policy - Receivables**

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

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

**Accounting Policy - Impairment of receivables**

The allowance for impairment reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the department's debtors and relevant industry data also form part of the department's impairment assessment.

No loss allowance is recorded for receivables from Queensland Government agencies or Australian Government agencies on the basis of materiality.

Where the department determines that an amount owing by a debtor becomes uncollectible (after the appropriate debt recovery actions have occurred), the debt is written-off by directly reducing the receivable against the loss allowance. Where the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

**Accounting Policy - Credit risk exposure of receivables**

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions during the last 5 years preceding 30 June 2019. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For the department, a change in the CPI rate is determined to be the most relevant forward-looking indicator for trade and other debtors. The historical default rates are adjusted based on expected changes to that indicator.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

#### 11 Intangible assets

	Software purchased	Software internally generated	Software work in progress	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross value	2,068	56,560	2,076	60,705
Less: Accumulated amortisation	(1,508)	(36,487)	-	(37,995)
	<u>560</u>	<u>20,074</u>	<u>2,076</u>	<u>22,710</u>
<b>Reconciliation</b>				
Opening balance	701	25,157	299	26,157
Acquisitions	-	320	2,872	3,192
Transfers between classes	-	1,679	(1,094)	584
Amortisation	(141)	(7,082)	-	(7,223)
Closing balance	<u>560</u>	<u>20,074</u>	<u>2,076</u>	<u>22,710</u>

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

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

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

#### Accounting Policy - Amortisation of intangible assets

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

#### Accounting Policy - Impairment of intangible assets

All intangible assets are assessed for indicators of impairment on an annual basis in accordance with *AASB 136 Impairment of Assets*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

Queensland Police Service  
Notes to the financial statements  
For the year ended 30 June 2019

### 12 Property, plant and equipment

	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Work in progress	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross value	47	1,610	97,255	1,327	8	100,247
Less: Accumulated depreciation	(1)	(9)	(61,605)	(203)	-	(61,818)
	<b>45</b>	<b>1,601</b>	<b>35,650</b>	<b>1,125</b>	<b>8</b>	<b>38,429</b>
<b>Reconciliation</b>						
Opening balance	25	-	40,387	1,272	1,324	43,008
Acquisitions	20	-	3,641	-	1,774	5,434
Donations received	-	-	609	-	-	609
Revaluation increments/(decrements)	1	-	-	(2)	-	(1)
Transfers between classes	-	1,610	895	-	(3,090)	(584)
Disposals	-	-	(147)	-	-	(147)
Depreciation	(1)	(9)	(9,735)	(146)	-	(9,890)
Closing balance	<b>45</b>	<b>1,601</b>	<b>35,650</b>	<b>1,125</b>	<b>8</b>	<b>38,429</b>

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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

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

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

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

Class	NBV (\$'000)
Land	466,342
Buildings	949,484
Infrastructure	7,515
Heritage and cultural assets	21,002
Major plant and equipment	8,466
Plant and equipment	151,282
Software - internally generated	4,824
Software - purchased	21

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

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

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

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

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

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

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

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

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

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

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

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

## ***Notes to the financial statements for the year ended 30 June 2019 (cont'd)***

### **Queensland Police Service Notes to the financial statements For the year ended 30 June 2019**

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

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant asset classes within property, plant and equipment.

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

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

<b>Class</b>	<b>Depreciation rate (%)</b>
Buildings	2
Plant and equipment	1 to 50
Major plant and equipment	3 to 10

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

Major plant and equipment assets (aircraft) are independently revalued on an annual basis by an independent professional valuer. The fair values reported are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

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

##### **Revaluation methodology**

###### ***Major plant and equipment***

Major plant and equipment was independently revalued by the Australis Asset Advisory Group as at 31 March 2019. The revaluations were determined using current market values. The valuers have confirmed that the values have not materially changed since 31 March 2019.

