



# Financial Statements

## for the year ended 30 June 2006

### Certification of Financial Statements for the year ended 30 June 2006

The accompanying financial statements of the Police Service have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Karl J O'Callaghan APM  
Commissioner of Police



Mick de Mamiel  
Director of Finance  
(Chief Finance Officer)

17 July 2006



# Financial Statements

## Income Statement

for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee expenses	7	501,965	470,536
Supplies and services	8	131,316	129,381
Capital user charge	9	35,568	30,111
Depreciation and amortisation expense	10	20,323	16,560
Loss on disposal of non-current assets	16	30	24
Other expenses	11	3,465	3,649
<b>Total cost of services</b>		<b>692,667</b>	<b>650,261</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	12	14,537	12,022
Commonwealth grants	13	1,876	651
Contributions, sponsorships and donations	14	4,765	6,204
Other revenue	15	922	370
<b>Total Revenue</b>		<b>22,100</b>	<b>19,247</b>
<b>Gains</b>			
Gains on disposal of non-current assets	16	20	80
<b>Total Gains</b>		<b>20</b>	<b>80</b>
<b>Total Income other than Income from State Government</b>		<b>22,120</b>	<b>19,327</b>
<b>NET COST OF SERVICES</b>		<b>670,547</b>	<b>630,934</b>
<b>Income from State Government</b>			
Service Appropriation	17	682,475	622,144
State grants	18	3,960	3,427
Liabilities assumed by the Treasurer	19	4,438	7,761
Initial recognition of assets not previously recognised	20	149	525
Resources received free of charge	21	1,933	1,602
<b>Total Income from State Government</b>		<b>692,955</b>	<b>635,459</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>22,408</b>	<b>4,525</b>

The Income Statement should be read in conjunction with the accompanying notes.



## Balance Sheet

as at 30 June 2006

	Note	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	22	58,737	64,889
Restricted cash and cash equivalents	23 (a)	2,326	1,619
Receivables	24	6,110	3,624
Amounts receivable for services	25	42,871	18,400
Non-current assets classified as held for sale	26	11,548	2,367
Inventories	27	130	532
Other current assets	28	4,576	4,361
<b>Total Current Assets</b>		<b>126,298</b>	<b>95,792</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	23 (b)	1,825	-
Amounts receivable for services	25	18,007	32,743
Property, plant and equipment	29	418,065	363,213
Intangible assets	30	68,971	61,151
<b>Total Non-Current Assets</b>		<b>506,868</b>	<b>457,107</b>
<b>TOTAL ASSETS</b>		<b>633,166</b>	<b>552,899</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Provisions	31	106,120	103,953
Payables	32	3,003	7,442
Other current liabilities	33	11,195	5,261
<b>Total Current Liabilities</b>		<b>120,318</b>	<b>116,656</b>
<b>Non-Current Liabilities</b>			
Provisions	31	22,117	23,175
<b>Total Non-Current Liabilities</b>		<b>22,117</b>	<b>23,175</b>
<b>TOTAL LIABILITIES</b>		<b>142,435</b>	<b>139,831</b>
<b>EQUITY</b>			
Contributed equity	34	194,038	153,319
Reserves		224,111	212,649
Accumulated surplus/(deficiency) [Retained earnings]		72,582	47,100
<b>TOTAL EQUITY</b>		<b>490,731</b>	<b>413,068</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>633,166</b>	<b>552,899</b>

The Balance Sheet should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
<b>BALANCE OF EQUITY AT START OF PERIOD</b>	45	<b>413,068</b>	<b>340,417</b>
<b>Contributed equity</b>	34		
Balance at start of period		153,319	111,207
Capital contributions		44,268	43,434
Transfer of net assets from/(to) other agencies		(3,493)	(1,254)
Net assets transferred to Government		(56)	(68)
<b>Balance at end of period</b>		<b>194,038</b>	<b>153,319</b>
<b>RESERVES</b>			
<b>Asset Revaluation Reserve</b>	34		
Balance at start of period		212,649	188,138
Net adjustment at date of transition to AIFRS		-	-
Changes in accounting policy or correction of prior period errors		-	-
Restated balance at start of period		212,649	188,138
Gains/(losses) from asset revaluations		14,536	26,014
Transfer to accumulated surplus/deficit of assets disposed		(3,074)	(1,503)
<b>Balance at end of period</b>		<b>224,111</b>	<b>212,649</b>
<b>Accumulated surplus/(deficiency) [Retained earnings]</b>	34		
Balance at start of period		47,100	41,072
Net adjustment at date of transition to AIFRS	45	-	-
Changes in accounting policy or correction of prior period errors		-	-
Restated balance at start of period		47,100	41,072
Surplus/(deficit) for the period		22,408	4,525
Gains/(losses) recognised directly to equity		-	-
Previous transfer of revalued amounts of assets sold		3,074	1,503
<b>Balance at end of period</b>		<b>72,582</b>	<b>47,100</b>
<b>BALANCE OF EQUITY AT END OF PERIOD</b>		<b>490,731</b>	<b>413,068</b>
<b>TOTAL INCOME AND EXPENSE FOR THE PERIOD</b>		<b>36,944</b>	<b>30,539</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

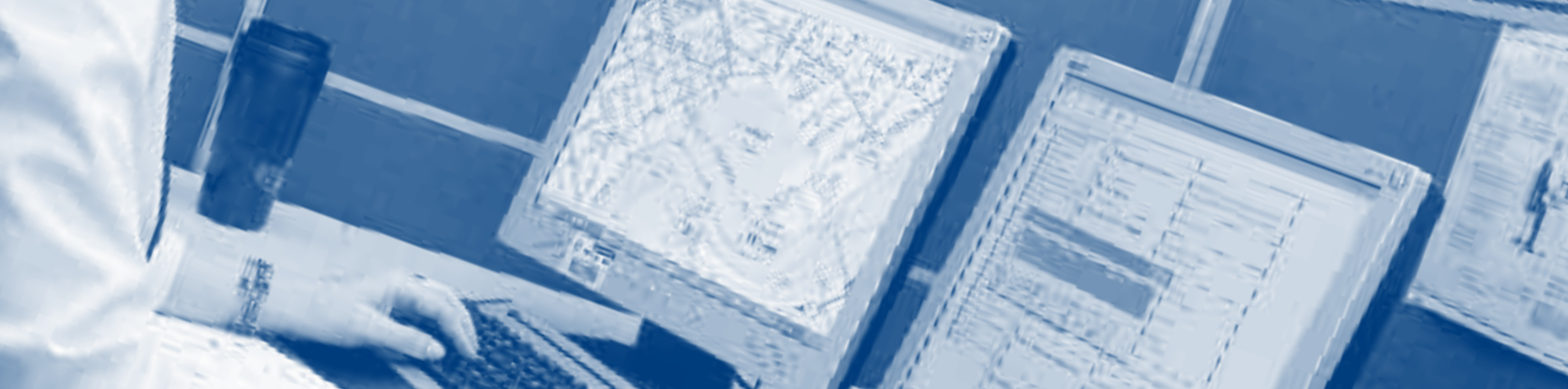
## Cash Flow Statement

for the year ended 30 June 2006

	Note	2006 \$'000	2005 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service Appropriation		654,340	594,731
Capital contributions		44,268	43,434
Holding account drawdowns		18,400	17,907
Grants from State Government		4,089	2,158
Non-retained revenue distribution to owners		(56)	(68)
Transfer of net assets from/(to) other agencies		(182)	-
<b>Net cash provided by State Government</b>		<b>720,859</b>	<b>658,162</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments			
Employee payments		(493,516)	(472,715)
Supplies and services		(111,654)	(100,023)
Capital user charge		(33,067)	(30,136)
GST payments on purchases		(21,607)	(17,137)
GST payments to taxation authority		-	-
Other payments		(22,807)	(25,713)
		<b>(682,651)</b>	<b>(645,724)</b>
Receipts			
User charges and fees		13,823	11,940
Commonwealth grants		1,877	761
Contributions, sponsorships and donations		4,610	3,872
GST receipts on sales		1,291	1,264
GST receipts from taxation authority		18,418	15,929
Other receipts		1,004	754
		<b>41,023</b>	<b>34,520</b>
<b>Net cash provided by/(used in) operating activities</b>	35(b)	<b>(641,628)</b>	<b>(611,204)</b>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(82,910)	(42,594)
Proceeds from sale of non-current physical assets		59	181
		<b>(82,851)</b>	<b>(42,413)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(3,620)</b>	<b>4,545</b>
Cash and cash equivalents at the beginning of period		66,508	61,963
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	35(a)	<b>62,888</b>	<b>66,508</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes.





## Summary of Consolidated Fund Appropriations and Income Estimates for the year ended 30 June 2006

	2006 Estimate \$'000	2006 Actual \$'000	2006 Variation \$'000	2006 Actual \$'000	2005 Actual \$'000	Variation \$'000
<b>DELIVERY OF SERVICES</b>						
Item 73 Net amount appropriated to deliver services	671,922	680,005	8,083	680,005	619,769	60,236
Amounts Authorised by Other Statutes						
<i>Salaries and Allowances Act 1975</i>	2,410	2,470	60	2,470	2,375	95
<b>Total appropriations provided to deliver services</b>	<b>674,332</b>	<b>682,475</b>	<b>8,143</b>	<b>682,475</b>	<b>622,144</b>	<b>60,331</b>
<b>CAPITAL</b>						
Item 152 Capital Contribution	38,838	44,268	5,430	44,268	43,434	834
<b>GRAND TOTAL OF APPROPRIATIONS</b>	<b>713,170</b>	<b>726,743</b>	<b>13,573</b>	<b>726,743</b>	<b>665,578</b>	<b>61,165</b>
<b>Details of Expenses by Service</b>						
Services to Maintain Lawful Behaviour and Prevent Crime	263,877	268,415	4,538	268,415	246,774	21,641
Emergency Management and Co-ordination	14,442	11,886	(2,556)	11,886	11,226	660
Response to and Investigation of Offences	242,948	255,899	12,951	255,899	226,462	29,437
Services to the Judicial Process	70,800	53,843	(16,957)	53,843	59,878	(6,035)
Traffic Law Enforcement and Management	111,412	102,624	(8,788)	102,624	105,921	(3,297)
<b>Total Cost of Services</b>	<b>703,479</b>	<b>692,667</b>	<b>(10,812)</b>	<b>692,667</b>	<b>650,261</b>	<b>42,406</b>
<i>Less Total income</i>	(20,116)	(22,120)	(2,004)	(22,120)	(19,327)	(2,793)
<b>Net Cost of Services</b>	<b>683,363</b>	<b>670,547</b>	<b>(12,816)</b>	<b>670,547</b>	<b>630,934</b>	<b>39,613</b>
<i>(Less)/Add Adjustments</i>	(9,031)	11,928	20,959	11,928	(8,790)	20,718
<b>Total appropriations provided to deliver services</b>	<b>674,332</b>	<b>682,475</b>	<b>8,143</b>	<b>682,475</b>	<b>622,144</b>	<b>60,331</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	91,881	81,836	(10,045)	81,836	42,829	39,007
Adjustments for other funding sources	(53,043)	(37,568)	15,475	(37,568)	605	(38,173)
<b>Capital Contribution (appropriation)</b>	<b>38,838</b>	<b>44,268</b>	<b>5,430</b>	<b>44,268</b>	<b>43,434</b>	<b>834</b>
<b>DETAILS OF INCOME ESTIMATES</b>						
Income disclosed as Administered Incomes	390	578	188	578	799	(221)
<b>Total Income Estimates</b>	<b>390</b>	<b>578</b>	<b>188</b>	<b>578</b>	<b>799</b>	<b>(221)</b>

The Summary of Consolidated Fund Appropriations, variance to budget and actual should be read in conjunction with Note 43.

