

Financial Statements

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Queensland Police Service
Statement of comprehensive income
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income from continuing operations			
Appropriation revenue	5	2,228,806	2,124,542
User charges and fees	6	97,757	95,843
Grants and other contributions	7	213,080	241,913
Other revenue		6,720	6,138
Total revenue		2,546,363	2,468,435
Gains on disposal/remeasurement of assets		5,065	105
Total income from continuing operations		2,551,428	2,468,540
Expenses from continuing operations			
Employee expenses	8	2,053,825	1,943,715
Supplies and services	10	288,238	273,510
Grants and subsidies		6,202	4,767
Depreciation and amortisation	13-15	94,044	23,216
Impairment losses/(gains)		(12)	(29)
Revaluation decrement	14	38,035	-
Interest on lease liability		265	341
Other expenses	11	172,836	237,902
Total expenses from continuing operations		2,653,432	2,483,421
Operating result for the year		(102,005)	(14,881)
Other comprehensive income not reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus		(43)	106
Total other comprehensive income		(43)	106
Total comprehensive income		(102,048)	(14,775)

The accompanying notes form part of these statements.

Queensland Police Service
Statement of financial position
As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash		63,927	83,450
Receivables	12	83,874	57,604
Inventories *		10,951	8,955
Prepayments		15,590	19,277
Non-current assets classified as held for sale		963	-
Total current assets		175,305	169,287
Non-current assets			
Intangible assets *	13	25,860	25,636
Property, plant and equipment * **	14	1,753,048	35,363
Right-of-use assets	15	12,900	19,279
Total non-current assets		1,791,809	80,279
Total assets		1,967,114	249,565
Liabilities			
Current liabilities			
Payables	16	37,081	31,090
Accrued employee benefits	17	79,011	72,416
Lease liabilities	15	6,350	6,313
Other current liabilities	18	293	10,653
Total current liabilities		122,734	120,472
Non-current liabilities			
Lease liabilities	15	7,241	13,512
Total non-current liabilities		7,241	13,512
Total liabilities		129,975	133,984
Net assets		1,837,139	115,581
Equity			
Contributed equity		1,840,438	16,832
Accumulated surplus		(4,050)	97,954
Asset revaluation surplus		751	794
Total equity		1,837,139	115,581

* On 1 July 2020, the Public Safety Business Agency (PSBA) transferred assets to QPS as a result of a shift in asset accounting management and policy. Refer to Note 3 for further details.

** On 1 May 2021, Queensland Government Air (QGAir) assets transferred from PSBA to QPS as a result of the *Departmental Arrangements Notice (No. 1) 2021*. Refer to Note 4 for further details.

The accompanying notes form part of these statements.

Queensland Police Service
Statement of changes in equity
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Contributed equity			
Opening balance		16,832	12,438
Transactions with owners as owners:			
Appropriated equity adjustment	5	35,003	4,396
Net transfers from Machinery-of-Government changes (QG AIR)	4	69,957	-
Net transfers from - PSBA 1 July 2020	3	1,718,647	-
Closing balance		<u>1,840,438</u>	<u>16,832</u>
Accumulated surplus/(deficit)			
Opening balance		97,954	112,835
Operating result		<u>(102,005)</u>	<u>(14,881)</u>
Closing balance		<u>(4,050)</u>	<u>97,954</u>
Asset revaluation surplus			
Opening balance		794	688
Increase/(decrease) in asset revaluation surplus		<u>(43)</u>	<u>106</u>
Closing balance *		<u>751</u>	<u>794</u>
Total equity		<u><u>1,837,139</u></u>	<u><u>115,581</u></u>

* Asset revaluation surplus balance by class - Major plant and equipment \$0.660m (2020: \$0.793m), Buildings nil (2020: \$0.001m) and Infrastructure \$0.091m (2020: nil).

The accompanying notes form part of these statements.

Queensland Police Service
Statement of cash flows
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Service appropriation receipts	2,217,455	2,113,282
User charges and fees	92,576	107,667
Grants and other contributions	45,509	8,672
GST input tax credits from ATO	44,374	35,194
GST collected from customers	13,885	12,045
Other	6,720	6,138
<i>Outflows:</i>		
Employee expenses	(2,058,852)	(1,973,517)
Supplies and services	(281,874)	(294,690)
Grants and subsidies	(6,202)	(4,767)
GST paid to suppliers	(46,562)	(35,113)
GST remitted to ATO	(13,885)	(12,045)
Other	(5,529)	(4,643)
Net cash provided by/(used in) operating activities	7,611	(41,778)
Cash flows from investing activities		
<i>Inflows:</i>		
Sales of property, plant and equipment	30,093	143
<i>Outflows:</i>		
Payments for property, plant and equipment	(140,498)	(6,449)
Payments for right-of-use assets	-	(1,416)
Payments for intangibles	(7,097)	(10,103)
Net cash provided by/(used in) investing activities	(117,502)	(17,825)
Cash flows from financing activities		
<i>Inflows:</i>		
Equity injections	94,849	6,209
<i>Outflows:</i>		
Equity withdrawals	(50,515)	(1,930)
Finance lease payments	(6,499)	(4,712)
Net cash provided by/(used in) financing activities	37,835	(433)
Net increase/(decrease) in cash	(72,056)	(60,035)
Increase in cash from transfers between Government entities	52,533	-
Cash at beginning of financial year	83,450	143,485
Cash at end of financial year	63,927	83,450

The accompanying notes form part of these statements.