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

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>13 Payables</b>		
<b>Current</b>		
Trade creditors	46,616	36,550
Equity Adjustment Payable	511	301
Other	1,253	169
<b>Total</b>	<b>48,380</b>	<b>37,020</b>

#### Accounting Policy - Payables

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

### 14 Accrued employee benefits

<b>Current</b>		
Annual leave levy payable	37,755	37,238
Long service leave levy payable	7,930	8,148
Salaries and wages outstanding	38,060	36,459
Accrued allowances	11,797	12,958
Other	1	10
<b>Total</b>	<b>95,542</b>	<b>94,814</b>

#### Accounting Policy - Accrued employee benefits

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

### 15 Other current liabilities

<b>Current</b>		
Unearned revenue general	239	44
Departmental services appropriation	18,860	15,937
Provision for claims	1,500	1,500
<b>Total</b>	<b>20,599</b>	<b>17,481</b>

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

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

The department has received below fair value services as disclosed in Notes 5 and 9 which include an estimate for the Government Wireless Network (GWN) managed by the Department of Housing and Public Works.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

#### 17 Commitments

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

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

	Notes	2019 \$'000	2018 \$'000
<b>Payable</b>			
Not later than one year		16,649	17,069
Later than one year and not later than five years		58,830	56,795
Later than five years		36,026	48,469
<b>Total</b>		<b>111,505</b>	<b>122,332</b>

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. The department has entered into significant leasing arrangements for office accommodation at 85 George Street, Brisbane.

##### (b) Capital expenditure commitments

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

<b>Class of asset</b>			
Plant and equipment		71	56
Work in progress		-	931
Intangibles		726	-
<b>Total</b>		<b>797</b>	<b>987</b>
Not later than one year		797	987
<b>Total</b>		<b>797</b>	<b>987</b>

#### 18 Financial instruments

##### Financial instrument categories

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

##### Financial assets

Cash		143,485	78,150
Receivables at amortised cost:			
Receivables	10	75,775	111,738
<b>Total</b>		<b>219,261</b>	<b>189,888</b>

##### Financial liabilities

Financial liabilities at amortised cost:			
Payables	13	48,380	37,020
<b>Total</b>		<b>48,380</b>	<b>37,020</b>

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

##### Accounting Policy - Financial instruments

###### Recognition

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

###### Classification

Financial instruments are classified and measured as follows:

- Cash - held at fair value
- Receivables - held at amortised cost
- Payables - held at amortised cost.

The department has not entered into transactions for speculative or hedging purposes in 2018-19. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through the profit or loss.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

#### 18 Financial instruments (continued)

##### Financial risk management

##### (a) Risk exposure

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

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

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

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

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

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



## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

**Queensland Police Service**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

### 18 Financial instruments (continued)

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

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

Financial liabilities	Note	2019 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	13	48,380	-	-	48,380
<b>Total</b>		<b>48,380</b>	<b>-</b>	<b>-</b>	<b>48,380</b>

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

	2019 \$'000	2018 \$'000
<b>19 Schedule of administered items</b>		
<b>Administered revenues</b>		
Appropriation revenue	734	-
Taxes, fees and fines	14,163	15,666
Other	219	210
<b>Total</b>	<b>15,116</b>	<b>15,876</b>
<b>Administered expenses</b>		
Grants and subsidies	734	-
Transfers of Administered Income to Government *	14,382	15,876
<b>Total</b>	<b>15,116</b>	<b>15,876</b>
<b>Administered assets</b>		
<i>Current</i>		
Cash	1,232	1,525
Receivables	(12)	(5)
<b>Total current assets</b>	<b>1,220</b>	<b>1,520</b>
<b>Administered liabilities</b>		
<i>Current</i>		
Unclaimed Monies to Remit to Treasury	665	656
Payable to Government	552	859
Other	3	5
<b>Total current liabilities</b>	<b>1,220</b>	<b>1,520</b>

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

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

The responsibility for the administration of the grant funding for the Prostitution Licensing Authority (PLA) was transferred from the Department of Justice and Attorney-General (DJAG) to QPS from 1 January 2018 as set out in Administrative Arrangements Order (No. 4) 2017.

##### Accounting Policy - Administered transactions and balances

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

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

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

#### 20 Trust transactions and balances

	2019 \$'000	2018 \$'000
<b>Trust assets</b>		
<i>Current</i>		
Cash	23,997	25,290
<b>Total current assets</b>	<u>23,997</u>	<u>25,290</u>
<b>Trust liabilities</b>		
<i>Current</i>		
Payables	23,997	25,290
<b>Total current liabilities</b>	<u>23,997</u>	<u>25,290</u>

The Queensland Audit Office has performed an audit of the department's trust transactions for 2018-19.