## Schedule of Income and Expenses by Service

for the year ended 30 June 2006

	Services to Maintain Lawful Behaviour and Prevent Crime		Emergency Management and Co-ordination		Response to and Investigation of Offences	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee expenses	196,600	180,452	7,730	7,591	183,931	162,511
Supplies and services	47,802	46,893	2,213	2,570	51,877	47,180
Capital user charge	13,791	11,393	598	514	13,188	10,485
Depreciation and amortisation expense	9,159	6,639	1,107	487	5,450	4,920
Loss on disposal of non-current assets	7	13	-	2	6	7
Other expenses	1,056	1,384	238	62	1,447	1,359
<b>Total cost of services</b>	<b>268,415</b>	<b>246,774</b>	<b>11,886</b>	<b>11,226</b>	<b>255,899</b>	<b>226,462</b>
<b>Income</b>						
<b>Revenue</b>						
User charges and fees	5,696	5,710	62	141	5,199	3,016
Commonwealth grants	716	231	26	12	712	236
Contributions, sponsorships and donations	2,044	2,816	69	131	1,516	1,761
Other revenue	404	136	27	7	307	140
<b>Total Revenue</b>	<b>8,860</b>	<b>8,893</b>	<b>184</b>	<b>291</b>	<b>7,734</b>	<b>5,153</b>
<b>Gains</b>						
Gains on disposal of non-current assets	8	40	-	-	6	19
<b>Total Gains</b>	<b>8</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>19</b>
<b>Total Income other than Income from State Government</b>	<b>8,868</b>	<b>8,933</b>	<b>184</b>	<b>291</b>	<b>7,740</b>	<b>5,172</b>
<b>NET COST OF SERVICES</b>	<b>259,547</b>	<b>237,841</b>	<b>11,702</b>	<b>10,935</b>	<b>248,159</b>	<b>221,290</b>
<b>Income from State Government</b>						
Service Appropriation	264,175	234,528	11,925	10,782	252,522	218,208
State grants	1,522	1,237	54	63	1,515	1,249
Liabilities assumed by the Treasurer	1,693	2,910	67	109	1,669	2,834
Initial recognition of assets not previously recognised	42	332	1	-	85	189
Resources received free of charge	334	290	11	9	1,171	964
<b>Total Income from State Government</b>	<b>267,766</b>	<b>239,297</b>	<b>12,058</b>	<b>10,963</b>	<b>256,962</b>	<b>223,444</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>8,219</b>	<b>1,456</b>	<b>356</b>	<b>28</b>	<b>8,803</b>	<b>2,154</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.





# POLICE FORENSIC

## Schedule of Income and Expenses by Service

for the year ended 30 June 2006

	Services to the Judicial Process		Traffic Law Enforcement and Management		TOTAL	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee expenses	39,642	44,004	74,062	75,978	501,965	470,536
Supplies and services	9,682	11,346	19,742	21,392	131,316	129,381
Capital user charge	2,761	2,840	5,230	4,879	35,568	30,111
Depreciation and amortisation expense	1,446	1,344	3,161	3,170	20,323	16,560
Loss on disposal of non-current assets	1	1	16	1	30	24
Other expenses	311	343	413	501	3,465	3,649
<b>Total cost of services</b>	<b>53,843</b>	<b>59,878</b>	<b>102,624</b>	<b>105,921</b>	<b>692,667</b>	<b>650,261</b>
<b>Income</b>						
<b>Revenue</b>						
User charges and fees	490	1,084	3,090	2,071	14,537	12,022
Commonwealth grants	133	60	289	112	1,876	651
Contributions, sponsorships and donations	535	649	601	847	4,765	6,204
Other revenue	64	32	120	55	922	370
<b>Total Revenue</b>	<b>1,222</b>	<b>1,825</b>	<b>4,100</b>	<b>3,085</b>	<b>22,100</b>	<b>19,247</b>
<b>Gains</b>						
Gains on disposal of non-current assets	1	7	5	14	20	80
<b>Total Gains</b>	<b>1</b>	<b>7</b>	<b>5</b>	<b>14</b>	<b>20</b>	<b>80</b>
<b>Total Income other than Income from State Government</b>	<b>1,223</b>	<b>1,832</b>	<b>4,105</b>	<b>3,099</b>	<b>22,120</b>	<b>19,327</b>
<b>NET COST OF SERVICES</b>	<b>52,620</b>	<b>58,046</b>	<b>98,519</b>	<b>102,822</b>	<b>670,547</b>	<b>630,934</b>
<b>Income from State Government</b>						
Service Appropriation	53,595	57,237	100,258	101,389	682,475	622,144
State grants	272	300	597	578	3,960	3,427
Liabilities assumed by the Treasurer	331	575	678	1,333	4,438	7,761
Initial recognition of assets not previously recognised	9	4	12	-	149	525
Resources received free of charge	294	223	123	116	1,933	1,602
<b>Total Income from State Government</b>	<b>54,501</b>	<b>58,339</b>	<b>101,668</b>	<b>103,416</b>	<b>692,955</b>	<b>635,459</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>1,881</b>	<b>293</b>	<b>3,149</b>	<b>594</b>	<b>22,408</b>	<b>4,525</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## For the year ended 30 June 2006

### 1. Mission and Funding

The mission of the Police Service and the outcome of its policing activities is “in partnership with the community, create a safer and more secure Western Australia by providing quality police services”.

The Police Service is predominantly funded by Parliamentary appropriations. It provides the following services on a fee-for-service basis: vehicle escorts, photographic reproductions, police clearance certificates, security services, private prosecution reports, freedom of information reports, conviction records and crash information. The fees charged are determined on a cost-recovery basis.

In the process of reporting on the Police Service as a single entity, all intra-entity transactions and balances have been eliminated.

### 2. First-time Adoption of Australian Equivalents to International Financial Reporting Standards

#### General

These are the Police Service’s first published statements prepared under the Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 ‘First –time adoption of Australian equivalents to International Financial Reporting Standards’ has been applied in preparing these financial statements. The financial statements of the Police Service until 30 June 2005 had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing Australian equivalents to International Financial Reporting Standards (AIFRS) which comprise a framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer’s Instruction 1101 ‘Application of Australian Accounting Standards and Other Pronouncements’, financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

#### Early Adoption of Standards

The Police Service cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 ‘Application of Australian Accounting Standards and Other Pronouncements’. This TI requires the early adoption of revised AASB 119 ‘Employee Benefits’ as issued in December 2004, AASB 2004-3 ‘Amendments to Australian Accounting Standards’ and AASB 2005-3 ‘Amendments to Australian Accounting Standard [AASB 119]’, AASB 2005-4 ‘Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1,

AASB 1023 and AASB 1038]’ and AASB 2005-6 ‘Amendments to Australian Accounting Standards [AASB 3]’ to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 ‘Financial Instruments: Recognition and Measurement’ so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 ‘Business Combinations’.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided in Note 45.

### 3. Significant Accounting Policies

#### (a) General Statement

The financial statements constitute general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer’s Instructions. Several of these are modified by the Treasurer’s Instructions to vary application, disclosure, format and wording.

The *Financial Administration and Audit Act 1985* (FAAA) and the Treasurer’s Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

#### (b) Basis of Preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 ‘Financial Reporting by Government Departments’ on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies applied in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$’000).

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include the recognition of capitalised development expenditure on intangibles.





The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Discount rates used in estimating provisions
- Estimating useful life of key assets.

### (c) Reporting Entity

The reporting entity comprises the Police Service.

The Police Service administers assets, liabilities, income and expenses on behalf of the Government which are not controlled by, nor integral to, the function of the Police Service. These administered balances and transactions are not recognized in the principal financial statements of the Police Service but schedules are prepared on a similar basis to the financial statements and are presented in Note 44.

### (d) Contributed equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See Note 34 'Equity'.

### (e) Income

#### Sale of goods and rendering of services

Revenue from the sale of goods and disposal of other assets and the rendering of services is recognised when the Police Service has passed control of the goods or other assets or delivery of the service to the customer.

#### Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Police Service gains control of the appropriated funds. The Police Service gains control of appropriated funds at the time those funds are deposited into the Police Service's bank account or credited to the holding account held at the Department of Treasury and Finance. See Note 17 for further detail.

#### Net Appropriation Determination

The Treasurer may make a determination providing for prescribed revenues to be retained for services under the control of the Police Service.

In accordance with the determination specified in the 2005-06 Budget Statements, the Police Service retained \$22.120 million in 2005-06 (\$19.327 million in 2004-05) from the following:

- Proceeds from fees and charges
- Recoups of services provided
- Commonwealth specific-purpose grants
- Sponsorships and donations
- One-off revenues with a value less than \$10,000 from the sale of property other than real property.

#### Grants and Other Contributions

Revenue is recognised at fair value when the Police Service obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

#### Gains

Gains may be realised or unrealised and are recognised on a net basis on the disposal of non-current assets.

### (f) Property, plant and equipment

#### Initial recognition and measurement

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is their fair value at the date of acquisition.

Land vested within the Police Service is capitalised irrespective of value. All other assets are capitalised when their cost or fair value is \$5,000 or more.

#### Subsequent measurement

After recognition as an asset, the Police Service uses the revaluation model for the measurement of land, buildings and livestock and the cost model for all other property, plant and equipment. Land, buildings and livestock are carried at the fair value less accumulated depreciation on buildings and livestock and accumulated impairment losses. The carrying amount of land, buildings and livestock at 30 June 2006 was fair value less accumulated depreciation on buildings and livestock.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use.

This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. The revaluation of land and buildings is an independent valuation provided on an annual basis by the Department of Land Information (Valuation Services). The latest valuation was performed in 2005-06 with the effective date being 1 July 2005.

Livestock revaluation was performed during 2005-06 with the effective date being 1 July 2005 by an independent valuer from Asset Valuation Services Pty Ltd. Fair value of livestock has been determined on the basis of current market buying values or existing use value.

The Police Service has a policy of valuing land, buildings, livestock at fair value. These asset classes can experience frequent and material movements in fair value, therefore a revaluation is considered necessary each reporting period.

When buildings and livestock are revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount.

## Depreciation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is provided for on either a straight-line basis net of residual values or on a straight line as is the case for livestock. Depreciation rates are reviewed annually and the useful lives for each class of depreciable asset are shown in Table A.

Land is not depreciated.

Artworks controlled by the Police Service have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of them.

Table A

Class of Assets	2005-06
<b>Buildings</b>	
- Buildings	50 years
- Transportables	20 years
<b>Vehicles</b>	
- Motor Vehicles and Cycles	5 years
- All Other Vehicles	7 years
<b>Aircraft and Vessels</b>	
- Aircraft	20 years
- Vessels	10 to 15 years
<b>Computing and Office Equipment</b>	
- Computing Software and Hardware	4 to 6 years
- Office Equipment	7 years
- Furniture and Fittings	10 years
- Communication Equipment	7 years
<b>Livestock</b>	
- Dogs and Horses	8 to 20 years
<b>Other Plant and Equipment</b>	
- Audio Visual Equipment	7 years
- Photographic and Traffic Equipment	8 years
- Radio, Firearms and Scientific Equipment	10 years
- Radio/Communication Towers	10 years
- Other Plant and Equipment	10 years







## (g) Intangible assets

### Initial recognition and measurement

Acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal consideration, cost is their fair value at the date of acquisition.

The capitalisation policy for intangible assets is \$5,000 for individual licences and \$50,000 for all other intangibles.

### Subsequent measurement

Following initial recognition the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

### Amortisation

Amortisation is calculated for the period of the expected benefit (estimated useful life) on the straight line using rates which are reviewed annually. All intangible assets controlled by the Police Service have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

- Licences – 4 years
- Software and related system developments – 8 years

### Licences

Licences are valued at cost.

### System Developments

For system developments research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Other development expenditures are expensed as incurred.

### Computer Software

Acquired software items costing less than \$5,000 are expensed in the year of acquisition. Where software is an integral part of the related hardware, it is treated as property, plant and equipment. Where the software is not an integral part of the related hardware, it is treated as an intangible asset.

In some cases, base software is purchased and then re-configured to the needs of the Police Service. These are treated in accordance with system development policies.

## (h) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised.

As the Police Service is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of an asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The Police Service tests intangible assets with an indefinite useful life and intangible assets not yet available for use for impairment each reporting period irrespective of whether there is any indication of impairment. Tests are undertaken at each reporting date.

For assets identified as surplus assets, the recoverable amount is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset.

For surplus assets carried at fair value, there is no risk of material impairment. Surplus assets at cost are tested for indications of impairments at each reporting date.

## (i) Non-current assets (or disposal groups) classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate sale and the sale is highly probable. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet as a current asset. These assets are not depreciated or amortised while they are classified as held for sale.

All land holdings are Crown land vested in the Police Service by the Government. The Department for Planning and Infrastructure (DPI) is the only agency with the power to sell Crown land and any buildings which are erected on that land. The Police Service transfers these Crown lands and their buildings to DPI when the assets become available for sale.

## (j) Leases

The Police Service has entered into a number of operating lease arrangements for buildings and office equipment where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

## (k) Financial Instruments

The Police Service has two categories of financial instrument:

- Loans and receivables (includes cash)
- Non-trading financial liabilities.

Initial recognition and measurement is at fair value. Usually the transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

Short-term receivables and payables with no stated interest rate are measured at transaction cost/face value where the effect of discounting is immaterial.