Queensland Police Service
Notes to the statement of cash flows
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Reconciliation of operating result to net cash from operating activities		
Operating result	(102,005)	(14,881)
Non-cash items included in operating result:		
Depreciation and amortisation	94,044	23,216
Donations	(264)	20
Net gain/loss on sale of property, plant and equipment	(3,879)	(71)
Revaluation decrement	38,035	-
Interest expense	265	341
Change in assets and liabilities:		
Increase/(decrease) in accrued employee benefits	6,595	(23,126)
(Increase)/decrease in annual leave reimbursement receivable	(13,799)	7,639
(Increase)/decrease in GST receivable	(2,188)	81
(Increase)/decrease in inventories	(1,996)	(3,949)
(Increase)/decrease in long service leave reimbursement receivable	(1,561)	819
(Increase)/decrease in other receivables	(123)	78
(Increase)/decrease in other current assets	3,887	(14,201)
Increase/(decrease) in payables	7,221	(18,199)
(Increase)/decrease in trade receivables	(2,854)	9,582
Increase/(decrease) in unearned revenue	(2,216)	2,135
Increase/(decrease) in appropriation revenue payable	(7,600)	(11,260)
Net cash from operating activities	<u>7,611</u>	<u>(41,778)</u>

Accounting Policy - Cash

Cash assets includes cash on hand and all cash and cheques received 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*. On 2 February 2013, an overdraft facility was approved with a limit of \$70m. This facility remained fully undrawn at 30 June 2021 and is available for use in the next reporting period.

Reconciliation of liabilities arising from financing activities

Opening balance as at 1 July	19,825	24,196
Non-cash changes:		
Interest	265	341
Cash flows:		
Lease liability repayments	(6,499)	(4,712)
Closing balance as at 30 June	<u>13,591</u>	<u>19,825</u>

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

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 38 of the *Financial and Performance Management Standard 2019*.

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 2020 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 14
- Depreciation - Note 14
- Amortisation - Note 13
- Services received below fair value - Notes 7 and 11.

(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

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

(h) Accounting standards applied for the first time

The department did not voluntarily change any of its accounting policies during 2020-21.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

2 Objectives and principal activities of the department

The role of the QPS is to work with the community and stakeholders to prevent, disrupt, respond and investigate crime to achieve our vision of making Queensland the safest State. The QPS' values of integrity, professionalism, community and respect and fairness underpin this work.

The QPS has consolidated its service area structure presented in the 2019-20 *Service Delivery Statement*, combining 'Crime and Public Order' and 'Road Safety' in a new single service area 'Police Services'. The rationalisation of the service areas will allow for a more robust, accurate and effective measure and aligns with existing reporting standards for the national *Report on Government Services (RoGS)*.

3 Transfers between Government entities

The PSBA transferred operational assets to QPS on 1 July 2020 as a result of a shift in asset accounting management and policy which will impact the reporting of operational assets under *AASB 116 Property, plant and equipment* from this date. This transfer was endorsed by the Queensland Treasurer on 13 June 2020.

Effective from 1 July 2020, the assets and liabilities transferred as a result of this change were as follows:

	\$'000
Assets	
Cash	46,963
Property, plant & equipment	1,680,867
Intangibles	477
Inventory	997
Other	
	<u>1,729,304</u>
Liabilities	
Payables	<u>10,658</u>
	<u>10,658</u>
Net assets	<u><u>1,718,647</u></u>

4 Machinery-of-Government changes

Transfers in

As a result of the *Departmental Arrangements Notice (No. 1) 2021*, the responsibility for QGAir and related assets and liabilities were transferred from PSBA to QPS on 1 May 2021 as follows:

Assets	
Cash	5,570
Buildings	659
Plant & equipment	2,049
Major plant & equipment (Aircraft)	55,726
Work in progress	5,953
	<u>69,957</u>
Liabilities	
Payables	<u>-</u>
	<u>-</u>
Net assets	<u><u>69,957</u></u>

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
5 Appropriation revenue		
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Original budgeted appropriation revenue	2,191,123	2,094,143
Transfers from other departments	16,678	-
Transfers from/(to) other headings	-	4,262
Unforeseen expenditure	9,654	14,877
Total appropriation receipts (cash)	2,217,455	2,113,282
Plus: Closing balance of appropriation revenue receivable	3,751	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	-	(7,600)
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	7,600	18,860
Appropriation revenue recognised in Statement of comprehensive income	2,228,806	2,124,542
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	34,188	8,541
Transfers from other departments	(1,740)	-
Transfers from/(to) other headings	-	(4,262)
Unforeseen expenditure	179	-
Equity adjustment receipts (payments)	32,627	4,279
Plus: Opening balance of equity adjustment payable	394	511
Plus: Closing balance of equity adjustment receivable	1,982	-
Less: Closing balance of equity adjustment payable	-	(394)
Equity adjustment recognised in contributed equity	35,003	4,386

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriation (2020-21) Act 2021* 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.

6 User charges and fees

Special services	33,208	32,557
Incident reporting	1,279	1,327
Criminal history checks	14,462	12,209
Security services	48,808	49,750
Total	97,757	95,843

Accounting Policy - User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

7 Grants and other contributions

Grants and contributions	45,509	8,356
Services received below fair value *	167,571	233,557
Total	213,080	241,913

* 2020-21 includes \$148m (2019-20: \$214.156m) of services received below fair value that represent costs for services incurred by the 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. The reduction of services received below fair value for 2020-21 compared to prior year is primarily due to the transfer of assets from the PSBA (refer to Note 3 and Note 4).

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

7 Grants and other contributions (continued)

Accounting Policy - Grants and contributions

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the agency to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under *AASB 15 Revenue from Contracts with Customers*. In this case, revenue is initially deferred and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under *AASB 1058 Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding.

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.

	2021	2020
	\$'000	\$'000
8 Employee expenses		
Employee benefits		
Wages and salaries	1,544,615	1,456,903
Employer superannuation contributions	226,158	220,265
Long service leave levy	40,484	37,947
Annual leave levy	195,401	180,098
Other employee benefits	5,144	6,990
Employee related expenses		
Workers' compensation premium	42,024	41,512
Total	<u>2,053,825</u>	<u>1,943,715</u>

The number of employees as at 30 June (based upon the fortnight ending 2 July 2021), including both full-time employees and part-time employees, measured on a full-time equivalent basis, reflecting Minimum Obligatory Human Resource Information (MOHRI), is:

Full-Time equivalent employees (number)	15,624	15,580
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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 Enterprise Bargaining Agreement (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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

9 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 Corrective Services and Minister for Fire and Emergency 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 2020-21. 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 - Southern Queensland	Responsible for providing the strategic direction, leadership, overview and review of the delivery of policing services across the southern region
Deputy Commissioner - Regional Queensland	Responsible for providing the strategic direction, leadership, overview and review of the delivery of policing services across the statewide regions
Deputy Commissioner - Crime, Counter Terrorism and Specialist Operations	Responsible for the provision of specialist police services within the department
Deputy Commissioner - Strategy and Corporate Services	Responsible for the provision of strategy and corporate services within the department

There were two independent external members appointed to the QPS Board of Management during 2020-21. For 2020-21 one external member received \$4,000 (2019-20: \$4,000) 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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

9 Key Management Personnel disclosures (continued)

(c) Remuneration expenses

1 July 2020 – 30 June 2021

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
	Commissioner	466				
Deputy Commissioner - Southern Queensland	309	3	7	35	-	354
Deputy Commissioner - Regional Queensland	305	22	7	34	-	368
Deputy Commissioner - Crime, Counter Terrorism and Specialist Operations	290	3	7	48	-	348
Deputy Commissioner - Strategy and Corporate Services	296	3	7	34	-	340

1 July 2019 – 30 June 2020

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
	Commissioner (Separated 07/07/2019)	25				
Commissioner (Appointed 08/07/2019)	443	3	10	60	-	517
Deputy Commissioner - Southern Queensland (Appointed 09/03/2020)	87	2	2	9	-	101
Deputy Commissioner - Regional Queensland (Appointed 09/03/2020)	87	2	2	8	-	98
Deputy Commissioner - Crime, Counter Terrorism and Specialist Operations (Appointed 09/03/2020)	87	2	2	13	-	105
Deputy Commissioner - Strategy and Corporate Services (Appointed 09/03/2020)	87	-	2	9	-	99
Deputy Commissioner - Strategy, Policy and Performance (Acting 12/08/2019 - 08/03/2020)	169	-	4	18	-	190
Deputy Commissioner - Specialist Operations (Acting 12/08/2019 - 08/03/2020)	161	-	4	27	-	192
Deputy Commissioner - Regional Operations (Acting 19/08/2019 - 20/12/2019)	94	9	2	13	-	117

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

There were no material related party transactions associated with the department's KMP during 2020-21 (2019-20: nil).

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
10 Supplies and services		
Contractors	12,053	11,172
Materials	44,636	46,294
Repairs and maintenance	38,737	42,536
Transfer costs	7,085	7,708
Travel	25,457	17,520
Communications	33,491	27,883
Accommodation and public utilities	30,286	16,752
Minor Equipment Purchases	7,693	5,257
Operating lease rentals	23,949	22,561
Crimtrac search fees	9,538	8,080
Outsourced works	26,389	29,536
Computing Facilities Management	1,126	1,449
Postage	2,071	2,038
Management fees	20,778	19,778
Other	4,947	14,945
Total	<u>288,238</u>	<u>273,510</u>

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.

11 Other expenses

Audit fees *	328	235
Insurance premiums-QGIF	4,855	4,278
Insurance premiums-other	133	74
Services received below fair value **	167,309	233,315
Other	211	-
Total	<u>172,836</u>	<u>237,902</u>

* Total audit fees quoted by the Queensland Audit Office for the 2020-21 financial statements are estimated to be \$352,000 (2019-20: \$282,000).

** Included in the 2020-21 Services received below fair value figure is \$148m (2019-20: \$214.156m) representing corporate services provided by the PSBA to the QPS (refer Note 7).

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 2020-21 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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
12 Receivables		
Current		
Trade debtors	18,824	15,970
Less: Allowance for impairment loss	(35)	(46)
	<u>18,789</u>	<u>15,923</u>
GST receivable	4,804	2,616
	<u>4,804</u>	<u>2,616</u>
Annual leave reimbursements	46,085	32,286
Long service leave reimbursements	7,731	6,170
Appropriation revenue receivable	3,751	-
Loans and advances	4	4
Equity adjustment receivable	1,982	-
Other	728	605
	<u>60,281</u>	<u>39,065</u>
Total	<u>83,874</u>	<u>57,604</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 department has calculated the allowance for impairment based on *AASB 9 Financial Instruments* and has used historical data to calculate historical loss rates and the lifetime expected credit losses which provides the basis for the calculation for the allowance for impairment loss. 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.

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 2021. 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.

Queensland Police Service
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13 Intangible assets

	Software purchased	Software internally generated	Software work in progress	Total
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Gross value	2,953	58,690	16,943	78,586
Less: Accumulated amortisation	(1,918)	(50,808)	-	(52,726)
	<u>1,035</u>	<u>7,882</u>	<u>16,943</u>	<u>25,860</u>
Reconciliation				
Opening balance	563	14,782	10,291	25,636
Acquisitions	-	143	6,370	6,513
Transfers in from other Government agencies (PSBA)	-	46	432	477
Transfers between classes	734	-	(150)	584
Amortisation	(262)	(7,088)	-	(7,350)
Closing balance	<u>1,035</u>	<u>7,882</u>	<u>16,943</u>	<u>25,860</u>
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Gross value	2,220	58,297	10,291	70,808
Less: Accumulated amortisation	(1,656)	(43,515)	-	(45,172)
	<u>563</u>	<u>14,782</u>	<u>10,291</u>	<u>25,636</u>
Reconciliation				
Opening balance	560	20,074	2,076	22,710
Acquisitions	152	838	9,114	10,104
Transfers between classes	-	899	(899)	-
Amortisation	(148)	(7,029)	-	(7,177)
Closing balance	<u>563</u>	<u>14,782</u>	<u>10,291</u>	<u>25,636</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. Any training costs are expensed as incurred.

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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

14 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Infrastructure	Work in progress	Total
	2021	2021	2021	2021	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	454,506	1,692,363	39,571	401,119	86,580	9,561	38,827	2,722,527
Less: Accumulated depreciation	-	(709,993)	(18,776)	(209,694)	(29,106)	(1,909)	-	(969,479)
	<u>454,506</u>	<u>982,370</u>	<u>20,796</u>	<u>191,424</u>	<u>57,474</u>	<u>7,652</u>	<u>38,827</u>	<u>1,753,048</u>
Reconciliation								
Opening balance	-	45	1,617	31,560	1,019	-	1,122	35,363
Acquisitions	578	66	-	45,499	-	34	71,515	117,692
Donations made	(323)	-	-	(5)	-	-	-	(328)
Donations received	-	-	-	265	-	-	-	265
Revaluation increments/(decrements)	(4,250)	(29,410)	(4,376)	-	(133)	91	-	(38,078)
Transfers between classes	742	86,781	28	18,109	5,459	289	(111,996)	(588)
Disposals	(4,087)	(1,284)	-	(18,009)	(2,833)	-	-	(26,214)
Transfers in from other Government entities - PSBA	461,848	963,411	24,245	151,670	-	7,460	72,232	1,680,867
Transfers in from other Government entities - QGAir	-	659	-	2,049	55,726	-	5,953	64,387
Depreciation	-	(37,897)	(718)	(39,713)	(1,764)	(223)	-	(80,315)
Closing balance	<u>454,506</u>	<u>982,370</u>	<u>20,796</u>	<u>191,424</u>	<u>57,474</u>	<u>7,652</u>	<u>38,827</u>	<u>1,753,048</u>

	Land	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Infrastructure	Work in progress	Total
	2020	2020	2020	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	-	47	1,643	100,568	1,066	-	1,122	104,446
Less: Accumulated depreciation	-	(2)	(25)	(69,008)	(47)	-	-	(69,083)
	<u>-</u>	<u>45</u>	<u>1,617</u>	<u>31,560</u>	<u>1,019</u>	<u>-</u>	<u>1,122</u>	<u>35,363</u>
Reconciliation								
Opening balance	-	45	1,601	35,650	1,125	-	8	38,429
Acquisitions	-	-	-	5,324	-	-	1,115	6,439
Donations made	-	-	-	(46)	-	-	-	(46)
Donations received	-	-	-	340	-	-	-	340
Revaluation increments/(decrements)	-	-	-	-	106	-	-	106
Transfers between classes	-	-	32	(95)	(63)	-	-	(127)
Disposals	-	-	-	(72)	-	-	-	(72)
Depreciation	-	(1)	(16)	(9,541)	(148)	-	-	(9,706)
Closing balance	<u>-</u>	<u>45</u>	<u>1,617</u>	<u>31,560</u>	<u>1,019</u>	<u>-</u>	<u>1,122</u>	<u>35,363</u>

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14 Property, plant and equipment (continued)

Accounting Policy - Ownership and acquisitions of assets

Prior to 1 July 2020, land, buildings, fleet, information and communication technology and other plant and equipment non-current assets utilised by QPS were held and reported on the balance sheet of the PSBA. As a result of a shift in assets accounting management and policy, from 1 July 2020 most of these assets transferred from the PSBA to the QPS.

Historical cost is used for the initial recording of all non-current physical 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. However, any training costs are expensed as incurred.

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

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 under construction are recorded as capital work in progress until the date of practical completion, at which time they are transferred to the appropriate asset class.

Accounting Policy - Recognition thresholds for property, plant and equipment

Items of property, plant and equipment, with a historical 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 (\$)
Land	1
Buildings	10,000
Heritage and cultural	5,000
Plant and equipment	5,000
Major plant and equipment	5,000
Infrastructure	10,000

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

Land improvements undertaken by the agency are included with buildings.

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's aircraft are categorised as complex assets.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

14 Property, plant and equipment (continued)

Accounting Policy - Measurement of property, plant and equipment using fair value

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

The cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

Accounting Policy - Measurement of property, plant and equipment using cost

Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with *AASB 116 Property, Plant and Equipment*. The carrying amounts for such plant and equipment at cost has been assessed as not materially different from their fair value.

Accounting Policy - Revaluation of property, plant and equipment measured at fair value

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, internal experts or by the use of appropriate and relevant indices.

Revaluations for land, buildings, infrastructure and heritage and cultural assets using an independent professional valuer are undertaken on a rolling basis over a four year period. However, if a particular asset class experiences significant or volatile changes in fair value, that class is subject to specific appraisals in the current reporting period, where practicable, regardless of the timing of the last specific appraisal. Major plant and equipment assets (aircraft) are independently revalued on an annual basis.

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.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. Australis Asset Advisory Group (AAAG) supply the indices used for the land, buildings, infrastructure and heritage and cultural assets. Such indices are either publicly available, or are derived from market information available. AAAG provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by AAAG based on the department's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate 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.

Revaluation methodology

All revaluations were performed by Australis Asset Advisory Group as at 31 March 2021. The fair value as at 30 June 2021 is materially the same as the valuation completed as at 31 March 2021.

Land

Independent revaluations were performed for land in the QPS Brisbane and South Eastern Regions as at 30 June 2021, as part of the four year rolling program, by the Australis Asset Advisory Group.

Land not subject to market specific appraisal were revalued using indices supplied by the AAAG based on individual factor changes for each property as derived from a review of market transactions and having regard to the review of land values undertaken for local government locations.

Buildings and Heritage and cultural assets

Independent revaluations were performed for buildings in the QPS Brisbane and South Eastern Regions as at 30 June 2021, as part of the four year rolling program, by the Australis Asset Advisory Group.

The process involved physical inspection and was based on current replacement cost, unless a market price in an active and liquid market existed.

Buildings and Heritage and cultural assets not subject to market specific appraisal were revalued using the most appropriate method of indexation, determined by the type of asset, as provided by the AAAG. AAAG calculates the indices by a weighted matrix based on various sources for both a cost approach and market approach. The indices data for the built asset classes are based on construction movements as well as other factors intrinsic to the construction process. These indices were determined to be the most appropriate when considering the department's asset types and were accepted and applied by management on the basis they resulted in a materially accurate representation of the fair value of buildings as at 30 June 2021.

Heritage and cultural assets were transferred from the PSBA to QPS on 1 July 2020 as a result of a shift in assets accounting management and policy (refer to Note 3 for further details). Revaluations as at 30 June 2021 are reported in the department's financial statements.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

14 Property, plant and equipment (continued)

Infrastructure

Independent revaluations were performed for infrastructure assets in the QPS Brisbane and South Eastern Regions as at 30 June 2021, as part of the four year rolling program, by the Australis Asset Advisory Group.

Infrastructure assets not subject to market specific appraisal were revalued using the most appropriate method of indexation, determined by the type of asset, as provided by the AAAG. AAAG calculates the indices by a weighted matrix based on various sources for both a cost approach and market approach.

Infrastructure assets were transferred from the PSBA to QPS on 1 July 2020 as a result of a shift in assets accounting management and policy (refer to Note 3 for further details). Revaluations as at 30 June 2021 are reported in the department's financial statements.

Major plant and equipment

One aircraft was independently revalued by the Australis Asset Advisory Group as at 31 March 2021. As a result of the COVID 19 impact on the airline industry and the volatility of the exchange rate, the fair value of aircraft was reassessed at balance date. No material change was noted as the impacts are expected to be temporary in nature, with recovery expected in the short to medium term. The revaluations were determined using current market values 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.

Eleven aircraft were independently revalued by the Australis Asset Advisory Group as at 31 March 2021 prior to transfer from the PSBA to QPS (refer to Note 4 for further details). The revaluations were determined using current market values.