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

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

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

#### 21 Events occurring after balance date

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

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

#### 22 Budgetary reporting

Statement of comprehensive income	Variance note	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
<b>Income from continuing operations</b>				
Appropriation revenue	22(a)	1,989,981	2,035,312	45,331
User charges and fees	22(b)	82,062	96,912	14,850
Grants and other contributions	22(c)	250,792	258,224	7,432
Other revenue		2,756	6,558	3,802
<b>Total revenue</b>		<b>2,325,591</b>	<b>2,397,005</b>	<b>71,414</b>
Gains on disposal/remeasurement of assets		-	34	34
<b>Total income from continuing operations</b>		<b>2,325,591</b>	<b>2,397,039</b>	<b>71,448</b>
<b>Expenses from continuing operations</b>				
Employee expenses	22(d)	1,798,500	1,835,533	37,033
Supplies and services	22(e)	255,648	278,995	23,347
Grants and subsidies		4,015	4,856	841
Depreciation and amortisation		15,839	17,113	1,274
Impairment losses (gains)		-	(1,603)	(1,603)
Other expenses	22(f)	251,589	258,761	7,172
<b>Total expenses from continuing operations</b>		<b>2,325,591</b>	<b>2,393,656</b>	<b>68,065</b>
<b>Operating result for the year</b>		<b>-</b>	<b>3,384</b>	<b>3,384</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>(1)</b>	<b>(1)</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>3,383</b>	<b>3,383</b>

#### Explanation of major variances

- 22(a) Appropriation revenue variance is mainly due to funding deferred for various projects from 2017-18 into 2018-19 (\$18.6m), the permanent transfer of funding from PSBA to QPS for Queensland Shared Services (QSS) management fees, spousal payments and commissioned officers professional development (\$20.9m) and additional CBRC funding provided for resourcing for the continued monitoring of post-dangerous prisoners and police overtime for management of young people in watchhouses (\$5.9m).
- 22(b) User charges and fees variance is mainly due to revenue from Special Services (\$2.2m), Protective Services (\$4.8m) and Criminal History Checks (\$1.5m) being higher than anticipated.
- 22(c) Grants and other contributions variance is mainly due to grant funding provided for the community safety and security facility on Saibai Island (\$13.1m), which has been partly offset by a reduction in goods and services below fair value provided to QPS by PSBA following the transfer of QSS expenses.
- 22(d) Employee expenses variance is mainly due to funding deferred for various projects from 2017-18 into 2018-19 (\$0.8m), the permanent transfer of funding from PSBA for spousal payments and commissioned officers professional development (\$0.7m), additional CBRC funding provided for resourcing for the continued monitoring of post-dangerous prisoners and police overtime for management of young people in watchhouses (\$2.7m), overtime relating to disaster management (\$1.9m) and increased annual leave balances (\$4.2m).
- 22(e) Supplies and services variance is mainly due to funding deferred for various projects from 2017-18 into 2018-19 (\$17.7m) and the permanent transfer of funding from PSBA to QPS for QSS management fees (\$20.2m).
- 22(f) Other expenses variance is mainly due to a reduction in goods and services below fair value provided to QPS by PSBA following the transfer of QSS expenses.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

**Queensland Police Service**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

### 22 Budgetary reporting (continued)

Statement of financial position	Variance note	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash	22(g)	88,805	143,485	54,680
Receivables	22(h)	69,623	75,775	6,152
Inventories		3,864	5,006	1,142
Other current assets		6,582	5,076	(1,506)
<b>Total current assets</b>		<b>168,874</b>	<b>229,342</b>	<b>60,468</b>
<b>Non-current assets</b>				
Intangible assets		17,075	22,710	5,635
Property, plant and equipment	22(i)	71,463	38,429	(33,034)
<b>Total non-current assets</b>		<b>88,538</b>	<b>61,139</b>	<b>(27,399)</b>
<b>Total assets</b>		<b>257,412</b>	<b>290,481</b>	<b>33,069</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables	22(j)	42,809	48,380	5,571
Accrued employee benefits	22(k)	86,271	95,542	9,271
Other current liabilities		4,952	20,599	15,647
<b>Total current liabilities</b>		<b>134,032</b>	<b>164,521</b>	<b>30,489</b>
<b>Total liabilities</b>		<b>134,032</b>	<b>164,521</b>	<b>30,489</b>
<b>Net assets</b>		<b>123,380</b>	<b>125,960</b>	<b>2,580</b>
<b>Total equity</b>		<b>123,380</b>	<b>125,960</b>	<b>2,580</b>

#### Explanation of major variances

22(g) Cash variance is mainly due to funding for the Gold Coast 2018 Commonwealth Games received in 2018-19 (\$54m).

22(h) Receivables variance is mainly due to timing of receipts.

22(i) Property, plant and equipment variance is mainly due to planned acquisitions that will be deferred to 2019-20.

22(j) Payables variance is mainly due to timing of payments to creditors.