## (l) Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents assets include restricted cash and cash equivalents. Cash equivalents includes cash-on-hand.

Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or externally imposed requirements.

## (m) Amounts receivable for services (Holding Account)

The Police Service receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid in the form of cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also Note 17 'Service Appropriation' and Note 25 'Amounts receivable for services'.

## (n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (ie impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written off. The allowance for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See also Note 38 'Financial Instruments' and Note 24 'Receivables'.

## (o) Inventories

Inventories include those items held for distribution. These have been valued at the lower of cost and current replacement cost. The values have been confirmed through an annual stocktake.

## (p) Payables

Payables, including accruals not yet billed, are recognised when the Police Service becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

See Note 38 'Financial Instruments' and Note 32 'Payables'.

## (q) Accrued Salaries

The accrued salaries suspense account (refer Note 23b) consists of amounts paid annually into a suspense account over a period of ten financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer Note 33) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year's end. The Police Service considers the carrying amount of accrued salaries to be equivalent to the net fair value. For 2006, the accrued salaries calculation is based on one day, as the last pay day was 29 June.

## (r) Provisions

Provisions are liabilities of uncertain timing and amount. The Police Service only recognises provisions where there is a present legal or equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate. Refer Note 31 'Provisions'.


## Provisions – Employee Benefits

### Annual leave and long service leave

The liability for annual leave and long service leave that will fall due within 12 months after the end of the reporting date is recognised in the provision for employee benefits and is measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave that will fall due more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions and medical benefits. In addition, the long service leave liability also considers the experience of employee departures and periods of service.





The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Police Service does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Annual leave loading**

The provision for annual leave loading represents the present amount payable for annual leave accrued since 1 January 2003 for non-police officers. This entitlement is measured in accordance with annual leave above.

For police officers, the annual leave loading is reported as an accrued expense as payment is made annually irrespective of whether leave is taken.

#### **38-hour leave liability**

The provision for 38-hour leave liability represents a commitment by Cabinet in 1986 to honour an agreement to accrue additional hours worked between 1 January and 30 September 1986. This was after the Government of the day granted a 38-hour week to Police Officers, back-dated to 1 January 1986.

The hours accrued are only payable on retirement, resignation or termination and is measured on the same basis as long service leave.

#### **Special paid leave**

The provision for special paid leave represents the negotiated leave entitlement to police officers who previously accrued long service leave on a ten-year basis prior to the accrual period changing to seven years. This liability is measured on the same basis as annual leave.

#### **Time off in Lieu**

This liability represents accumulated days off (time off in lieu) expected to be paid out within two (2) months of the reporting date and is measured on the same basis as annual leave.

#### **Sick leave**

No provision is made for non-vesting sick leave as the sick leave taken each reporting period is less than the entitlement accruing, and this is expected to recur in future reporting periods.

#### **Deferred leave**

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve (12) months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a non-current provision until the fifth year.

#### **Purchased leave**

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional four (4) weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

#### **Superannuation**

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Police Service has no liabilities for superannuation charges under the Pension Scheme or the GSS Scheme as the liability has been assumed by the Treasurer.

Employees who are not members of either the Pension Scheme or the GSS Scheme become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Police Service makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

The GESB makes all benefit payments and is recouped by the Treasurer for the employer share in respect of the Pension and GSS Schemes.

See also Note 3(s) 'superannuation expense'.

### **Provisions - Other**

#### **Employee on-costs**

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Police Service's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. The associated expense is included under Note 7, 'Employee expenses'.

#### **(s) Superannuation expense**

The following elements are included in calculating the superannuation expense:

- (i) Defined benefit plan - Change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that scheme to the Gold State Superannuation Scheme; and

- (ii) Defined contribution plan – Employer contributions paid to the Gold State Superannuation Scheme (GSS) and the West State Superannuation Scheme (WSS).

#### **Defined benefit plans**

Defined benefit plans – In order to reflect the true cost of services, the movements in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses. As these liabilities are assumed by the Treasurer (refer Note 7), a revenue entitled ‘Liabilities assumed by the Treasurer’ equivalent to the expense is recognised under Income from State Government in the Income Statement (see Note 19 ‘Liabilities assumed by the Treasurer’).

#### **Defined contribution plans**

The Police Service is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Fund.

#### **(t) Resources Received Free of Charge or for Nominal Cost**

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and expenses as appropriate, at fair value.

Where assets or services have been received free of charge or for nominal cost, the Police Service recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Police Service shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

#### **(u) Resources Provided Free of Charge or for Nominal Cost**

The Police Service provides a range of services free of charge to other government agencies. Information on resources provided free of charge has not been reported at balance date. Further progress will be made during 2006-07.

#### **(v) Monies held in Trust**

The Police Service receives money in a trustee capacity in the form of Found Money, Stolen Monies, Seized Monies and Deceased Monies. As the Police Service only performs a custodial role in respect of these monies, and because the monies cannot be used for achievement of the Police Service objectives, they are not brought to account in the financial statements, but are reported within the notes to the financial statements (refer Note 46 ‘Other Financial Statements’).

#### **(w) Comparative Figures**

Comparative figures have been restated on the AIFRS basis except for financial instruments information, which has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 ‘Presentation and Disclosure of Financial Instruments’. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer’s Instruction 1101.

#### **(x) Rounding**

Amounts in the financial statements have been rounded to the nearest thousand dollars or in certain cases, to the nearest dollar.

### **4. Judgements Made by Management in Applying Accounting Policies**

No significant judgements have been made in the process of applying accounting policies that have a material effect on the amounts recognised in the financial statements.

### **5. Key Sources of Estimation Uncertainty**

The employee provisions stated in the Balance Sheet include future changes in salary rates. The salary rates used for the valuation at 30 June reflect the then current employer offer. There is uncertainty in the outcome of the negotiations that could further increase the employee provisions (and a subsequent increase in expense in the Income Statement).

### **6. Disclosure of Changes in Accounting Policy and Estimates**

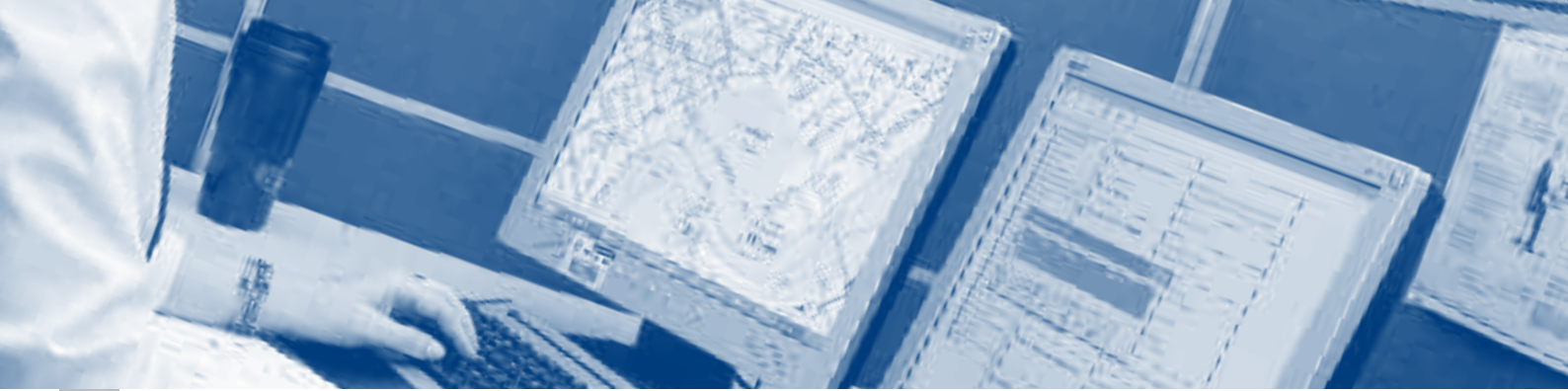
#### **Future Impact of Australian Accounting Standards not yet Operative**

The Police Service cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 ‘Application of Australian Accounting Standards and Other Pronouncements’. As referred to in Note 2, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Police Service has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

- AASB 7 ‘Financial Instruments: Disclosures’ (including consequential amendments in AASB 2005-10 ‘Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]’). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.







The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

- AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 and AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Police Service does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.
- UIG Interpretation 4 'Determining whether an Agreement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Police Service has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.
- UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation clarifies the circumstances that require an entity to reassess whether an embedded derivative contained in a host contract is required to be separated from the host contract and accounted for as a derivative under AASB 139. The Police Service has not identified any embedded derivatives resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 June 2006.

The following amendments are not applicable to the Police Service as they will have no impact:

AASB Amendment	Affected Standards
<b>2005-1</b>	AASB 139 (cash flow hedge accounting of forecast intragroup transactions)
<b>2005-5</b>	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
<b>2006-1</b>	AASB 121 (net investment in foreign operations)
<b>UIG 5</b>	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
<b>UIG 6</b>	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'
<b>UIG 7</b>	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
<b>UIG 8</b>	'Scope of AASB 2'

2006  
\$'0002005  
\$'000

## 7. Employee Expenses

Employee benefit expense		
Salaries and wages	361,484	337,334
Annual leave (a)	41,837	39,362
Long service leave (a)	12,978	13,786
Other leave (a)	1,146	1,119
Superannuation - defined contribution plans (b)	39,979	37,237
Superannuation - defined benefit plans (c)	4,438	7,761
Employee housing	16,628	15,270
Relocation and relieving expenses	6,224	5,666
Fringe benefits tax	3,059	2,826
Uniforms and protective clothing	7,097	2,957
Medical expenses	3,148	3,085
Other employee benefit expense	1,357	1,024
	<b>499,375</b>	<b>467,427</b>
Other employee expenses		
Training expenses	2,159	1,985
Workers' compensation including on-cost	431	1,124
	2,590	3,109
	<b>501,965</b>	<b>470,536</b>

(a) Includes a superannuation contribution component.

(b) Defined contribution plans include West State and Gold State (contribution paid).

(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefits).

An equivalent notional income is also recognised (see Note 19 'Liabilities assumed by the Treasurer').

## 8. Supplies and Services

Repairs and maintenance	18,869	20,351
Rental, leases and hire	16,059	14,789
Insurances and licences	7,039	5,334
Travel expenses	5,512	4,688
Energy, water and rates	4,893	4,862
Communication expenses	7,176	7,466
Other services and contracts	49,372	46,703
Equipment acquisitions	8,318	12,827
Fuels and oils	6,937	5,709
Consumables	5,208	5,050
Services received free of charge	1,933	1,602
	<b>131,316</b>	<b>129,381</b>

## 9. Capital User Charge

The Government applies a levy for the use of its capital for the delivery of services.

It is applied at 8 per cent per annum on the net assets of the Police Service, excluding exempt assets and is paid to the Department of Treasury and Finance quarterly.

35,568

30,111



# POLICE FORENSIC

2006  
\$'000

2005  
\$'000

## 10. Depreciation and Amortisation Expense

### Depreciation

Buildings	5,902	5,461
Vehicles	493	433
Computing and office equipment	2,608	1,659
Aircraft and vessels	404	396
Livestock	255	270
Leasehold improvements	39	78
Other plant and equipment	2,359	1,804
	12,060	10,101

### Amortisation

Software and software developments	8,263	6,459
	<b>20,323</b>	<b>16,560</b>

## 11. Other Expenses

Doubtful debts	133	100
Other assets written off not elsewhere reported (a)	1,684	698
Grants, subsidies and transfer payments	363	750
Other expenses from ordinary activities	1,285	2,101
	<b>3,465</b>	<b>3,649</b>

(a) Other assets written off not elsewhere reported includes reductions due to capitalisation policy changes and those write-offs in accordance with FAAA s45 located within Note 41.

## 12. User Charges and Fees

### Regulated fees

Firearms	3,243	3,080
Security and related activities	957	731
Pawnbrokers and second-hand dealers	77	103
Vehicle escorts	2,044	1,313
Clearance certificates	4,078	3,367
Crash information	199	124
Other regulated fees	486	290
	<b>11,084</b>	<b>9,008</b>

### Recoups of services provided

Gold stealing	569	572
National Crime Authority	65	169
Family Law Court security	80	76
Search and rescue	100	16
Other	402	527
	<b>1,216</b>	<b>1,360</b>

### Other Recoups

	2,237	1,654
	<b>14,537</b>	<b>12,022</b>

	2006 \$'000	2005 \$'000
<b>13. Commonwealth Grants</b>		
Police Recruit Traineeship Program	576	432
National Campaign Against Drug Abuse	246	146
Standing Action Committee for Protection Against Violence	953	70
Other	101	3
	<b>1,876</b>	<b>651</b>

### 14. Contributors, Sponsorship and Donations

Contributions		
Employee rental contributions	3,678	3,440
Executive vehicle contributions	126	103
Other contributions	672	416
	<b>4,476</b>	<b>3,959</b>
Sponsorships and Donations		
Sponsorships	5	49
Cash donations	-	1
Non-cash donations	284	2,195
	<b>289</b>	<b>2,245</b>
	<b>4,765</b>	<b>6,204</b>

### 15. Other Revenue

Proceeds from Sale of Equipment items	21	16
Other revenues from ordinary activities	901	354
	<b>922</b>	<b>370</b>







2006  
\$'000

2005  
\$'000

## 16. Net Gain/(Loss) on Disposal of Non-Current Assets

### (a) NET GAIN ON DISPOSAL OF NON-CURRENT ASSETS

#### *Property, plant and equipment*

Vehicles	9	47
Aircraft and vessels	-	27
Other plant and equipment	-	6
	9	80

#### *Assets held for sale*

Vehicles held for sale	11	-
	11	-

#### **Total gain on disposal**

**20**                      **80**

### (b) NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS

#### *Property, plant and equipment*

Vehicles	(7)	(9)
Computing and office equipment	(5)	(4)
Other plant and equipment	-	(11)
	(12)	(24)

#### *Assets held for sale*

Vehicles held for sale	(18)	-
	(18)	-

#### **Total loss on disposal**

**(30)**                      **(24)**

#### **Net gain/(loss)**

**(10)**                      **56**

### (c) This is further reconciled as follows:

#### *Costs of Disposal*

Property, plant and equipment	24	125
Assets held for sale	44	-
	68	125

#### *Proceeds from Disposal*

Property, plant and equipment	22	181
Assets held for sale	36	-
	58	181

#### **Net gain/(loss)**

**(10)**                      **56**

## 17. Service Appropriation

Service appropriations received during the year	680,005	619,769
Salaries and Allowances Act 1975	2,470	2,375
	<b>682,475</b>	<b>622,144</b>

Service Appropriations are accrual amounts reflecting the full cost paid for services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

	2006 \$'000	2005 \$'000
<b>18. State Grants</b>		
Road Trauma Trust Fund	3,942	3,420
Other	18	7
	<b>3,960</b>	<b>3,427</b>

### 19. Liabilities assumed by the Treasurer

The following liabilities have been assumed by the Treasurer during the financial year:

– Superannuation	4,438	7,761
	<b>4,438</b>	<b>7,761</b>

The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. (The notional superannuation expense is included under 'Superannuation' within Note 7 'Employee benefit expense'.)

### 20. Initial recognition of assets not previously recognised

Initial recognition of assets not previously recognised in the financial statements:

– Vehicles	15	-
– Computing and office equipment	75	35
– Livestock	-	110
– Other plant and equipment	59	380
	<b>149</b>	<b>525</b>

Where assets have been discovered, the Police Service recognised the corresponding credit as revenue.

### 21. Resources received free of charge

Resources received free of charge is determined by the following estimates provided by agencies:

– Title searches and valuation services provided by the Department of Land Information	1,176	970
– Collection of firearm licences provided by the Department for Planning and Infrastructure	47	38
– Leased management services provided by the Department of Housing and Works	83	65
– Labour relation services provided by the Department of Consumer and Employment Protection	34	8
– Recruitment services provided by the Department of the Premier and Cabinet, Public Sector Management Division	3	5
– Procurement services provided by the Department of Treasury and Finance	590	516
	<b>1,933</b>	<b>1,602</b>





2006  
\$'000

2005  
\$'000

## 22. Cash and cash equivalents

### Operating Account

Amounts appropriated and any revenues subject to net appropriation determinations are deposited into this account, from which all payments are made.

58,361 64,514

### Advances

Advances include permanent and temporary advances allocated to areas within the Police Service

376 375

**58,737 64,889**

## 23. Restricted cash and cash equivalents

Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or an externally imposed requirement.

- Current assets (a)	2,326	1,619
- Non-current assets (b)	1,825	-
	<b>4,151</b>	<b>1,619</b>

### (a) CURRENT ASSETS

#### Police Recruit Traineeship Fund

To hold grant moneys received from the Commonwealth for the funding of the Recruit Traineeship Program.

858 846

#### National Drug Strategy

To hold grant moneys received from the Commonwealth and the Police Service for the funding of law enforcement programs relating to alcohol and drug use.

525 347

#### Receipts in Suspense

Receipts in suspense refer to moneys being retained pending the identification of their purpose. The funds may be cleared by refund to the payer, transfer to the correct account, payment to another government agency or transfer to Treasury.

112 165

#### RAC Neighbourhood Watch

To hold unspent money received from RAC Insurance Pty Ltd in relation to the Neighbourhood Watch program.

120 -

#### Moneys held for Rewards

To hold moneys received by the Police Service from the private sector for the purpose of issuing rewards.

10 10

#### National Counter-Terrorism Committee

To hold moneys received by the Police Service from the Commonwealth for the funding of National Counter-Terrorism exercises.

701 251

**2,326 1,619**

### (b) NON-CURRENT ASSETS

#### Accrued Salaries Suspense Account

Pursuant to section 27 (2) of the *Financial Administration and Audit Act 1985*, amounts are annually transferred to this Trust to provide for the payment of a 27th pay period occurring every eleven years.

1,825 -

**1,825 -**

	2006 \$'000	2005 \$'000
<b>24. Receivables</b>		
Receivables	2,408	1,274
Allowance for doubtful debts	(246)	(176)
GST Receivable	3,948	2,526
	<b>6,110</b>	<b>3,624</b>

## 25. Amounts receivable for services

Current asset	42,871	18,400
Non-current asset	18,007	32,743
	<b>60,878</b>	<b>51,143</b>

This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability. See Note 3(m) 'Amounts receivable for services'.

## 26. Non-current assets classified as held for sale

Land	8,041	1,915
Buildings	3,507	408
Vehicles	-	44
	<b>11,548</b>	<b>2,367</b>

This is reconciled as follows:

<b>Opening Balance</b>	2,367	1,770
Add net assets reclassified as held for sale	11,294	1,716
Total assets held for sale	13,661	3,486
Less assets sold	(2,113)	(1,119)
<b>Closing Balance</b>	<b>11,548</b>	<b>2,367</b>

See also Note 3(i) 'Non-current assets (or disposal groups) classified as Held for Sale' and Note 16 'Net Gain/Loss on Disposal of Non-Current Assets'.

## 27. Inventories

Inventories held for distribution	130	532
	<b>130</b>	<b>532</b>

## 28. Other current assets

Accrued income	902	1,101
Prepayments	3,674	3,260
	<b>4,576</b>	<b>4,361</b>







2006  
\$'000

2005  
\$'000

## 29. Property, Plant and Equipment

(a) PROPERTY, PLANT AND EQUIPMENT COMPRISE THE FOLLOWING ASSET CLASSES:

### Land

At fair value	97,235	98,718
Accumulated impairment losses	-	-
	<b>97,235</b>	<b>98,718</b>

### Buildings

At fair value	240,399	221,371
Accumulated depreciation	(6,714)	(6,148)
	233,685	215,223
Accumulated impairment losses	-	-
	<b>233,685</b>	<b>215,223</b>

### Works in Progress

Buildings under construction	38,482	22,862
Other	13,051	81
	<b>51,533</b>	<b>22,943</b>

### Vehicles

At cost	6,186	5,621
Accumulated depreciation	(3,870)	(3,480)
	2,316	2,141
Accumulated impairment losses	-	-
	<b>2,316</b>	<b>2,141</b>

### Aircraft and Vessels

At fair value	4,984	4,634
Accumulated depreciation	(1,279)	(1,225)
	3,705	3,409
Accumulated impairment losses	-	-
	<b>3,705</b>	<b>3,409</b>

### Computing and Office Equipment

At cost	18,190	12,848
Accumulated depreciation	(8,378)	(6,559)
	9,812	6,289
Accumulated impairment losses	-	-
	<b>9,812</b>	<b>6,289</b>

### Livestock

At fair value	1,656	1,668
Accumulated depreciation	(254)	(260)
	1,402	1,408
Accumulated impairment losses	-	-
	<b>1,402</b>	<b>1,408</b>

2006  
\$'000

2005  
\$'000

## 29. Property, Plant and Equipment (continued)

### Other Plant and Equipment

At cost	35,239	28,263
Accumulated depreciation	(17,558)	(15,907)
	17,681	12,356
Accumulated impairment losses	-	-
	<b>17,681</b>	<b>12,356</b>

### Artwork

At cost	310	310
Accumulated impairment losses	-	-
	<b>310</b>	<b>310</b>

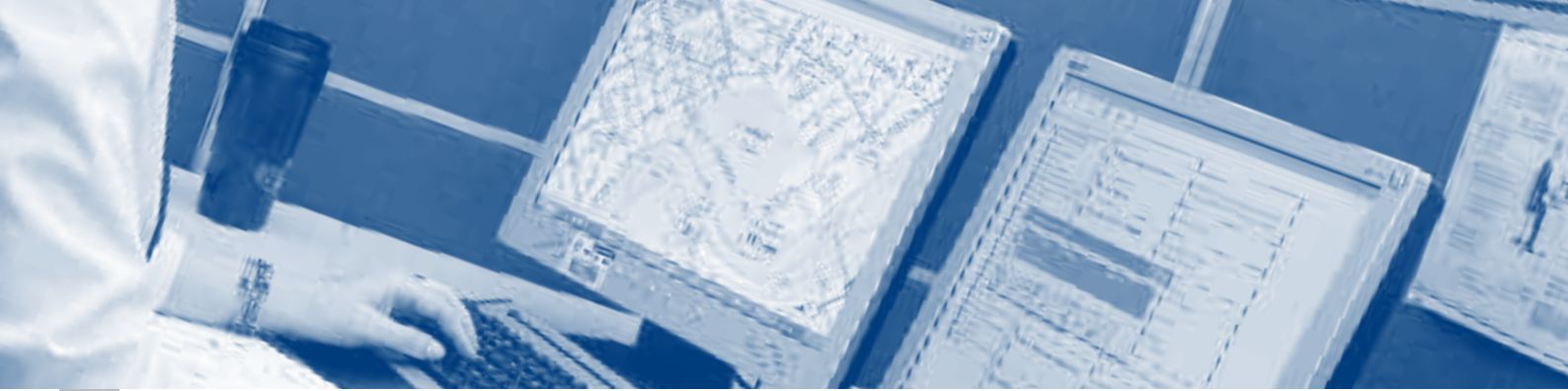
### Leasehold Improvements

At cost	2,117	2,108
Accumulated amortisation	(1,731)	(1,692)
	386	416
Accumulated impairment losses	-	-
	<b>386</b>	<b>416</b>
	<b>418,065</b>	<b>363,213</b>

(b) RECONCILIATIONS OF THE CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT AT THE BEGINNING AND END OF THE CURRENT FINANCIAL YEAR ARE SET OUT BELOW:

	Carrying amount at start of the year	Additions	Retirements	Transfers between classes	Transfer to asset held for sale	Impairment losses	Impairment losses reversal	Revaluation	Depreciation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	98,718	-	-	1,350	(7,836)	-	-	5,003	-	97,235
Buildings	215,223	335	(1,245)	19,477	(3,458)	-	-	9,254	(5,901)	233,685
Works in progress	22,943	58,412	-	(29,822)	-	-	-	-	-	51,533
Vehicles	2,141	698	(30)	-	-	-	-	-	(493)	2,316
Aircraft and vessels	3,409	1,810	(1,109)	-	-	-	-	-	(405)	3,705
Computing and office equipment	6,289	1,430	(258)	4,959	-	-	-	-	(2,608)	9,812
Livestock	1,408	10	(40)	-	-	-	-	279	(255)	1,402
Other Plant and equipment	12,356	1,652	(266)	6,298	-	-	-	-	(2,359)	17,681
Artwork	310	-	-	-	-	-	-	-	-	310
Leasehold improvements	416	-	-	9	-	-	-	-	(39)	386
	<b>363,213</b>	<b>64,347</b>	<b>(2,948)</b>	<b>2,271</b>	<b>(11,294)</b>	<b>-</b>	<b>-</b>	<b>14,536</b>	<b>(12,060)</b>	<b>418,065</b>





2006  
\$'000

2005  
\$'000

### 30. Intangible Assets

#### (a) INTANGIBLE ASSETS COMPRISE THE FOLLOWING ASSET CLASSES:

<b>Software</b>	59,514	54,691
Accumulated amortisation	(26,639)	(18,446)
	32,875	36,245
Accumulated impairment losses	-	-
	<b>32,875</b>	<b>36,245</b>
<b>Software Development in Progress</b>	<b>36,096</b>	<b>24,906</b>
	<b>68,971</b>	<b>61,151</b>

#### (b) RECONCILIATIONS OF THE CARRYING AMOUNT OF INTANGIBLES AT THE BEGINNING AND END OF THE CURRENT FINANCIAL YEAR ARE SET OUT BELOW:

	Carrying amount at start of the year	Additions	Retirements	Transfers between classes	Transfer to asset held for sale	Impairment losses	Impairment losses reversal	Revaluation	Depreciation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	36,245	24	-	4,869	-	-	-	-	(8,263)	<b>32,875</b>
Software Development in Progress	24,906	18,332	-	(7,142)	-	-	-	-	-	<b>36,096</b>
	<b>61,151</b>	<b>18,356</b>	-	<b>(2,273)</b>	-	-	-	-	<b>(8,263)</b>	<b>68,971</b>

### 31. Provisions

#### PROVISIONS COMPRISE THE FOLLOWING ITEMS:

##### (i) Current liabilities

(a) Employee benefits provision	106,027	103,879
(b) Other provisions	93	74
	<b>106,120</b>	<b>103,953</b>

##### (ii) Non-current liabilities

(a) Employee benefits provision	22,098	23,160
(b) Other provisions	19	15
	<b>22,117</b>	<b>23,175</b>
	<b>128,237</b>	<b>127,128</b>

#### (a) EMPLOYEE BENEFITS PROVISIONS HAVE BEEN RECOGNISED IN THE FINANCIAL STATEMENTS AS FOLLOWS:

- Current liabilities (i)	106,027	103,879
- Non-current liabilities (ii)	22,098	23,160
	<b>128,125</b>	<b>127,039</b>

##### (i) Current Liabilities

- Annual leave (*)	41,131	41,421
- Long service leave (**)	63,671	61,356
- 38-hour leave	271	204
- Special paid leave	281	337
- Time off in lieu/banked leave	445	372
- Purchased leave	190	189
- Deferred Leave	38	-
	<b>106,027</b>	<b>103,879</b>

	2006 \$'000	2005 \$'000
<b>31. Provisions (continued)</b>		
<i>(ii) Non-Current Liabilities</i>		
– Long service leave	19,511	20,573
– 38-hour leave	2,394	2,501
– Deferred leave	193	86
	<b>22,098</b>	<b>23,160</b>
* Annual leave liabilities including leave loading have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
– Within 12 months of reporting date	35,682	32,019
– More than 12 months after reporting date	5,449	9,402
	<b>41,131</b>	<b>41,421</b>
**Long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
– Within 12 months of reporting date	13,988	12,593
– More than 12 months after reporting date	49,683	48,763
	<b>63,671</b>	<b>61,356</b>
<b>(b) OTHER PROVISIONS HAVE BEEN RECOGNISED IN THE FINANCIAL STATEMENTS AS FOLLOWS:</b>		
– Current liabilities	93	74
– Non-current liabilities	19	15
	<b>112</b>	<b>89</b>
The settlement of leave liabilities gives rise to the payment of employment on-costs including workers' compensation and medical benefits.		
Movement in Other provisions		
Carrying amount at start of year	89	114
Additional provisions recognised	23	-
Payments/other sacrifices of economic benefits	-	25
Carrying amount at end of year	<b>112</b>	<b>89</b>
<b>32. Payables</b>		
Payables	3,003	7,442
	<b>3,003</b>	<b>7,442</b>



# POLICE FORENSIC

2006  
\$'000

2005  
\$'000

## 33. Other Current Liabilities

### Sundry Accruals

– Accrued salaries*	2,496	-
– Accrued superannuation*	236	-
– Police officers' leave loading expense	2,673	2,414
– Fringe benefit tax liability	749	688
– Other accruals	4,364	1,986
	10,518	5,088

\* Accrued salaries and superannuation have been calculated for one working day being 30 June 2006

### Income in Advance

	677	173
	<b>11,195</b>	<b>5,261</b>

## 34. Equity

Equity represents the residual interest in the net assets of the Police Service. The Government holds the equity interest in the Police Service on behalf of the community. The Asset Revaluation Reserve represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity (a)	194,038	153,319
Asset revaluation reserve (b)	224,111	212,649
Accumulated surplus/(deficiency) [Retained earnings]	72,582	47,100
	<b>490,731</b>	<b>413,068</b>

### (a) CONTRIBUTED EQUITY

Balance at the start of the year	153,319	111,207
----------------------------------	---------	---------

#### Contribution by Owners

Capital contributions (i)	44,268	43,434
Transfer of net assets from other agencies (i)	-	-
	<b>44,268</b>	<b>43,434</b>

#### Distribution to owners

##### Transfer of net assets to other agencies (ii)

– Land and buildings transferred to the Department for Planning and Infrastructure	(3,311)	(1,254)
– Payment for Path Centre asset purchases	(182)	-

##### Net assets transferred to Government (iii)

– Proceeds for disposal of assets paid to Consolidated Fund	(56)	(68)
	(3,549)	(1,322)

Balance at the end of the year	<b>194,038</b>	<b>153,319</b>
--------------------------------	----------------	----------------

- (i) Capital contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State Government agencies have been designated as contributions by owners in Treasurer's Instructions TI 955 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' and are credited directly to equity.
- (ii) UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires that where the transferee accounts for a transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State Government agencies are distribution to owners and are debited directly to equity.
- (iii) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distribution to owners.



	2006 \$'000	2005 \$'000
--	----------------	----------------

### 34. Equity (continued)

#### (b) ASSET REVALUATION RESERVE

Balance at the start of the year	212,649	188,138
Net revaluation increments/(decrements):		
Land	5,003	8,664
Buildings	9,254	17,089
Livestock	279	261
	14,536	26,014
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	(3,074)	(1,503)
Balance at the end of the year	<b>224,111</b>	<b>212,649</b>

### 35. Notes to the Cash Flow Statement

#### (a) RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	58,737	64,889
Restricted cash and cash equivalents (see Note 23)	4,151	1,619
	<b>62,888</b>	<b>66,508</b>

#### (b) RECONCILIATION OF NET COST OF SERVICES TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES

<b>Net cost of services</b>	<b>(670,547)</b>	<b>(630,934)</b>
<i>Adjustment for non-cash items:</i>		
Depreciation and amortisation expense	20,324	16,560
Resources received free of charge	1,933	1,602
Donated assets	(140)	(701)
Superannuation expense	4,438	7,761
Doubtful and bad debts expense	133	100
Net loss/(profit) on sale of non-current assets	9	(56)
Adjustment to carrying value of assets	1,916	1,445
<i>(Increase)/decrease in assets:</i>		
Receivables	(1,064)	434
Prepayments	(413)	705
Accrued income	199	(901)
Inventories	403	50
<i>Increase/(decrease) in liabilities:</i>		
Payables	(4,439)	3,519
Sundry accruals	5,430	(13,554)
Provisions	1,109	3,441
Unearned revenue	503	(392)
<i>Net change in GST:</i>		
Net GST receipts/(payments) (i)	-	-
Change in GST (receivables)/payables (ii)	(1,422)	(283)
	<b>28,919</b>	<b>19,730</b>
<b>Net cash (used in)/provided by operating activities</b>	<b>(641,628)</b>	<b>(611,204)</b>

(i) This is the net GST paid/received i.e. cash transactions

(ii) This reverses out the GST in receivables and payables



2006  
\$'0002005  
\$'000

### 35. Notes to the Cash Flow Statement (continued)

#### (c) NON-CASH FINANCING AND INVESTING ACTIVITIES

Information about transactions and other events which do not result in any cash flows during the reporting period but affect assets and liabilities that are recognised must be disclosed in the General Purpose Financial Statements where the transactions and other events:

- (a) involve external parties; and
- (b) relate to the financing, investing and other non-operating activities of the Police Service.

During the financial year, the Police Service received donated assets from external parties to the value of \$139,510 compared to \$701,400 in 2004-05.

During the year, there were \$3.311 million of assets transferred to Department of Land Information compared to \$1.254 million in 2004-05.

### 36. Commitments

#### (a) CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:

Within one year	144,182	123,535
Later than one year but not later than two years	104,656	94,833
Later than two years but not later than five years	72,574	160,520
	<b>321,412</b>	<b>378,888</b>

The capital commitment includes amounts for:

Buildings	203,017	201,947
Computer infrastructure upgrades	81,483	121,006
Other asset acquisitions	36,912	55,935
	<b>321,412</b>	<b>378,888</b>

#### (b) LEASE COMMITMENTS

Operating lease commitments at the reporting date arising through non-cancellable agreements:

Within one year	12,777	10,540
Later than one year but not later than two years	8,488	7,157
Later than two years but not later than five years	11,806	8,699
Later than five years	-	-
	<b>33,071</b>	<b>26,396</b>

Representing:

Cancellable operating leases	9,215	9,607
Non-cancellable operating leases (i)	23,856	16,789
	<b>33,071</b>	<b>26,396</b>

- (i) Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within one year	6,417	4,126
Later than one year but not later than two years	5,633	4,261
Later than two years but not later than five years	10,958	8,402
Later than five years	848	-
	<b>23,856</b>	<b>16,789</b>

2006  
\$'0002005  
\$'000

### 36. Commitments (continued)

#### (c) OTHER EXPENDITURE COMMITMENTS

Other expenditure commitments at the reporting date arising through the placement of purchase orders or non-cancellable agreements and are payable as follows:

Within one year	20,712	49,247
Later than one year but not later than two years	5,305	36,305
Later than two years but not later than five years	9,463	37,041
Later than five years	675	475
	<b>36,155</b>	<b>123,068</b>

These represent:

Staff training	124	734
Computing costs	15,639	99,737
Communication costs	12,817	6,359
Other	7,575	16,238
	<b>36,155</b>	<b>123,068</b>

The above commitments are all inclusive of GST.

### 37. Contingent Liabilities

#### UNSETTLED LEGAL CLAIMS AND ACT OF GRACE PAYMENTS

The value reported represents the maximum obligation potentially payable for the claims on hand at 30 June 2006.

<b>2,510</b>	<b>16,239</b>
--------------	---------------

#### MEDICAL EXPENSES

Under Police Regulations and the current Enterprise Bargaining and Workplace Agreement, the Police Service is obliged to reimburse sworn officers for their medical expenses. Work-related medical expenses are met in full by the Police Service. Non-work-related medical expenses are reimbursed to the amount not covered by Medicare and private health providers. The total liability in respect of work-related medical costs is not able to be reliably measured at 30 June 2006.

### 38. Financial Instruments

#### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Police Service are cash and cash equivalents, receivables and payables. The Police Service has limited exposure to financial risks. The Police Service's overall risk management program focuses on managing the risks identified below.

##### *Credit Risk*

The Police Service trades only with recognised, creditworthy third parties. The Police Service has policies in place to ensure that sales of services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Police Service's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

##### *Liquidity Risk*

The Police Service has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### *Cash flow interest rate risk*

The Police Service is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

#### (b) Financial Instrument Disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also Note 3 (w).



## 38. Financial Instruments (continued)

### (c) Interest Rate Risk Exposure

The following table details the Police Service's exposure to interest rate risk as at the reporting date:

2005-06	Weighted average effective interest rate	Variable interest rate	Fixed interest rate maturities			Non-interest bearing	Total
			Less than 1 year	1 to 5 years	More than 5 years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	-	-	58,737	58,737
Restricted cash and cash equivalents	-	-	-	-	-	4,151	4,151
Receivables	-	-	-	-	-	6,110	6,110
Amounts receivable for services	-	-	-	-	-	60,878	60,878
Accrued income	-	-	-	-	-	902	902
	-	-	-	-	-	130,778	130,778
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	3,003	3,003
Other accrued expenses	-	-	-	-	-	10,518	10,518
	-	-	-	-	-	13,521	13,521
<b>Net Financial Assets (Liabilities)</b>	-	-	-	-	-	117,257	117,257
<b>2004-05</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	-	-	64,889	64,889
Restricted cash and cash equivalents	-	-	-	-	-	1,619	1,619
Receivables	-	-	-	-	-	3,624	3,624
Amounts receivable for services	-	-	-	-	-	51,143	51,143
Accrued income	-	-	-	-	-	1,101	1,101
	-	-	-	-	-	122,376	122,376
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	7,442	7,442
Other accrued expenses	-	-	-	-	-	5,088	5,088
	-	-	-	-	-	12,530	12,530
<b>Net Financial Assets (Liabilities)</b>	-	-	-	-	-	109,846	109,846

2006	2005
\$'000	\$'000

### (d) Credit Risk Exposure

All financial assets are unsecured.

Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets, the carrying amount represents the Police Service's maximum exposure to credit risk in relation to those assets.

The following is an analysis of the amounts owing by other government agencies

- Western Australian Government Agencies	1,651	1,345
<b>Total</b>	<b>1,651</b>	<b>1,345</b>

### (e) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

2006  
\$'0002005  
\$'000

### 39. Remuneration and Retirement Benefits of Senior Officers

#### DEFINITION OF A SENIOR OFFICER

A senior officer means a person, by whatever name called, who is concerned or takes part in the management of the agency. The agency's senior officers comprise uniformed members of the Police Service Command group and other senior public servants.

#### REMUNERATION BENEFITS

The number of senior officers, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands:

\$	2006	2005
10,001 – 20,000	1	1
20,001 – 30,000	-	1
30,001 – 40,000	2	3
60,001 – 70,000	-	4
80,001 – 90,000	-	1
90,001 – 100,000	1	1
100,001 – 110,000	3	-
110,001 – 120,000	3	-
120,001 – 130,000	1	2
130,001 – 140,000	1	-
140,001 – 150,000	-	4
150,001 – 160,000	1	-
160,001 – 170,000	3	4
170,001 – 180,000	2	-
180,001 – 190,000	1	1
200,001 – 210,000	1	-
210,001 – 220,000	-	4
220,001 – 230,000	-	1
230,001 – 240,000	1	-
260,001 – 270,000	1	-
280,001 – 290,000	1	-
380,001 – 390,000	-	1

The total remuneration of senior officers is:

3,264

3,726

- (i) Includes senior officers where periods of service is less than twelve months.  
(ii) No senior officers are members of the Pension Scheme.

### 40. Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators.

130

118







2006  
\$'000

2005  
\$'000

## 41. Supplementary Financial Information

### (a) WRITE-OFFS

Public and other property, revenue and debts due to the State were written-off in accordance with section 45 of the *Financial Administration and Audit Act 1985* under the authority of:

The Accountable Officer	85	76
The Minister	62	73
Executive Council	-	-
	<b>147</b>	<b>149</b>

Analysis of the write-off is as follows:

Bad debts	80	40
Property damage	67	106
Stolen property	-	3
	<b>147</b>	<b>149</b>

### (b) LOSSES OF PUBLIC MONIES AND PUBLIC OR OTHER PROPERTY THROUGH THEFT OR DEFAULT

Losses of public property through theft, default or otherwise	147	149
Losses of public money	-	-
Less: Amount recovered	-	-
	<b>147</b>	<b>149</b>

## 42. Affiliated Bodies

An affiliated body of the Police Service is a body which receives more than half its funding and resources from the Police Service but is not subject to operational control by the Police Service. There are no affiliated and reported bodies at the reporting date.

### SAFER WA COMMITTEE'S EXECUTIVE

Salaries	-	51
Other Recurrent	-	-
	<b>-</b>	<b>51</b>



## 43. Explanatory Statements

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Fund Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10 per cent or \$1 million.

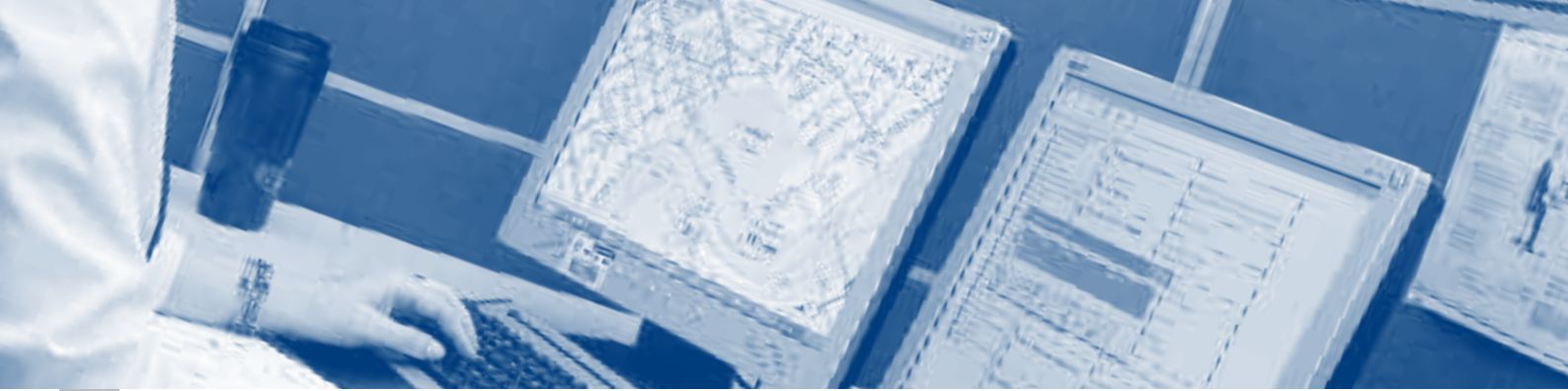
### (a) SIGNIFICANT VARIANCES BETWEEN ESTIMATES AND ACTUAL

	2006 Estimate \$'000	2006 Actual \$'000	2006 Variation \$'000
<b>(i) TOTAL APPROPRIATIONS TO DELIVER SERVICES</b>			
<b>Appropriation to deliver services</b>	671,922	680,005	8,083
The \$8.143 million increase relates to approved supplementary funding in 2005-06 for Counter-Terrorism (\$5.893 million), changes relating to Capital User Charge (\$1.559 million), a change in amounts being expensed from the capital works program (\$0.600 million), and metal detectors (\$0.031 million).			
<b>Service Expenditure</b>			
The increase in Total Cost of Services of \$10.812 million above the budget is mainly attributable to increased Appropriations to Fund Services. The variations reflect each Service's portion of the Appropriation increase. In addition, due to the reactive nature of policing, the internal allocation and application of resources according to the operational needs, contributes to variations within these Services.			
Services to Maintain Lawful Behaviour and Prevent Crime	263,877	268,415	4,538
Emergency Management and Co-ordination	14,442	11,886	(2,556)
Response to and Investigation of Offences	242,948	255,899	12,951
Services to the Judicial Process	70,800	53,843	(16,957)
Traffic Law Enforcement and Management	111,412	102,624	(8,788)
	703,479	692,667	(10,812)
<b>(ii) CAPITAL CONTRIBUTION</b>			
The \$5.430 million increase is mainly attributable to approved supplementary funding for Counter-Terrorism (\$5.433 million), Mobile Lock-ups (\$0.380 million) and Gordon Inquiry additional funds (\$0.217 million). This increase was offset by a change in the amounts expensed from the capital works program (-\$0.600 million).			
	38,838	44,268	5,430
<b>(iii) CONSOLIDATED FUND REVENUE</b>			
These Administered incomes mainly comprise sale of stolen property and firearm infringement fines. In the case of stolen property the volumes and values can fluctuate substantially from year to year, as can infringement fines. The variance is due to a conservative estimate being used for this "volatile" area.			
	390	578	188

### (b) SIGNIFICANT VARIANCES BETWEEN ACTUAL AND PRIOR YEAR ACTUALS

	2006 Actual \$'000	2005 Actual \$'000	Variation \$'000
<b>(i) TOTAL APPROPRIATIONS TO DELIVER SERVICES</b>			
Appropriation to deliver services	680,005	619,769	60,236
The \$60.236 million increase was mainly attributable to funding increases relating to salaries and employee related costs \$35.671 million (additional Police Officer recruiting programs \$14.691 million, EBA flow on increases \$13.251 million and provision for salary increase and other \$7.729 million), Delta Communication and Technology and CADCOM projects (\$14.229 million), Counter-Terrorism (\$5.441 million), depreciation (\$5.062 million), general cost escalation (\$3.106 million), Capital User Charge (\$2.803 million), building maintenance (\$2.200 million), and a number of other initiatives including, Canine Expansion, additional Gordon Inquiry funding, smarter policing (DNA), Frontline Initiative etc. These additional appropriations were offset by savings for Shared Services-Procurement Savings (\$5.449 million) and a number of smaller non recurring costs from the previous year.			





	2006 Actual \$'000	2005 Actual \$'000	Variation \$'000
--	--------------------------	--------------------------	---------------------

### 43. Explanatory Statements (continued)

(b) SIGNIFICANT VARIANCES BETWEEN ACTUAL AND PRIOR YEAR ACTUALS (Continued)

#### Service Expenditure

There was an increase in the Total Cost of Services of \$42.406 million from the previous year. The variations reflect each Service's portion of that increase. The variations mainly comprise increased appropriations (see above) and movements in assets and liabilities. Also the reactive nature of policing causes fluctuations in the internal allocation and application of resources according to the operational exigencies that exist at the time.

Services to Maintain Lawful Behaviour and Prevent Crime	268,415	246,774	21,641
Emergency Management and Co-ordination	11,886	11,226	660
Response to and Investigation of Offences	255,899	226,462	29,437
Services to the Judicial Process	53,843	59,878	(6,035)
Traffic Law Enforcement and Management	102,624	105,921	(3,297)
	<b>692,667</b>	<b>650,261</b>	<b>42,406</b>

#### (ii) CONSOLIDATED FUND REVENUE

#### Revenue

The difference mainly relates to a reduction in forfeited property proceeds (\$158,000), sale of lost and stolen property (\$51,000) and vehicle sale proceeds (\$12,000).

	578	799	(221)
--	-----	-----	-------

	2006 \$'000	2005 \$'000
--	----------------	----------------

### 44. Schedule of Administered Items

#### (a) ADMINISTERED EXPENSES AND INCOME

##### EXPENSES

Handgun buyback payments	7	420
Transfer	510	774
Commission expenses	68	85
Other	-	140
<b>Total administered expenses</b>	<b>585</b>	<b>1,419</b>

##### INCOME

Commonwealth Government grants - Handgun buyback	-	621
Licences, fines and other	529	730
Proceeds from disposal of non-current assets	56	68
<b>Total administered income</b>	<b>585</b>	<b>1,419</b>

#### (b) ADMINISTERED ASSETS AND LIABILITIES

##### ASSETS

##### Current

Accrued Income	177	170
<b>Total administered assets</b>	<b>177</b>	<b>170</b>

##### LIABILITIES

##### Current

Payables	177	170
<b>Total administered liabilities</b>	<b>177</b>	<b>170</b>

## 45. Reconciliation explaining the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS)

### (a) Reconciliation of Equity at the date of transition to AIFRS: 1 July 2004 (AASB 1.39(a)(i))

	Previous AGAAP 1 July 2004	Reclassification Depreciation AASB 5	Inventories AASB 102	Restoration Costs AASB 116	Net Gain on Disposal AASB 116	Intangibles AASB 138	Employee Benefits AASB 119	AASB 1 Note 45.7a	Total Adjustments	AIFRS 1 July 2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>										
Cash and cash equivalents (i)	45,564	-	-	-	-	-	-	-	-	45,564
Restricted cash and cash equivalents	16,400	-	-	-	-	-	-	-	-	16,400
Receivables	3,775	-	-	-	-	-	-	-	-	3,775
Amounts receivable for services (ii)	17,907	-	-	-	-	-	-	-	-	17,907
Non-current assets classified as held for sale	-	1,770	-	-	-	-	-	-	1,770	1,770
Inventories	1,708	-	(1,128)	-	-	-	-	-	(1,128)	580
Other current assets (iii)	4,165	-	-	-	-	-	-	-	-	4,165
<b>Total Current Assets</b>	<b>89,519</b>	<b>1,770</b>	<b>(1,128)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>642</b>	<b>90,161</b>
<b>Non-Current Assets</b>										
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Amounts receivable for services (ii)	23,730	-	-	-	-	-	-	-	-	23,730
Property, plant and equipment	321,054	(1,770)	-	610	-	55	-	-	(1,105)	319,949
Intangible assets	64,719	-	-	-	-	(11,323)	-	-	(11,323)	53,396
Total Non-Current Assets	409,503	(1,770)	-	610	-	(11,268)	-	-	(12,428)	397,075
<b>TOTAL ASSETS</b>	<b>499,022</b>	<b>-</b>	<b>(1,128)</b>	<b>610</b>	<b>-</b>	<b>(11,268)</b>	<b>-</b>	<b>-</b>	<b>(11,786)</b>	<b>487,236</b>
<b>Current Liabilities</b>										
Provisions	48,756	-	-	-	-	-	51,020	-	51,020	99,776
Payables	3,923	-	-	-	-	-	-	-	-	3,923
Other current liabilities (iv)	19,208	-	-	-	-	-	-	-	-	19,208
<b>Total Current Liabilities</b>	<b>71,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,020</b>	<b>-</b>	<b>51,020</b>	<b>122,907</b>
<b>Non-Current Liabilities</b>										
Provisions	73,011	-	-	-	-	-	(49,101)	-	(49,101)	23,910
<b>Total Non-Current Liabilities</b>	<b>73,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,101)</b>	<b>-</b>	<b>(49,101)</b>	<b>23,910</b>
<b>TOTAL LIABILITIES</b>	<b>144,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,919</b>	<b>-</b>	<b>1,919</b>	<b>146,817</b>
<b>Equity</b>										
Contributed equity	111,207	-	-	-	-	-	-	-	-	111,207
Reserves	189,993	-	-	-	-	-	-	-	(1,854)	188,139
Accumulated surplus/(deficiency) [Retained earnings]	52,923	-	(1,128)	610	-	(11,268)	(1,919)	1,854	(11,851)	41,072
<b>TOTAL EQUITY</b>	<b>354,123</b>	<b>-</b>	<b>(1,128)</b>	<b>610</b>	<b>-</b>	<b>(11,268)</b>	<b>(1,919)</b>	<b>-</b>	<b>(13,705)</b>	<b>340,418</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>499,021</b>	<b>-</b>	<b>(1,128)</b>	<b>610</b>	<b>-</b>	<b>(11,268)</b>	<b>-</b>	<b>-</b>	<b>(11,786)</b>	<b>487,235</b>

(i) Equivalent AGAAP item 'Cash assets' (AIFRS 'Cash and cash equivalents')

(ii) Equivalent AGAAP item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')

(iii) Equivalent AGAAP item 'Other assets' (AIFRS 'Other current assets')

(iv) Equivalent AGAAP item 'Other liabilities' (AIFRS 'Other current liabilities')



## 45. Reconciliation explaining the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

### (b) RECONCILIATION OF EQUITY AT THE END OF LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005 (AASB 1.39(a)(ii))

	Previous AGAAP 30 June 2005	Reclassification, Depreciation AASB 5	Inventories AASB 102	Subsequent Costs AASB 116	Net Gain on Disposal AASB 116	Intangibles AASB 138	Employee Benefits AASB 119	AASB 1 Adjustments	Total Adjustments	AIFRS 30 June 2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>										
Cash and cash equivalents	64,889	-	-	-	-	-	-	-	-	64,889
Restricted cash and cash equivalents	1,619	-	-	-	-	-	-	-	-	1,619
Receivables	3,624	-	-	-	-	-	-	-	-	3,624
Amounts receivable for services	18,400	-	-	-	-	-	-	-	-	18,400
Non-current assets classified as held for sale	-	2,367	-	-	-	-	-	2,367	2,367	2,367
Inventories	1,297	-	(765)	-	-	-	-	-	(765)	532
Other current assets	4,361	-	-	-	-	-	-	-	-	4,361
<b>Total Current Assets</b>	<b>94,190</b>	<b>2,367</b>	<b>(765)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,602</b>	<b>95,792</b>
<b>Non-Current Assets</b>										
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Amounts receivable for services	32,743	-	-	-	-	-	-	-	-	32,743
Property, plant and equipment	364,937	(2,367)	-	588	-	55	-	-	(1,724)	363,213
Intangible assets	73,169	-	-	-	-	(12,018)	-	-	(12,018)	61,151
<b>Total Non-Current Assets</b>	<b>470,849</b>	<b>(2,367)</b>	<b>-</b>	<b>588</b>	<b>-</b>	<b>(11,963)</b>	<b>-</b>	<b>-</b>	<b>(13,742)</b>	<b>457,107</b>
<b>TOTAL ASSETS</b>	<b>565,039</b>	<b>-</b>	<b>(765)</b>	<b>588</b>	<b>-</b>	<b>(11,963)</b>	<b>-</b>	<b>-</b>	<b>(12,140)</b>	<b>552,899</b>
<b>Current Liabilities</b>										
Provisions	54,541	-	-	-	-	-	49,412	-	49,412	103,953
Payables	7,442	-	-	-	-	-	-	-	-	7,442
Other current liabilities	5,261	-	-	-	-	-	-	-	-	5,261
<b>Total Current Liabilities</b>	<b>67,244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,412</b>	<b>-</b>	<b>49,412</b>	<b>116,656</b>
<b>Non-Current Liabilities</b>										
Provisions	73,233	-	-	-	-	-	(50,058)	-	(50,058)	23,175
<b>Total Non-Current Liabilities</b>	<b>73,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,058)</b>	<b>-</b>	<b>(50,058)</b>	<b>23,175</b>
<b>TOTAL LIABILITIES</b>	<b>140,477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(646)</b>	<b>-</b>	<b>(646)</b>	<b>139,831</b>
<b>Equity</b>										
Contributed equity	153,352	-	-	-	(33)	-	-	-	(33)	153,319
Reserves	214,511	-	-	-	-	-	-	(1,862)	(1,862)	212,649
Accumulated surplus/(deficiency) [Retained earnings]	56,699	-	(765)	588	33	(11,963)	646	1,862	(9,599)	47,100
<b>TOTAL EQUITY</b>	<b>424,562</b>	<b>-</b>	<b>(765)</b>	<b>588</b>	<b>-</b>	<b>(11,963)</b>	<b>646</b>	<b>-</b>	<b>(11,494)</b>	<b>413,068</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>565,039</b>	<b>-</b>	<b>(765)</b>	<b>588</b>	<b>-</b>	<b>(11,963)</b>	<b>-</b>	<b>-</b>	<b>(12,140)</b>	<b>552,899</b>

(i) Equivalent AGAAP item 'Cash Assets' (AIFRS 'Cash and cash equivalents')

(ii) Equivalent AGAAP item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')

(iii) Equivalent AGAAP item 'Other assets' (AIFRS 'Other current assets')

(iv) Equivalent AGAAP item 'Other liabilities' (AIFRS 'Other current liabilities')



## 45. Reconciliation explaining the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

### (c) RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005 (AASB 1.39b)

	Previous AGAAP 30 June 2005	Reclassification, Depreciation AASB 5	Inventories AASB 102	Subsequent Costs AASB 116	Net Gain on Disposal AASB 116	Intangibles AASB 138	Employee Benefits AASB 119	AASB 1	Total Adjustments	AIFRS 30 June 2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>										
<b>Expenses</b>										
Employee expenses	472,972	-	-	-	-	129	(2,565)	-	(2,436)	470,536
Supplies and services	128,718	-	(363)	-	-	1,026	-	-	663	129,381
Capital user charge	30,111	-	-	-	-	-	-	-	-	30,111
Depreciation and amortisation expense	17,003	(6)	-	23	-	(460)	-	-	(443)	16,560
Loss on disposal of non-current assets	-	-	-	-	24	-	-	-	24	24
Other expenses	3,735	-	-	-	(86)	-	-	-	(86)	3,649
<b>Total Expense</b>	<b>652,539</b>	<b>(6)</b>	<b>(363)</b>	<b>23</b>	<b>(62)</b>	<b>695</b>	<b>(2,565)</b>	<b>-</b>	<b>(2,278)</b>	<b>650,261</b>
<b>Income</b>										
Revenue										
User charges and fees	12,022	-	-	-	-	-	-	-	-	12,022
Commonwealth grants	651	-	-	-	-	-	-	-	-	651
Contributions, sponsorships and donations	6,204	-	-	-	-	-	-	-	-	6,204
Other revenue	370	-	-	-	-	-	-	-	-	370
Total Revenue	19,247	-	-	-	-	-	-	-	-	19,247
Gains										
Proceeds from disposal of non-current assets	113	-	-	-	(113)	-	-	-	(113)	-
Gains on disposal of non-current assets	-	-	-	-	80	-	-	-	80	80
Total Gains	113	-	-	-	(33)	-	-	-	(33)	80
<b>Total income</b>	<b>19,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33)</b>	<b>19,327</b>
<b>NET COST OF SERVICES</b>	<b>633,179</b>	<b>(6)</b>	<b>(363)</b>	<b>23</b>	<b>(29)</b>	<b>695</b>	<b>(2,565)</b>	<b>-</b>	<b>(2,245)</b>	<b>630,934</b>
<b>Income from State Government</b>										
Service Appropriation	622,144	-	-	-	-	-	-	-	-	622,144
State grants	3,427	-	-	-	-	-	-	-	-	3,427
Liabilities assumed by the Treasurer	7,761	-	-	-	-	-	-	-	-	7,761
Initial recognition of assets not previously recognised	525	-	-	-	-	-	-	-	-	525
Resources received free of charge	1,602	-	-	-	-	-	-	-	-	1,602
<b>Total Income from State Government</b>	<b>635,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>635,459</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>2,280</b>	<b>6</b>	<b>363</b>	<b>(23)</b>	<b>29</b>	<b>(695)</b>	<b>2,565</b>	<b>-</b>	<b>2,245</b>	<b>4,525</b>

(i) Disposals are treated on the net basis under AIFRS

(ii) Equivalent AGAAP item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')

(iii) Equivalent AGAAP item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')





	Previous AGAAP 30 June 2005	Adjustment AASB 119 <i>Note 45.5d</i>	AIFRS 30 June 2005
	\$'000	\$'000	\$'000

## 45. Reconciliation explaining the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

### (d) RECONCILIATION OF CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2005 (AASB 1.40)

#### CASH FLOWS FROM STATE GOVERNMENT

Appropriations	594,731	-	594,731
Capital contributions	43,434	-	43,434
Holding account drawdowns	17,907	-	17,907
State grants received	2,158	-	2,158
Non-retained revenue distribution to owners	-	(68)	(68)
Transfer of net assets from/(to) other agencies	-	-	-
<b>Net Cash provided by State Government</b>	<b>658,230</b>	<b>(68)</b>	<b>658,162</b>

#### Utilised as follows:

#### CASH FLOWS FROM OPERATING ACTIVITIES

<i>Payments</i>			
Employee payments	(472,586)	(129)	(472,715)
Services and contracts	(100,023)	-	(100,023)
Capital user charge	(30,136)	-	(30,136)
GST payments on purchases	(17,137)	-	(17,137)
GST payments to taxation authority	-	-	-
Other payments	(24,687)	(1,026)	(25,713)
	(644,569)	(1,155)	(645,724)
<i>Receipts</i>			
User charges and fees	11,940	-	11,940
Commonwealth grants	761	-	761
Contributions, sponsorships and donations	3,872	-	3,872
GST receipts on sales	15,929	-	15,929
GST receipts from taxation authority	1,264	-	1,264
Other receipts	754	-	754
	34,520	-	34,520
<b>Net Cash provided by/(used in) operating activities</b>	<b>(610,049)</b>	<b>(1,155)</b>	<b>(611,204)</b>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of non-current physical assets	(43,749)	1,155	(42,594)
Proceeds from sale of non-current physical assets	113	68	181
<b>Net Cash provided by/(used in) investing activities</b>	<b>(43,636)</b>	<b>1,223</b>	<b>(42,413)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,545</b>	<b>-</b>	<b>4,545</b>
Cash and cash equivalents at the beginning of period	61,963	-	61,963
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>66,508</b>	<b>-</b>	<b>66,508</b>

## 45. Reconciliation explaining the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

### 45.1 Non-current assets held for sale (AASB 5)

AASB 5 requires non-current assets available for sale to be disclosed as a separate class of asset on the balance sheet. Assets classified as non-current assets held for sale are not depreciated and are measured at the lower of carrying amount (prior to reclassification) and fair value less selling costs. The Police Service has identified items of plant, equipment and vehicles that are required to be classified as non-current assets held for sale and has made the following adjustments:

#### 45.1a Adjustments to opening Balance Sheet (1 July 2004)

The Police Service has transferred \$1,770,000 from property, plant and equipment to non-current assets classified as held for sale. As the values were treated as becoming available for sale on 30 June 2004 no adjustment has been made to the accumulated depreciation.

#### 45.1b Adjustments to 30 June 2005 Balance Sheet

The Police Service has transferred \$2,367,000 from property, plant and equipment to non-current assets classified as held for sale. Accumulated depreciation (property, plant and equipment) has been reduced by \$6,000 with a corresponding increase in accumulated surplus.

#### 45.1c Adjustments to the Income Statement for the period ended 30 June 2005

Depreciation expense was reduced by \$6,000 with a corresponding increase in the surplus for the year. This adjustment is in respect of assets classified as non-current assets available for sale at any time during 2004-05 and consists of:

- \$6,000 – depreciation expense from 1 July 2004 to date of sale in respect of assets held for sale at 1 July 2004 and sold in 2004-05.
- \$1,158,000 of the total \$1,770,000 classified as held for sale on 1 July 2004 were sold during 2004-05. The remaining items are still pending sale.

### 45.2 Inventories (AASB 102)

AASB 102 requires not for profit entities to separately classify inventories held for distribution and to measure the inventories at the lower of costs and current replacement cost.

#### 45.2a Adjustments to opening Balance Sheet (1 July 2004)

The Police Service has re-assessed its inventory resulting in a \$1,128,000 write-down with a corresponding decrease in accumulated surplus.

#### 45.2b Adjustments to 30 June 2005 Balance Sheet

The Police Service has re-assessed its inventory resulting in a \$765,000 write-down.

#### 45.2c Adjustments to the Income Statement for the period ended 30 June 2005

The net movement of changes to the capitalised value of inventory from 1 July 2004 to 30 June 2005 is a net decrease in expense of \$363,000 for consumables, repairs and maintenance reported under supplies and services.

### 45.3 Subsequent costs (AASB 116)

AASB 116 contains a wider scope on the recognition criteria for subsequent costs. As a consequence, the cost of major inspections and overhauls which previously were expensed unless they enhanced the originally assessed standard service capacity, service quality or useful life of an asset would now be capitalised.

#### 45.3a Adjustments to opening Balance Sheet (1 July 2004)

The Police Service has identified an additional \$610,000 of subsequent costs recognised under property plant and equipment with a corresponding increase in accumulated surplus.

#### 45.3b Adjustments to 30 June 2005 Balance Sheet

An adjustment has been made to reflect the 1 July 2004 recognition of subsequent costs offset by \$23,000 accumulated depreciation.

#### 45.3c Adjustments to the Income Statement for the period ended 30 June 2005

Depreciation expense was increased by \$23,000 as a result of the capitalisation of subsequent costs. This resulted in a corresponding decrease in the surplus for the year.

### 45.4 Net gain on disposals (AASB 116)

Under AGAAP, the disposal of non-current assets was disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. Under AIFRS, the disposal of non-current assets is disclosed on the net basis (gains or losses).





#### 45.4a Adjustments to opening Balance Sheet (1 July 2004)

No impact.

#### 45.4b Adjustments to 30 June 2005 Balance Sheet

The value of contributed equity decreased by \$33,000 due to the reinstatement of depreciation posted for vehicle and building assets contributed equity transfers.

Under AGAAP, the value reported represents the net book value at the time of transfer from the property, plant and equipment asset classes. This included depreciation posted during 2004-05. From July 1 2004, these assets were reported as assets held for sale and therefore not depreciated.

#### 45.4c Adjustments to the Income Statement for the period ended 30 June 2005

- The carrying amounts of assets disposed of was previously recognised as expense. This has been derecognised (\$86,000).
- The proceeds of disposal of non-current assets was previously recognised as income. This has been derecognised (\$113,000).
- A loss on disposal of non-current asset of \$24,000 has been recognised as an expense.
- A gain on the disposal of non-current assets of \$80,000 has been recognised as income.

### 45.5 Intangibles (AASB 138)

AASB 138 requires that software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed on the Balance Sheet. All software has previously been classified as property, plant and equipment (office equipment).

AASB 138 requires that all research costs must be expensed and imposes stricter recognition for the capitalisation of development costs. As a consequence, deferred research and development costs previously capitalised (under other assets) must be derecognised.

#### 45.5a Adjustments to opening Balance Sheet (1 July 2004)

The Police Service has transferred \$55,000 in software from intangibles to property, plant and equipment.

Previously capitalised deferred research and development costs of \$11,323,000 were expensed. There is a decrease in accumulated surplus of \$11,268,000.

#### 45.5b Adjustments to 30 June 2005 Balance Sheet

The Police Service has transferred \$55,000 in software from intangibles to property, plant and equipment.

Previously capitalised deferred research and development costs of \$12,018,000 were expensed. There is a decrease in accumulated surplus of \$11,963,000.

#### 45.5c Adjustments to the Income Statement for the period ended 30 June 2005

Due to the research costs being expensed and the stricter recognition for the capitalisation of development costs, the net impact on the Income Statement is as follows:

- Previously capitalised research and development costs of \$1,155,000 were expensed, representing \$129,000 in labour costs and \$1,026,000 in supplies and services.
- Amortisation of \$460,000 has been derecognised.

The net impact resulted in a decrease of \$695,000 to the surplus for the period.

#### 45.5d Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Previously capitalised research and development costs of \$1,155,000 were reported under Cash flow from investing activities. This has been reclassified to Cash flow from operating activities.

### 45.6 Employee Benefits (AASB 119)

AASB 101 requires that a liability must be classified as current where the entity does not have an unconditional right to defer settlement of the liability for at least twelve months beyond the reporting date. Consequently, all annual leave and long service leave entitlements (unconditional long service leave) must now be classified as current. Non-vested long service leave liability will be non-current to the extent that it does not become unconditional within 12 months from reporting date.

Employment on-costs are disclosed together on the face of the Income Statement as Employee Expenses. In Note 5, this is further disclosed as being employee benefits and Other employee expenses.

Under AASB 101, annual leave is classified as a current liability. Where annual leave is classified as other long-term employee benefits under AASB 119, it is measured on a discounted basis. Under AGAAP all annual leave was measured on the nominal basis.

#### 45.6a Adjustments to opening Balance Sheet (1 July 2004)

All unconditional long service leave previously reported as non-current liability has been reclassified to current liability (\$49,101,000).

Total provisions increased by \$1,919,000 due to the re-assessment of the measurement basis. A corresponding decrease to accumulated surplus.

#### 45.6b Adjustments to 30 June 2005 Balance Sheet

All unconditional long service leave previously reported as non-current liability has been reclassified to current liability (\$50,058,000).

Total provisions decreased by \$646,000 due to the re-assessment of the measurement basis, the majority relating to annual leave. There was a corresponding increase to accumulated surplus.

#### 45.6c Adjustments to the Income Statement for the period ended 30 June 2005

Decrease in the net amount in employee benefits and Other provisions totalling \$2,565,000.

#### 45.7 Deemed Cost (AASB 1)

AASB 1 'First-time adoption of Australian equivalents to International Financial Reporting Standards' allowed reporting entities to report items previously recognized at fair value as deemed costs at the date of transition. Treasurer's Instruction 1106(6)(i) did not allow reporting entities to exercise this option. The Police Service sought a Treasurer's exemption to report its vessel and aircraft assets at deemed costs. Approval was granted.

#### 45.7a Adjustments to opening Balance Sheet (1 July 2004)

The asset revaluation reserve was reduced by \$1,854,000 with a corresponding increase to the accumulated surplus.

#### 45.7b Adjustments to 30 June 2005 Balance Sheet

The asset revaluation reserve was reduced by \$1,862,000 with a corresponding increase to the accumulated surplus.







2006	2005
\$'000	\$'000

## 46. Other Financial Statements

Other financial information includes receipts of monies, for which the Police Service only performs a custodial role. As the monies collected cannot be used for the achievement of the agency's objectives, they are not brought to account in the Balance Sheet. These include:

- (a) Found Money Trust
- (b) Stolen Monies Trust
- (c) Seized Monies Trust
- (d) Deceased Estate Monies

### (a) FOUND MONEY TRUST

OPENING BALANCE AT 1 JULY 2005	247	245
<i>Receipts</i>		
Found Money	142	127
	389	372
<i>Payments</i>		
Refunds	105	123
Transfer	3	2
	108	125
CLOSING BALANCE AT 30 JUNE 2006	<b>281</b>	<b>247</b>

#### Purpose

To hold monies which have been found and surrendered to the Police Service, and for which the lawful owner has not been ascertained within seven days of receipt of the monies. Trust funds are held pending the occurrence of one of the following events:

- (i) in the case of a person having established legal ownership of the money, be paid to that person;
- (ii) in the case of a finder of money having lodged a formal claim and indemnity, not before the expiration of one month from the date the money was surrendered, be paid to that person; or
- (iii) in the event of the funds remaining unclaimed, be dealt with in accordance with the application of the *Unclaimed Money Act 1990*.

### (b) STOLEN MONIES TRUST

OPENING BALANCE AT 1 JULY 2005	223	177
<i>Receipts</i>		
Stolen Money	79	128
	302	305
<i>Payments</i>		
Refunds	70	51
Transfer	-	31
	70	82
CLOSING BALANCE AT 30 JUNE 2006	<b>232</b>	<b>223</b>

#### Purpose

To hold monies seized by the Police Service believed to be stolen monies pending prosecution.

Monies seized by police officers and believed to be stolen are held pending identification of the rightful owner. In the event that the funds remain unclaimed, they are dealt with in accordance with the application of the *Unclaimed Money Act 1990*.

	2006 \$'000	2005 \$'000
--	----------------	----------------

## 46. Other Financial Statements (continued)

### (c) SEIZED MONIES TRUST

OPENING BALANCE AT 1 JULY 2005	6,143	5,115
<i>Receipts</i>		
Proceeds of Crime	3,348	2,420
Transfer	4	-
	<hr/>	<hr/>
	9,495	7,535
<i>Payments</i>		
Refunds	668	660
Payments to Office of the Director of Public Prosecutions	1,102	721
Transfer to the Consolidated Fund	21	
Transfer	13	11
	<hr/>	<hr/>
	1,804	1,392
	<hr/>	<hr/>
CLOSING BALANCE AT 30 JUNE 2006	<b>7,691</b>	<b>6,143</b>

#### Purpose

To hold monies seized by officers of the Police Service in the exercise of relevant statutory powers.

### (d) DECEASED ESTATE MONIES

OPENING BALANCE AT 1 JULY 2005	-	-
<i>Receipts</i>		
Deceased Estate Money	24	-
Transfer	23	-
	<hr/>	<hr/>
	47	-
<i>Payments</i>		
Transfer to deceased estate	38	-
Transfer	-	-
	<hr/>	<hr/>
	38	-
	<hr/>	<hr/>
CLOSING BALANCE AT 30 JUNE 2006	<b>9</b>	<b>-</b>

#### Purpose

To hold monies found on deceased persons by officers of the Police Service in the exercise of relevant statutory powers.



# Deceased Monies Trust Statement

## POLICE SERVICE

### TRUST STATEMENT NO. 26 DECEASED ESTATE MONEY TRUST

<b>NAME</b>	An account called "Deceased Estate Money Trust" account shall be maintained as a Private Trust Account under section 9(2)(c)(i) of the <i>Financial Administration and Audit Act</i> .
<b>PURPOSE</b>	To hold monies found on deceased persons by officers of the Police Service in the exercise of relevant statutory powers.
<b>RECEIPTS</b>	Such monies as found by officers of the Police Service on deceased persons shall be paid into and placed to the credit of the account.
<b>PAYMENTS</b>	The funds in the account shall: <ul style="list-style-type: none"><li>(i) be paid to the Executor or Administrator of the estate of the deceased, or</li><li>(ii) be applied or otherwise dealt with as required by any other written law.</li></ul>
<b>ADMINISTRATION OF ACCOUNT</b>	The account shall be administered by the Commissioner of Police in accordance with the <i>Financial Administration and Audit Act</i> , the Financial Administration Regulations and the Treasurer's Instructions.
<b>ACCOUNTING RECORDS</b>	There shall be maintained by the Commissioner of Police a detailed record of transactions processed through the account, together with such other accounting records and procedures as are detailed in the Accounting Manual.
<b>FINANCIAL STATEMENT</b>	The Commissioner of Police shall cause to be prepared a statement of cash receipts and payments and other supplementary information in accordance with the requirements of the Treasurer's Instructions.
<b>INVESTMENT OF MONEYS</b>	Monies standing to the credit of the account may be invested in accordance with section 38 of the <i>Financial Administration and Audit Act</i> .

I have examined and agree to the provisions of this Trust Statement.

  
\_\_\_\_\_  
COMMISSIONER OF POLICE

DATE APPROVED

12-6-06

Approved

  
\_\_\_\_\_  
ASSISTANT DIRECTOR

ACCOUNTING POLICY & LEGISLATION  
DATE APPROVED 28-10-06