Accounting Policy - Fair value measurement

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

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

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

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

Fair Value Measurement Hierarchy

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

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the department's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

Categorisation of fair values recognised as at 30 June

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2021	2020*	2021	2020*	2021	2020*
Land	454,506	-	-	-	454,506	-
Buildings	135,058	-	847,278	-	982,335	-
Heritage and cultural	1,639	-	19,157	-	20,796	-
Infrastructure	-	-	7,652	-	7,652	-
Major plant and equipment	57,474	-	-	-	57,474	-

* Prior to 1 July 2020, land, buildings and plant and equipment non-current assets utilised by QPS were held and reported on the balance sheet of the PSBA. As such there were no comparatives for the prior year due to the transfer of assets from the PSBA to QPS with an effective date from 1 July 2020.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

14 Property, plant and equipment (continued)

Level 3 fair value reconciliation

	Buildings		Heritage and cultural		Infrastructure		Total Level 3 assets	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July	45	-	-	-	-	-	45	-
Acquisitions	33	-	-	-	34	-	67	-
Disposals	(92)	-	-	-	-	-	(92)	-
Net revaluation increments/(decrements) recognised in operating result	(31,753)	-	(4,394)	-	91	-	(36,056)	-
Transfers in from other Government entities	911,563	-	24,253	-	7,749	-	943,565	-
Depreciation	(32,517)	-	(702)	-	(223)	-	(33,442)	-
Carrying amount as at 30 June	847,278	-	19,157	-	7,652	-	874,087	-

Queensland Police Service
Notes to the financial statements
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14 Property, plant and equipment (continued)

Accounting Policy - Depreciation of property, plant and equipment

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

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 have reached their 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 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.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

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

Class	Depreciation rate (%)
Buildings	0.6 to 10
Heritage and cultural	0.8 to 1.6
Plant and equipment	1.2 to 50
Major plant and equipment	3.5 to 30
Infrastructure	11

Accounting Policy - Impairment of property, plant and equipment

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. If an indicator of possible impairment exists, the agency 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.

Queensland Police Service
Notes to the financial statements
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15 Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings	Major plant and equipment	Total
	2021 \$'000	2021 \$'000	2021 \$'000
Gross value	9,470	16,142	25,612
Less: Accumulated amortisation	(1,985)	(10,727)	(12,711)
	<u>7,486</u>	<u>5,415</u>	<u>12,900</u>

Reconciliation

Opening balance	8,509	10,771	19,279
Amortisation	(1,023)	(5,356)	(6,379)
Closing balance	<u>7,486</u>	<u>5,415</u>	<u>12,900</u>

	Buildings	Major plant and equipment	Total
	2020 \$'000	2020 \$'000	2020 \$'000
Gross value	9,470	16,142	25,612
Less: Accumulated amortisation	(962)	(5,371)	(6,332)
	<u>8,509</u>	<u>10,771</u>	<u>19,279</u>

Reconciliation

Opening balance	8,054	16,142	24,196
Acquisitions	1,416	-	1,416
Amortisation	(962)	(5,371)	(6,332)
Closing balance	<u>8,509</u>	<u>10,771</u>	<u>19,279</u>

	2021 \$'000	2020 \$'000
Lease liabilities		
Current		
Lease liabilities	6,350	6,313
Non-current		
Lease liabilities	7,241	13,512
Total	<u>13,591</u>	<u>19,825</u>

Accounting Policy - Recognition of right-of-use assets

Right-of-use assets with a lease term greater than 12 months and with a value equal to or in excess of \$10,000 are capitalised. Items for a short term period less than 12 months or for a lesser value are expensed.

The right-of-use asset will initially be 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, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

Right-of-use assets are recognised and carried at their cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability in certain circumstances.

Accounting Policy - Amortisation of right-of-use assets

Right-of-use assets are amortised on a straight line basis from the commencement date of the lease to the end of the lease term.

Accounting Policy - Impairment of right-of-use assets

All right-of-use assets are assessed for indicators of impairment. 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.

Queensland Police Service
Notes to the financial statements
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15 Right-of-use assets and lease liabilities (continued)

Accounting Policy - Lease liability

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. Lease payments include fixed payments, variable lease payments that depend on an index or rate, option payments (if reasonably certain) and expected residual value guarantees. The present value of lease payments are discounted using the Queensland Treasury Corporation (QTC) fixed rate applicable to the term of the lease. Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments.

Disclosures - Leases as lessee

(i) Details of leasing arrangements as lessee

Major plant and equipment	The department has entered into a 8-year lease with Surf Life Saving Queensland for two helicopters.
Buildings	The department routinely enters into leases for buildings and office accommodation. Some of these leases are short-term leases or leases of low value assets. Lease terms for buildings and office space that are recognised on balance sheet can range from 3 to 25 years. A number of leases have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless the department is reasonably certain it will renew the lease.

2021
\$'000

2020
\$'000

Disclosures - Leases as lessee (continued)

(ii) Amounts recognised in profit and loss

Interest expense on lease liabilities	265	341
Breakdown of 'Lease expenses' included in Note 10		
- Expenses relating to AASB 16 leases	2,108	2,129
- Expenses relating to short term leases	204	95
- Expenses relating to leases of low value assets	101	93
- Expenses relating to office accommodation provided by DEPW	21,535	19,760
(iii) Total cash outflow for leases - Note 10	23,949	22,077

16 Payables

Current

Trade creditors	35,086	28,057
Equity adjustment payable	-	394
Other	1,995	1,640
Total	37,081	31,090

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. From 25 March 2020, all payment terms for trade creditors were set to immediate and this remains in place as at 30 June 2021.

17 Accrued employee benefits

Current

Annual leave levy payable	49,610	39,694
Long service leave levy payable	10,168	9,893
Salaries and wages outstanding	17,649	21,515
Accrued allowances	1,580	1,294
Other	3	21
Total	79,011	72,416

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*.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
18 Other current liabilities			
Current			
Unearned revenue general		158	2,374
Departmental services appropriation		-	7,600
Provision for claims		135	679
Total		293	10,653

19 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 7 and 11 which includes \$16.352m for 2020-21 (2019-20: \$16.352m) for the Government Wireless Network (GWN) managed by the Department of Energy and Public Works (DEPW).

20 Commitments

Capital expenditure commitments

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

Class of asset			
Buildings		41,739	-
Plant and equipment		23,785	507
Work in progress		11,790	1,922
Intangibles		-	74
Total		77,304	2,503
Not later than one year		77,304	2,503
Total		77,304	2,503

* On 1 July 2020, the Public Safety Business Agency (PSBA) transferred assets to QPS as a result of a shift in asset accounting management and policy. Refer to Note 3 for further details.

21 Financial instruments

Financial instrument categories

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

Financial assets

Cash		63,927	63,450
Receivables at amortised cost:			
Receivables	12	83,874	57,804
Total		147,802	141,055

Financial liabilities

Financial liabilities at amortised cost:			
Payables	16	37,081	31,090
Total		37,081	31,090

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.

The department has not entered into transactions for speculative or hedging purposes in 2020-21. The department holds no financial assets classified at fair value through the profit or loss.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

21 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 12).
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 16).
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 is exposed to risk through future acquisitions in foreign currency including aircraft. The department is exposed to interest rate risk through its leases and 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	Measurement method	Risk management strategies
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.
Market risk	Exchange rate sensitivity analysis	The department does not undertake any hedging in relation to exchange rate risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

21 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	2021 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	16	37,081	-	-	37,081
Lease liabilities	15	6,350	3,279	3,962	13,591
Total		43,431	3,279	3,962	50,672

Financial liabilities	Note	2020 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	16	31,090	-	-	31,090
Lease liabilities	15	6,313	9,629	3,883	19,825
Total		37,403	9,629	3,883	50,915

2021
\$'000

2020
\$'000

22 Schedule of administered items

Administered revenues

Appropriation revenue	725	739
Taxes, fees and fines	13,412	12,548
Other	542	336
Total	14,679	13,624

Administered expenses

Grants and subsidies	725	739
Transfers of Administered Income to Government *	13,954	12,885
Total	14,679	13,624

Administered assets

Current

Cash	1,502	1,899
Receivables	(10)	(3)
Total current assets	1,492	1,896

Administered liabilities

Current

Unclaimed Monies to Remit to Treasury	920	1,283
Payable to Government	572	614
Total current liabilities	1,492	1,896

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

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

22 Schedule of administered items (continued)

The responsibility for the administration of the grant funding for the Prostitution Licensing Authority (PLA) was transferred from the QPS to the Department of Justice and Attorney-General (DJAG) from 1 December 2020 as set out in Administrative Arrangements Order (No. 2) 2020.

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.

23 Trust transactions and balances

	2021 \$'000	2020 \$'000
Trust assets		
<i>Current</i>		
Cash	50,282	31,014
Total current assets	<u>50,282</u>	<u>31,014</u>
Trust liabilities		
<i>Current</i>		
Payables	50,282	31,014
Total current liabilities	<u>50,282</u>	<u>31,014</u>

The Queensland Audit Office has performed an audit of the department's trust transactions for 2020-21.

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.

24 Significant financial impacts from COVID-19

During the 2020-21 financial year \$65.8m has been recognised by the department in response to COVID-19 relating to expenses for additional employee costs \$44.8m and annual leave \$21.2m (refer to Note 26(d)).

25 Events occurring after balance date

As a result of the Departmental Arrangements Notice (No.2) 2021, effective 1 July 2021, the PSBA was disestablished and all its functions and activities will be transferred to the QPS and the Queensland Fire and Emergency Services (QFES). The PSBA will transfer an estimated \$114.4m net assets, including \$84.2m in plant and equipment, intangible assets and work in progress to QPS on 1 July 2021. The associated Machinery of Government documents have not yet been finalised and signed at the time of the authorisation of these financial statements.

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

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

26 Budgetary reporting

Statement of comprehensive Income	Variance note	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Income from continuing operations				
Appropriation revenue	26(a)	2,198,723	2,228,806	30,083
User charges and fees	26(b)	92,202	97,757	5,555
Grants and other contributions		211,524	213,080	1,556
Other revenue	26(c)	2,756	6,720	3,964
Total revenue		2,505,205	2,546,363	41,158
Gains on disposal/remeasurement of assets		2,000	5,065	3,065
Total income from continuing operations		2,507,205	2,551,428	44,223
Expenses from continuing operations				
Employee expenses	26(d)	1,971,945	2,053,825	81,880
Supplies and services	26(e)	265,911	288,238	22,327
Grants and subsidies		3,915	6,202	2,287
Depreciation and amortisation		86,965	94,044	7,079
Impairment losses/(gains)		-	(12)	(12)
Revaluation decrement	26(f)	-	38,035	38,035
Finance costs		246	265	19
Other expenses		178,223	172,836	(5,387)
Total expenses from continuing operations		2,507,205	2,653,432	146,227
Operating result for the year	26(g)	-	(102,005)	(102,005)
Total other comprehensive income		-	(43)	(43)
Total comprehensive income		-	(102,048)	(102,048)

Explanation of major variances

- 26(a) Appropriation revenue increase is mainly related to the receipt of additional COVID-19 related funding (\$26.5m) and increased appropriation revenue following the machinery-of-government transfers of QGAir from the PSBA (\$16.7m). This is partly offset by deferrals and lapses (\$13.1m) mainly associated with Camera Detected Offence Program and QGAir.
- 26(b) User charges and fees variance is mainly due to additional revenue from Special Services (\$6.9m) and Criminal History Checks (\$3.9m) partly offset by a decrease in revenue for Security Services (\$5.2m).
- 26(c) Other revenue variance is mainly due to general recoveries (\$1.7m) and FBT employee contributions (\$1.1m) being higher than anticipated.
- 26(d) Employee expenses variance due to additional employee costs mainly associated with COVID-19 (\$44.6m), annual leave impacts (\$21.2m) and the machinery-of-Government transfer of QGAir from the PSBA (\$5.8m).
- 26(e) Supplies and services variance is due to unavoidable supplies and services costs being higher than anticipated.
- 26(f) Revaluation decrement is due to a devaluation of land and building assets in the Brisbane and South-Eastern
- 26(g) Operating deficit in 2020-21 is mainly due to the revaluation decrement (\$38.0m), annual leave impacts (\$21.2m) and unavoidable supplies and service costs (\$28.0m).

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2021

26 Budgetary reporting (continued)

Schedule of administered items	Variance note	Budget	Actual	Variance
		2021 \$'000	2021 \$'000	\$'000
Administered revenues				
Appropriation revenue		725	725	-
Taxes, fees and fines		10,766	13,412	2,646
Other		2,351	542	(1,809)
Total		<u>13,842</u>	<u>14,679</u>	<u>837</u>
Administered expenses				
Grants and subsidies		725	725	-
Transfers of administered revenue to government		13,117	13,954	837
Total		<u>13,842</u>	<u>14,679</u>	<u>837</u>

The budgets for the Statement of Financial Position and the Statement of Cash Flows were not completed/published by Queensland Government for the 2020-21 financial year.

**Queensland Police Service
Management Certificate
For the year ended 30 June 2021**

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* 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; and

(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 2021 and of the financial position of the department at the end of that year; and

The Commissioner as the Accountable Officer of the department acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* 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.



K Carroll APM

Accountable Officer
Commissioner

Date 27/8/21



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

Chief Finance Officer

Date 27/8/21

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 2021, 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 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, and statement of cash flows 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 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 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

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Specialised building valuation (\$982.335 million) and depreciation expense (\$37.897 million)

Refer to note 14 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Except in rare circumstances where a market price in an active market exists, the Queensland Police Service (QPS) derives the fair value of its buildings using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • Gross replacement cost, less • Accumulated depreciation <p>The QPS values its buildings each year through a combination of specific appraisals for selected regions on a rolling basis, with the remainder of buildings revalued by applying relevant indices in the years between specific appraisals.</p> <p>The QPS derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference. • buildings not specifically appraised in the current year, indexing unit rates for increases in input costs. <p>The measurement of accumulated depreciation involves significant judgements for estimating the remaining useful lives of assets. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing management's controls over the valuation process. • Assessing the appropriateness of the process used for measuring gross replacement cost with reference to common industry practices. • For unit rates: <ul style="list-style-type: none"> – Assessing the competence, capability and objectivity of the experts used by the QPS to develop the unit rate models. – Obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices. – For building specific appraisals in the current year, evaluating on a sample basis the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> ▪ modern substitute (including locality factors and on costs) ▪ adjustment for excess quality or obsolescence. – For buildings revalued through indexation, recalculating the index with reference to the current year's specific appraisal. • Reviewing management and the expert's assessment and application of asset componentisation and the consequential impact on depreciation expense. • Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> – Reviewing management's annual assessment of useful lives. – Assessing whether assets still in use have reached or exceeded their useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

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 2019 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.

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. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- 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.

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.



John Welsh
as delegate of the Auditor-General

31 August 2021

Queensland Audit Office
Brisbane