22(k) Accrued employee benefits variance is mainly due to timing of payments for salaries and wages and related costs.

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

### Queensland Police Service Notes to the financial statements For the year ended 30 June 2019

#### 22 Budgetary reporting (continued)

Statement of cash flows	Variance note	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Service appropriation receipts		1,989,981	2,038,235	48,254
User charges and fees	22(l)	91,048	146,522	55,474
Grants and other contributions		4,280	22,078	17,798
GST input tax credits from ATO		-	31,730	31,730
GST collected from customers		-	11,422	11,422
Other		31,202	6,558	(24,644)
<i>Outflows:</i>				
Employee expenses		(1,798,500)	(1,845,666)	(47,166)
Supplies and services		(284,094)	(268,199)	15,895
Grants and subsidies		(4,015)	(4,856)	(841)
GST paid to suppliers		-	(32,074)	(32,074)
GST remitted to ATO		-	(11,422)	(11,422)
Other		(14,063)	(23,207)	(9,144)
<b>Net cash provided by/(used in) operating activities</b>		<b>15,839</b>	<b>71,119</b>	<b>55,280</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Sales of property, plant and equipment		-	49	49
<i>Outflows:</i>				
Payments for property, plant and equipment		(20,124)	(5,181)	14,943
Payments for intangibles		-	(3,776)	(3,776)
<b>Net cash provided by/(used in) investing activities</b>		<b>(20,124)</b>	<b>(8,908)</b>	<b>11,216</b>
<b>Cash flows from financing activities</b>				
<i>Inflows:</i>				
Equity injections		6,215	5,055	(1,160)
<i>Outflows:</i>				
Equity withdrawals		(1,930)	(1,930)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>4,285</b>	<b>3,125</b>	<b>(1,160)</b>
Net increase/(decrease) in cash		-	65,336	65,336
Cash at beginning of financial year		88,805	78,150	(10,655)
<b>Cash at end of financial year</b>	22(m)	<b>88,805</b>	<b>143,485</b>	<b>54,680</b>

#### Explanation of major variances

22(l) User charges and fees variance is mainly due to funding for the Gold Coast 2018 Commonwealth Games received in 2018-19 (\$54m).

22(m) Cash variance is mainly due to funding for the Gold Coast 2018 Commonwealth Games received in 2018-19 (\$54m).

## Notes to the financial statements for the year ended 30 June 2019 (cont'd)

**Queensland Police Service**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

### 22 Budgetary reporting (continued)

Schedule of administered items	Variance note	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
<b>Administered revenues</b>				
Appropriation revenue		734	734	-
Taxes, fees and fines	22(n)	9,517	14,163	4,646
Other		1,914	219	(1,695)
<b>Total</b>		<b>12,165</b>	<b>15,116</b>	<b>2,951</b>
<b>Administered expenses</b>				
Grants and subsidies		734	734	-
Transfers of administered revenue to government	22(o)	11,431	14,382	2,951
<b>Total</b>		<b>12,165</b>	<b>15,116</b>	<b>2,951</b>
<b>Administered assets</b>				
<i>Current</i>				
Cash		1,815	1,232	(583)
Receivables		(7)	(12)	(5)
<b>Total current assets</b>		<b>1,808</b>	<b>1,220</b>	<b>(588)</b>
<b>Administered liabilities</b>				
<i>Current</i>				
Payables		1,808	1,217	(591)
Other		-	3	3
<b>Total current liabilities</b>		<b>1,808</b>	<b>1,220</b>	<b>(588)</b>

#### Explanation of major variances

22(n) Taxes, fees and fines variance is mainly due to an increase in fees raised under the *Weapons Act 1990*.

22(o) Transfers of administered revenue to government variance is mainly due to higher than anticipated revenue from fees.

## Management Certificate for the year ended 30 June 2019

**Queensland Police Service**  
**Management Certificate**  
**For the year ended 30 June 2019**

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year ended 30 June 2019 and of the financial position of the department at the end of that year; and
- (c) the Commissioner as the Accountable Officer of the department acknowledges responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Accountable Officer  
Commissioner



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

Chief Finance Officer

Date 27/8/19

Date 27/8/2019

## *Independent Auditor's Report*



### INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Police Service

#### **Report on the audit of the financial report**

##### **Opinion**

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

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2019, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

##### **Basis for opinion**

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

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

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

##### **Key audit matters**

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

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

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



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



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

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

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

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

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

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

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



In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2019:

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

A handwritten signature in black ink that reads "J Welsh".

30 August 2019

John Welsh  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane