

Financial Statements

for the year ended 30 June 2004

Certification of Financial Statements

for the year ended 30 June 2004

The accompanying financial statements of the Western Australia 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 2004 and the financial position as at 30 June 2004.

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
COMMISSIONER OF POLICE



P M de MAMIEL
DIRECTOR OF FINANCE
(Principal Accounting Officer)

29 July 2004



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

POLICE SERVICE

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Police Service provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Police Service at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Commissioner of Police's Role

The Commissioner of Police is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the *Financial Administration and Audit Act 1985* (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.



D D R PEARSON
AUDITOR GENERAL

September 17, 2004

Statement of Financial Performance

for the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	5	432,913	408,111
Services and contracts	6	98,096	86,388
Capital user charge	7	24,386	20,130
Depreciation and amortisation expense	8	16,773	14,752
Other expenses from ordinary activities	9	22,028	19,877
Total Cost of services		594,196	549,258
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
User charges and fees	10	12,181	9,885
Commonwealth Grants	11	758	903
Contributions, sponsorships and donations	12	5,401	4,214
<i>Revenue from non-operating activities</i>			
Proceeds from disposal of non-current assets	13	-	1
Other revenues from ordinary activities	14	872	600
Total Revenues from ordinary activities		19,212	15,603
NET COST OF SERVICES		574,984	533,655
Revenues from State Government			
Output appropriation	15	573,018	520,494
State grants	16	3,252	2,866
Superannuation liabilities assumed by the Treasurer	17	1,163	7,805
Initial recognition of assets not previously recognised	18	448	305
Resources received free of charge	19	503	495
Total Revenues from State Government		578,384	531,965
CHANGE IN NET ASSETS		3,400	(1,690)
Net Increase/(decrease) in the Asset Revaluation Reserve		7,433	20,521
Net initial adjustment on adoption of new accounting standard (AASB 1028)		-	(1,506)
Total revenues, expenses and valuation adjustments recognised directly in equity		7,433	19,015
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS	30 (d)	10,833	17,325

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2004

	Notes	2004 \$'000	2003 \$'000
Current Assets			
Cash assets	20	45,563	6,585
Restricted cash assets	21 (a)	16,400	1,631
Receivables	22	3,775	2,131
Amounts receivable for outputs	23	17,907	3,723
Other assets	24	5,873	7,970
Total Current Assets		89,518	22,040
Non-Current Assets			
Restricted cash assets	21 (b)	-	11,717
Amounts receivable for outputs	23	23,730	16,418
Property, vehicles, plant and equipment	25	321,054	309,964
Intangibles	26	64,719	59,511
Total Non-Current Assets		409,503	397,610
TOTAL ASSETS		499,021	419,650
Current Liabilities			
Provisions	27	48,756	46,750
Payables	28	3,923	5,662
Other liabilities	29	19,208	14,012
Total Current Liabilities		71,887	66,424
Non-Current Liabilities			
Provisions	27	73,011	66,314
Total Non-Current Liabilities		73,011	66,314
TOTAL LIABILITIES		144,230	132,738
Equity			
Contributed equity	30 (a)	111,207	55,903
Reserves	30 (b)	189,993	182,560
Accumulated surplus/(deficiency)	30 (c)	52,923	48,449
TOTAL EQUITY		354,123	286,912
TOTAL LIABILITIES AND EQUITY		499,021	419,650

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations		548,504	506,020
Capital contributions		57,263	29,915
Holding account drawdowns		3,018	3,650
State grants received		3,373	3,080
Receipts paid into the Consolidated Fund		-	-
Net Cash provided by State Government		612,158	542,665
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(419,052)	(395,073)
Services and contracts		(98,968)	(89,654)
Capital user charge		(23,729)	(20,288)
GST payments on purchases		(14,598)	(12,783)
GST payments to taxation authority		-	-
Other payments		(20,135)	(19,648)
		(576,482)	(537,446)
Receipts			
User charges and fees		12,111	9,743
Commonwealth grants		693	834
Contributions, sponsorships and donations		3,860	4,358
GST receipts on sales		12,234	12,590
GST receipts from taxation authority		1,312	1,189
Other receipts		342	537
		30,552	29,251
Net Cash (used in)/provided by operating activities	31 (b)	(545,930)	(508,195)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(24,198)	(36,430)
Proceeds from sale of non-current physical assets		-	1
Net Cash (used in)/provided by investing activities		(24,198)	(36,429)
NET INCREASE/(DECREASE) IN CASH HELD		42,030	(1,959)
CASH ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR		19,933	21,892
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	31 (a)	61,963	19,933

The accompanying notes form part of these financial statements.

Summary of Consolidated Fund Appropriations and Revenue Estimates

for the year ended 30 June 2004

	2004 Estimate \$'000	2004 Actual \$'000	2004 Variation \$'000	2004 Actual \$'000	2003 Actual \$'000	Variation \$'000
PURCHASE OF OUTPUTS						
Item 81 Net amount appropriated to deliver outputs	550,177	571,543	21,366	571,543	519,019	52,524
Amounts Authorised by Other Statutes						
<i>Salaries and Allowances Act 1975</i>	1,475	1,475	-	1,475	1,475	-
Total appropriations provided to deliver outputs	551,652	573,018	21,366	573,018	520,494	52,524
CAPITAL						
Item 154 Capital Contribution	65,467	57,263	(8,204)	57,263	29,915	27,348
ADMINISTERED						
Administered grants, subsidies and other transfer payments	-	1,255	1,255	1,255	-	1,255
GRAND TOTAL OF APPROPRIATIONS	617,119	631,536	14,417	631,536	550,409	81,127
Details of Expenses by Outputs						
Community Support, Crime Prevention and Public Order	214,589	221,003	6,414	221,003	202,771	18,232
Emergency Management and Co-ordination	8,943	10,055	1,112	10,055	8,307	1,748
Traffic Management and Road Safety	91,823	103,198	11,375	103,198	93,156	10,042
Response to and Investigation of Offences	199,825	199,384	(441)	199,384	188,461	10,923
Services to the Judicial Process	56,398	60,556	4,158	60,556	56,563	3,993
Total Cost of Outputs	571,578	594,196	22,618	594,196	549,258	44,938
(Less) Total revenues from ordinary activities	(17,741)	(19,212)	(1,471)	(19,212)	(15,603)	(3,609)
Net Cost of Outputs	553,837	574,984	21,147	574,984	533,655	41,329
(Less)/Add Adjustments	(2,185)	(1,966)	219	(1,966)	(13,161)	11,195
Total appropriations provided to deliver outputs	551,652	573,018	21,366	573,018	520,494	52,524
Capital Expenditure						
Purchase of non-current physical assets	73,691	23,388	(50,303)	23,388	36,223	(12,835)
Working capital requirement-leave liability	-	-	-	-	-	-
Adjustments for other funding sources	(8,224)	33,875	42,099	33,875	(6,308)	40,183
Capital Contribution (appropriation)	65,467	57,263	(8,204)	57,263	29,915	27,348
DETAILS OF REVENUE ESTIMATES						
Revenues disclosed as Administered Revenues	390	741	351	741	652	89
Total Revenue Estimates	390	741	351	741	652	89

The Summary of consolidated fund appropriations, Variance to Budget and Actual should be read in conjunction with the accompanying notes. This Summary provides the basis for the Explanatory Statement Information requirements of *Treasurer's Instruction 945*, set out at Note 38.

Output Schedule of Expenses and Revenues

for the year ended 30 June 2004

	Community Support, Crime Prevention and Public Order		Emergency Management and Co-ordination		Traffic Management and Road Safety	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	162,216	152,674	6,777	5,896	74,721	68,319
Services and contracts	35,223	30,195	1,845	1,435	16,779	15,155
Capital user charge	9,002	7,467	414	300	4,242	3,247
Depreciation and amortisation expense	6,570	5,487	483	345	3,327	2,948
Other expenses from ordinary activities	7,992	6,948	536	331	4,129	3,487
Total Cost of services	221,003	202,771	10,055	8,307	103,198	93,156
Revenues from ordinary activities						
<i>Revenue from operating activities</i>						
User charges and fees	5,778	3,818	52	252	2,552	1,787
Commonwealth Grants	276	313	10	10	137	262
Contributions, sponsorships and donations	2,188	2,392	78	72	850	521
<i>Revenue from non-operating activities</i>						
Proceeds from disposal of non-current assets	-	-	-	-	-	1
Other revenues from ordinary activities	543	174	13	6	96	242
Total Revenues from ordinary activities	8,785	6,697	153	340	3,635	2,813
NET COST OF SERVICES	212,218	196,074	9,902	7,967	99,563	90,343
Revenues from State Government						
Output appropriation	211,493	192,271	9,868	7,812	99,221	85,782
State grants	1,197	-	44	-	581	2,866
Superannuation liabilities assumed by the Treasurer	426	2,835	13	113	237	1,544
Initial recognition of assets not previously recognised	158	156	4	4	73	34
Resources received free of charge	114	107	2	9	27	33
Total Revenues from State Government	213,338	195,369	9,931	7,938	100,139	90,259
CHANGE IN NET ASSETS	1,170	(705)	29	(29)	576	(84)

The accompanying notes form part of these financial statements.

Output Schedule of Expenses and Revenues

for the year ended 30 June 2004

	Response to and Investigation of Offences		Services to the Judicial Process		TOTAL	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	144,301	138,838	44,898	42,384	432,913	408,111
Services and contracts	34,723	30,908	9,526	8,695	98,096	86,388
Capital user charge	8,288	7,027	2,440	2,089	24,386	20,130
Depreciation and amortisation expense	4,880	4,577	1,513	1,395	16,773	14,752
Other expenses from ordinary activities	7,192	7,111	2,179	2,000	22,028	19,877
Total Cost of services	199,384	188,461	60,556	56,563	594,196	549,258
Revenues from ordinary activities						
<i>Revenue from operating activities</i>						
User charges and fees	2,792	3,238	1,007	790	12,181	9,885
Commonwealth Grants	268	248	67	70	758	903
Contributions, sponsorships and donations	1,650	897	635	332	5,401	4,214
<i>Revenue from non-operating activities</i>						
Proceeds from disposal of non-current assets	-	-	-	-	-	1
Other revenues from ordinary activities	169	131	51	47	872	600
Total Revenues from ordinary activities	4,879	4,514	1,760	1,239	19,212	15,603
NET COST OF SERVICES	194,505	183,947	58,796	55,324	574,984	533,655
Revenues from State Government						
Output appropriation	193,841	180,378	58,595	54,251	573,018	520,494
State grants	1,129	-	301	-	3,252	2,866
Superannuation liabilities assumed by the Treasurer	333	2,536	154	777	1,163	7,805
Initial recognition of assets not previously recognised	124	69	89	42	448	305
Resources received free of charge	290	283	70	63	503	495
Total Revenues from State Government	195,717	183,266	59,209	55,133	578,384	531,965
CHANGE IN NET ASSETS	1,212	(681)	413	(191)	3,400	(1,690)

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

1. Mission and Funding

The mission of the Western Australia Police Service (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. Significant Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated, these policies are consistent with those adopted in the previous year.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with *Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views* 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* and the *Treasurer's Instructions* are legislative provisions governing the preparation of financial statements and take precedence over *Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views*. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

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

Basis of Accounting

The financial statements have been prepared in accordance with *Accounting Standards AAS 29*. The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the following exceptions:

- Certain non-current assets, which subsequent to initial recognition, have been measured on the fair value basis in accordance with the option under AAS 38 (5.1) - refer Note (i);
- Inventories - refer Note (n);
- Long service leave and leave liabilities - measured at the present value of expected future payments - refer Note (q).

Administered assets, liabilities, expenses and revenues are not integral to the Police Service in carrying out its functions and are disclosed in notes to the financial statements, forming part of the general purpose financial report of the Police Service. The administered items are disclosed on the same basis as is described above for the financial statements of the Police Service. The administered assets, liabilities, expenses and revenues are those which the Government requires the Police Service to administer on its behalf. The assets do not render any service potential or future economic benefits to the Police Service, the liabilities do not require the future sacrifice of service potential or future economic benefit of the Police Service, and the expenses and revenues are not attributable to the Police Service.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Police Service, the disclosure requirements of *Accounting Standard AAS 33, "Presentation and Disclosure of Financial Instruments"*, are not applied to administered transactions.

(b) Output Appropriations

Output 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 bank account or credited to the holding account held at the Department of Treasury and Finance. *Refer to Note 15 for further commentary on output appropriations.*

(c) Contributed Equity

Under *UIG 38* "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) 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 and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(d) Net Appropriation Determination

Pursuant to section 23A of the *Financial Administration and Audit Act 1985*, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Police Service:

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

In accordance with the determination, the Western Australia Police Service retained \$33.925 million in 2004 (\$32.331 million in 2003).

Retained revenues may only be applied to the outputs specified in the 2003-04 Budget Statements.

(e) Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Police Service obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions 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 un-discharged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes to the financial statements.

(f) Revenue Recognition

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.

(g) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration are initially recognised as assets and revenues at 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

2. Significant Accounting Policies (continued)

(h) Depreciation of Non-Current Assets

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:

Class of Assets	2003-04
Buildings	50 years
Transportables	20 years
Vehicles	
– Motor Vehicles and Cycles	5 years
– All Other Vehicles	7 years
Aircraft and Vessels	
– Aircraft	20 years
– Vessels	10 to 15 years
Computing and Office Equipment	
– Computing Hardware	4 to 8 years
– Office Equipment	7 years
– Furniture and Fittings	10 years
– Communication Equipment	7 years
Livestock	
– Dogs and Horses	8 to 20 years
Other Plant and Equipment	
– Radio Equipment	7 years
– Audio-visual Equipment	7 years
– Firearms Equipment	10 years
– Photographic Equipment	8 years
– Traffic Equipment	8 years
– Scientific Equipment	10 years
– Other Plant and Equipment	10 years

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.

(i) Revaluation of Land, Buildings, Aircraft, Vessels and Livestock

The Police Service has a policy of valuing land, buildings, aircraft, vessels, livestock at fair value. As land buildings and livestock can experience frequent and material movements in fair value, a revaluation is considered necessary each reporting period. Such frequent revaluations is considered unnecessary for aircraft and vessels as these asset classes have experienced only immaterial movements in fair value. For these asset types, a revaluation would be performed every two to three years.

The revaluation of freehold land and buildings and livestock was performed in July 2003 in accordance with an independent valuation by the Valuer General's Office. Fair value of land and buildings has been determined on the basis of current market buying values or existing use value. Existing use value is used for assets which are not normally sold in the real estate market such as police stations and represents the sites' land value added to the depreciated replacement cost of any improvements.

Assets acquired between revaluations are reported at cost.

(j) Intangible Assets

Significant costs associated with the acquisition or development of computer software are capitalised and amortised on a straight-line basis over the periods of the expected benefit, which varies from 4 to 8 years.

(k) 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 Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(l) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

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

(m) Receivables

Receivables are recognised at the time amounts receivable are due for settlement, no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 60 days overdue.

(n) Inventories

Inventories have been valued at the lower of cost and net realisable value. Reported holdings have been confirmed through an annual stocktake.

(o) 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. Payables are generally settled within 30 days.

(p) Accrued Salaries

The accrued salaries suspense account (refer note 21) 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 29) 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.

(q) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' service up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

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 at nominal amounts expected to be paid when the liabilities are settled.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

2. Significant Accounting Policies (continued)

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yield at the reporting date on national government bonds with terms to maturity and currently that match, as closely as possible, the estimated future cash outflows.

Employee benefit on-costs

The settlement of long service leave liabilities gives rise to the payment of employment on-costs including Superannuation and WorkCover premiums. The liability for such on-costs is included here. The associated expense is included under Note 5, Employee expenses.

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 to 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 Sworn 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 at nominal amounts expected to be paid when the liabilities are settled.

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 whom 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. The liability is measured on the same basis as for long service leave.

Purchased leave

The provision for purchased leave relates to Public Service employees whom 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.

(r) Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) 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) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Police Service in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Western Australia Police Service is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

(s) Resources Received Free of Charge or For Nominal Value

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.

(t) Moneys held in Trust

The Police Service receives money in a trustee capacity in the form of Found Money, Stolen Money and Proceeds From Crime. As the Police Service only performs a custodial role in respect of these moneys, and because the moneys cannot be used for achievement of the agency's objectives, they are not brought to account in the Financial Statements, but are reported within the notes to the Financial Statements (refer note 40).

(u) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(v) Rounding

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

3. Other Information Regarding the Financial Statements

The following matters should be noted when reviewing the Financial Statements:

(i) Resources provided free of charge

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 2004-05.

(ii) Firearms Library

The Police Service controls a firearms library for operational use. A valuation for this library has been completed, however the total individual items greater than the capitalisation threshold was immaterial.

(iii) International Financial Reporting Standards

The Police Service is adopting international accounting standards in compliance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (IFRS).

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

3. Other Information Regarding the Financial Statements (continued)

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires financial reports for periods ending on or after 30 June 2004 to disclose:

- **How the transition to Australian equivalents to IFRS is being managed**

The Police Service has dedicated an experienced Finance Officer to manage the implementation of the International Accounting Standards. This Officer will be reporting regularly to a Steering Committee during 2004-05 and issuing newsletters to impacted areas. The Officer is currently:

- Identifying the key differences in accounting policies, disclosures and presentation and the consequential impacts and risks to the agency;
- Assessing the changes required to financial management information systems and processes;
- Identifying the necessary staff skills and training requirements; and
- Preparing a plan to convert accounting policies, financial management information systems and processes so that the Police Service can account and report on the IFRS basis.

The project is on schedule with the preparation of an opening IFRS balance sheet in accordance with AASB 1 as at 1 July 2004 (the date of transition to IFRS).

- **Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS**

The Police Service has conducted its initial research on the adoption of the Australian equivalents to IFRS and this has highlighted only minor variations to the existing accounting policies of the Police Service. The quantitative effect of the adoption of the IFRS at the time of preparation of the financial statements is unknown.

4. Outputs of the Police Service

Information about the Police Service's outputs and, the expenses and revenues which are reliably attributable to those outputs are set out in the Output Schedule. Information about expenses, revenues, assets and liabilities administered by the Police Service are given in the schedule of Administered Expenses and Revenues and the Schedule of Administered Assets and Liabilities.

The Police Service's outputs and their outcomes are:

- **Community Support, Crime Prevention and Public Order**

The community has confidence in the level of public order, safety and security.

- **Emergency Management and Co-ordination**

The community has confidence in the level of public order, safety and security.

- **Traffic Management and Road Safety**

Road users behave safely.

- **Response to and Investigation of Offences**

A response to crime that brings offenders before the justice system.

- **Services to the Judicial Process**

A response to crime that brings offenders before the justice system.

	2004 \$'000	2003 \$'000
5. Employee Expenses		
Salaries and wages	315,031	296,525
Leave expenses	52,920	45,412
Superannuation	36,137	40,620
Employee housing	13,701	12,469
Relocation and relieving expenses	4,125	3,593
Fringe benefits tax	2,694	2,166
Uniforms and protective clothing	2,964	2,874
Medical expenses	2,577	2,249
Other	2,764	2,203
	432,913	408,111
6. Services and Contracts		
Repairs and maintenance	17,866	13,561
Rental, leases and hire	15,476	16,973
Insurances and licences	5,572	7,338
Travel expenses	4,977	4,114
Electricity, water and rates	4,773	4,749
Communication expenses	7,593	6,753
Other services and contracts	41,839	32,900
	98,096	86,388
7. Capital User Charge	24,386	20,130
<p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Police Service used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
8. Depreciation and Amortisation Expense		
Property, Plant and Equipment		
Buildings	5,070	4,729
Vehicles	547	620
Computing and office equipment	1,376	983
Aircraft and vessels	418	486
Livestock	225	164
Leasehold improvements	121	116
Other plant and equipment	1,448	1,449
	9,205	8,547
Intangibles		
Software	7,568	6,205
	16,773	14,752

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
9. Other Expenses from Ordinary Activities		
Fuels and oils	5,190	5,070
Consumables	5,134	5,073
Equipment acquisitions	8,744	6,412
Doubtful debts	77	67
Carrying amount on non-current assets disposed of	4	87
Other assets written off not elsewhere reported *	642	756
Services received free of charge	503	495
Grants, subsidies and transfer payments	478	556
Other expenses from ordinary activities	1,256	1,361
	22,028	19,877
<p><i>* Other assets written off not elsewhere reported includes, items sold, reductions due to capitalisation policy changes and those write-offs in accordance with FAAA s45 located within Note 36.</i></p>		
10. User Charges and Fees		
Regulated fees		
Firearms	2,941	2,833
Security and related activities	861	456
Pawnbrokers and secondhand dealers	109	101
Vehicle escorts	1,618	1,086
Clearance certificates	2,552	1,492
Crash information	185	159
Other regulated fees	271	209
	8,537	6,336
Recoups of services provided		
Gold stealing	437	425
National Crime Authority	283	360
Family Law Court security	73	70
Search and rescue	65	136
Response to child abuse	23	38
Other	391	584
	1,272	1,613
Other Recoups	2,372	1,936
	12,181	9,885
11. Commonwealth Grants		
Police Recruit Traineeship Program	499	562
National Campaign Against Drug Abuse	146	170
Standing Action Committee for Protection Against Violence	100	171
Other	13	-
	758	903

	2004 \$'000	2003 \$'000
12. Contributions, Sponsorships and Donations		
Contributions		
Employee rental contributions	3,139	3,262
Executive vehicle contributions	100	96
Other contributions	931	202
	4,170	3,560
Sponsorships and Donations		
Sponsorships	241	346
Cash donations	-	1
Non-cash donations	990	307
	1,231	654
	5,401	4,214
13. Net Gain (Loss) on Disposal of Non-Current Assets		
(a) NET GAIN ON DISPOSAL OF NON-CURRENT ASSETS		
Vehicles	-	35
	-	35
(b) NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS		
Vehicles	-	(12)
Computing and Office Equipment	(4)	(3)
Other Plant and Equipment	-	(1)
	(4)	(16)
Net gain/(loss)	(4)	19
<p>Vehicle sale proceeds are not retained by the Police Service and are disclosed in Note 39, Schedule of Administered Items. In 2003-04 the net book value of vehicles is disclosed within Contributed Equity (refer Note 30 (a)).</p>		
14. Other Revenues from Ordinary Activities		
Proceeds from Sale of Equipment items	18	13
Other revenues from ordinary activities	854	587
	872	600
15. Output Appropriations		
Output appropriations received during the year	571,543	519,019
<i>Salaries and Allowances Act 1975</i>	1,475	1,475
	573,018	520,494

Output Appropriations are accrual amounts reflecting the full cost paid for outputs 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
16. State Grants		
Road Trauma Trust Fund	3,250	2,863
Other	2	3
	3,252	2,866
17. Superannuation Liabilities Assumed by the Treasurer		
The following liabilities have been assumed by the Treasurer during the financial year:		
– Superannuation	1,163	7,805
	1,163	7,805
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 Scheme.		
18. Initial Recognition of Assets Not Previously Recognised		
Initial recognition of assets not previously recognised in the financial statements:		
– Land	-	255
– Buildings	-	14
– Vehicles	34	-
– Computing and Office Equipment	27	-
– Other Plant and Equipment	197	36
– Intangibles	46	-
– Firearms Library	139	-
– Artwork	5	-
	448	305
19. 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 Administration	368	284
– Collection of firearm licences provided by the Department of Planning and Infrastructure	42	70
– Audit services provided by the Office of the Auditor General *	-	98
– Leased management services provided by the Department of Housing and Works	53	39
– Labour relation services provided by the Department of Consumer and Employment Protection	36	1
– Recruitment services provided by the Department of the Premier and Cabinet, Public Sector Management Division	4	3
	503	495

* Commencing with the 2003-04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The full fee for the 2003-04 audit (\$121,000) will be due and payable in the 2004-05 financial year.

	2004 \$'000	2003 \$'000
20. Cash Assets		
Operating Account		
Amounts appropriated and any revenues subject to net appropriation determinations are deposited into this account, from which all payments are made.	45,222	6,264
Advances		
Advances include permanent and temporary advances allocated to areas within the Police Service.	341	321
	45,563	6,585
21. Restricted Cash Assets		
Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or externally imposed requirement.		
– Current assets (a)	16,400	1,631
– Non-current assets (b)	-	11,717
	16,400	13,348
(a) Current Assets		
Accrued Salaries Suspense Account		
Pursuant to section 27 (2) of the <i>Financial Administration and Audit Act 1985</i> , amounts are annually transferred to this Trust to provide for the payment of a 27th pay period occurring every eleven years.	14,376	-
Police Recruit Traineeship Fund		
To hold grant moneys received from the Commonwealth for the funding of the Recruit Traineeship Program.	1,070	1,079
National Campaign Against Drug Abuse (NCADA)		
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.	290	232
Road Trauma Trust Fund		
To hold grant moneys received from the Road Trauma Trust Fund to facilitate the implementation of approved road safety programs and initiatives.	523	234
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.	121	72
Police Youth Drug Strategy Project (GURD)		
To hold unspent money received from Bunnings in relation to the Police Youth Drug Strategy Project.	2	2
Moneys held for Rewards		
To hold moneys received by the Police Service from the private sector for the purpose of issuing rewards.	12	12
National Counter Terrorism Committee (NCTC)		
To hold moneys received by the Police Service from the Commonwealth for the funding of National Counter Terrorist exercises.	6	-
	16,400	1,631

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
21. Restricted Cash Assets (continued)		
(b) NON-CURRENT ASSETS		
Accrued Salaries Suspense Account		
Pursuant to section 27 (2) of the <i>Financial Administration and Audit Act 1985</i> , amounts are annually transferred to this Trust to provide for the payment of a 27th pay period occurring every eleven years.	-	11,717
	-	11,717
22. Receivables		
Trade Debtors	1,648	999
Provision for Doubtful Debts	(116)	(67)
GST Receivable	2,243	1,199
	3,775	2,131
23. Amounts Receivable for Outputs		
Current asset	17,907	3,723
Non-current asset	23,730	16,418
	41,637	20,141
This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.		
24. Other Current Assets		
Inventories *	1,708	1,941
Accrued Income	200	762
Prepayments	3,965	5,267
	5,873	7,970

* Inventories comprise items held by Electronics, Traffic, Air Support, Ballistics and Tactical Response Group.

	2004 \$'000	2003 \$'000
25. Property, Vehicles, Plant and Equipment		
(a) Property, Vehicles, Plant and Equipment comprise the following asset classes:		
Land		
At fair value	91,777	92,510
	91,777	92,510
Buildings		
At fair value	206,601	201,392
Accumulated depreciation	(5,733)	(5,060)
	200,868	196,332
Works in Progress		
Buildings under construction - at cost	3,120	2,703
	3,120	2,703
Vehicles		
At cost	5,624	5,839
Accumulated depreciation	(3,407)	(3,432)
	2,217	2,407
Aircraft and Vessels		
At fair value	4,500	4,500
Accumulated depreciation	(904)	(486)
	3,596	4,014
Computing and Office Equipment		
At cost	12,002	10,257
Accumulated depreciation	(5,893)	(6,530)
	6,109	3,727
Livestock		
At fair value	1,731	999
Accumulated depreciation	(220)	(142)
	1,511	857
Other Plant and Equipment		
At cost	25,848	20,424
Accumulated depreciation	(14,566)	(13,698)
	11,282	6,726
Artwork		
At cost	310	303
	310	303
Leasehold Improvements		
At cost	2,070	2,070
Accumulated amortisation	(1,806)	(1,685)
	264	385
	321,054	309,964

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

25. Property, Vehicles, Plant and Equipment (continued)

(b) Reconciliations of the Carrying Amount of Property, Vehicles, 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	Disposals	Transfers between classes	Transfers	Revaluation	Depreciation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	92,510	-	-	633	(1,512)	146	-	91,777
Buildings	196,332	-	-	2,113	(255)	7,748	(5,070)	200,868
Works in Progress	2,703	3,352	-	(2,935)	-	-	-	3,120
Vehicles	2,407	571	(214)	-	-	-	(547)	2,217
Aircraft and Vessels	4,014	-	-	-	-	-	(418)	3,596
Computing and Office Equipment	3,727	1,371	(435)	2,821	-	-	(1,375)	6,109
Livestock	857	380	(113)	-	-	613	(226)	1,511
Other Plant and Equipment	6,726	5,349	(75)	730	-	-	(1,448)	11,282
Artwork	303	5	-	2	-	-	-	310
Leasehold Improvements	385	-	-	-	-	-	(121)	264
	309,964	11,028	(837)	3,364	(1,767)	8,507	(9,205)	321,054

26. Intangibles

	2004	2003
	\$'000	\$'000
Software	67,107	55,163
Accumulated amortisation	(18,791)	(11,381)
	48,316	43,782
Software Development in Progress	16,403	15,729
	64,719	59,511

(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	Disposals	Transfers between classes	Transfers	Revaluation	Depreciation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	43,782	434	-	11,668	-	-	(7,568)	48,316
Software Development in Progress	15,729	15,706	-	(15,032)	-	-	-	16,403
	59,511	16,140	-	(3,364)	-	-	(7,568)	64,719

	2004 \$'000	2003 \$'000
27. Provisions		
Employee entitlements have been recognised in the Financial Statements as follows:		
– Current liabilities (a)	48,756	46,750
– Non-current liabilities (b)	73,011	66,314
	121,767	113,064
CURRENT LIABILITIES		
– Annual leave	38,187	36,817
– Long service leave	8,174	8,047
– Annual leave loading	410	157
– Time off In lieu/accrued time off	451	312
– Special paid leave	344	354
– 38-hour leave	158	159
– Purchased leave	169	61
– Other	863	843
	48,756	46,750
NON-CURRENT LIABILITIES		
– Long service leave	63,852	57,695
– 38-hour leave	2,379	2,564
– Deferred leave	38	8
– Other	6,742	6,047
	73,011	66,314
28. Payables		
Trade Payables	3,923	5,662
	3,923	5,662
29. Other Current Liabilities		
Sundry Accruals		
– Accrued salaries*	13,109	9,206
– Accrued superannuation	1,216	892
– Police Officers' leave loading expense	2,242	2,195
– Fringe benefit tax liability	613	534
– Other accruals	1,462	454
	18,642	13,281
* Accrued Salaries for nine working days from 18 June to 30 June 2004		
Income in Advance	566	731
	19,208	14,012

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
30. 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)	111,207	55,903
Asset revaluation reserve (b)	189,993	182,560
Accumulated surplus/(deficiency) (c)	52,923	48,449
	354,791	286,912
(a) Contributed Equity		
Balance at 1 July 2003	55,903	25,988
Capital contributions	57,263	29,915
Assets Transferred/Assumed	(1,767)	-
Asset Retirements non-retained	(192)	-
Balance at 30 June 2004	111,207	55,903
Assets assumed/transferred relates to discretionary transfers of assets between State Government agencies. The amounts reported relate to land and buildings, those transferred to Department of Land Information upon sale, and assets assumed via the annual revaluation reconciliation.		
(b) Asset Revaluation Reserve		
Balance at 1 July 2003	182,560	162,039
Net revaluation increments/(decrements)		
– Land	146	3,227
– Buildings	7,748	17,364
– Aircraft and Vessels	-	350
– Livestock	613	90
	8,507	21,031
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	(1,074)	(510)
Balance at 30 June 2004	189,993	182,560
(c) Accumulated Surplus/(Deficiency)		
Balance at 1 July 2003	48,449	51,135
Change in net assets resulting from operations	3,400	(1,690)
Net initial adjustment on adoption of new accounting standard	-	(1,506)
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	1,074	510
Balance at 30 June 2004	52,923	48,449
(d) Total Changes in Equity Other Than Those Resulting From Transactions with WA State Government as Owners		
Change in net assets after restructuring	3,400	(1,690)
Net initial adoption of new accounting standard (AASB 1028)	-	(1,506)
Net revaluation increments/(decrements) to asset revaluation reserve	8,507	21,031
Transfer to accumulated surplus/(deficiency) on sale of previously revalued assets	(1,074)	(510)
Balance at 30 June 2004	10,833	17,325

	2004 \$'000	2003 \$'000
31. Notes to the Statement of Cash Flows		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	45,563	6,585
Restricted cash assets	16,400	13,348
Balance at 30 June 2004	61,963	19,933
(b) Reconciliation of Net Cost of Services to Net Cash Flows Provided by/(Used in) Operating Activities		
Net cost of services	(574,984)	(533,655)
Adjustment for non-cash items:		
Depreciation and amortisation expense	16,774	14,752
Resources received free of charge	502	494
Donated assets	(275)	150
Superannuation expense	1,162	7,805
Doubtful and bad debts expense	77	67
Adjustment to carrying value of assets	(1,799)	1,053
(Increase)/decrease in assets:		
Receivables	(600)	229
Prepayments	1,302	(3,865)
Accrued income	563	(338)
Inventories	232	(434)
Increase/(decrease) in liabilities:		
Accounts payable	(1,739)	(2,802)
Sundry accruals	5,360	1,023
Provisions	8,703	5,584
Unearned revenue	(164)	666
Net change in GST:		
Net GST receipts/(payments)	-	-
Change in GST (receivables)/payables	(1,044)	1,076
	29,054	25,460
Net cash (used in)/provided by operating activities	(545,930)	(508,195)

(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 \$275,000 compared to \$150,000 in 2002-03.

During the year, there was \$1.767 million of assets transferred to Department of Land Information.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
32. Commitments for Expenditure		
(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	88,114	77,487
Later than one year but not later than two years	65,896	58,035
Later than two years but not later than five years	113,828	94,045
	267,838	229,567
The capital commitment includes amounts for:		
Buildings	109,078	53,702
Computer infrastructure upgrades	139,319	146,408
Other asset acquisitions	19,441	29,457
	267,838	229,567
(b) Lease Commitments		
Operating lease commitments at the reporting date arising through non-cancellable agreements:		
Within one year	9,657	14,479
Later than one year but not later than two years	6,456	11,040
Later than two years but not later than five years	11,986	12,665
Later than five years	-	-
	28,099	38,184
Representing:		
Cancellable operating leases	8,388	19,453
Non-cancellable operating leases	19,711	18,731
	28,099	38,184
(i) Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within one year	3,816	3,657
Later than one year but not later than two years	3,940	3,734
Later than two years but not later than five years	11,955	11,340
Later than five years	-	-
	19,711	18,731

	2004 \$'000	2003 \$'000
32. Commitments for Expenditure (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	29,772	18,182
Later than one year but not later than two years	17,506	9,522
Later than two years but not later than five years	28,224	14,500
Later than five years	475	505
	75,977	42,709
Representing:		
Staff training	628	979
Computing costs	58,333	34,954
Communication costs	1,295	495
Other	15,721	6,281
	75,977	42,709
33. 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 2004.		
	9,335	880
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 2004.		

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
34. 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:		
\$	2004	2003
20,001 - 30,000 *	2	-
40,001 - 50,000 *	2	-
60,001 - 70,000	-	2
70,001 - 80,000 *	1	1
80,001 - 90,000 *	1	-
90,001 - 100,000 *	2	-
100,001 - 110,000 *	3	2
110,001 - 120,000	2	1
120,001 - 130,000	2	1
130,001 - 140,000	1	-
140,001 - 150,000	-	1
150,001 - 160,000	-	2
160,001 - 170,000	2	2
170,001 - 180,000	-	1
180,001 - 190,000	1	-
210,001 - 220,000	-	1
230,001 - 240,000	-	1
300,001 - 310,000	-	1
310,001 - 320,000	1	-
The total remuneration of senior officers is:	2,242	2,375

* Includes Senior officers where periods of service is less than twelve months.

** No senior officers are members of the Pension Scheme.

35. Financial Instruments

(a) Interest Rate Risk Exposure

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

	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed interest rate maturities			Non- interest bearing \$'000	Total \$'000
			Maturity Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
2003-04							
Financial Assets							
Cash assets	-	-	-	-	-	45,563	45,563
Restricted cash assets	-	-	-	-	-	16,400	16,400
Receivables	-	-	-	-	-	3,775	3,775
Accrued income	-	-	-	-	-	200	200
Investments	-	-	-	-	-	-	-
						65,938	65,938
Financial Liabilities							
Payables	-	-	-	-	-	3,923	3,923
Other accrued expenses	-	-	-	-	-	18,642	18,642
Employee entitlements	-	-	-	-	-	121,767	121,767
						144,332	144,332
Net Financial Assets (Liabilities)						(78,394)	(78,394)
2002-03							
Financial Assets	-	-	-	-	-	22,826	22,826
Financial Liabilities	-	-	-	-	-	132,007	132,007
Net Financial Assets (Liabilities)						(109,181)	(109,181)

(b) 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.

	2004 \$'000	2003 \$'000
The following is an analysis of the amounts owing by other government agencies		
– Western Australian Government Agencies	242	124
Total	242	124

(c) 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, determined in accordance with the accounting policies disclosed in Note 2(g) of the financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
36. 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 <i>Financial Administration and Audit Act 1985</i> under the authority of:		
The Accountable Officer	44	87
The Minister	-	98
Executive Council	-	100
	44	285
Analysis of the write-off is as follows:		
Bad debts	29	214
Property damage	15	57
Stolen property	-	14
	44	285
(b) Losses of Public Moneys and Public or Other Property Through Theft or Default		
Losses of public property through theft, default or otherwise	44	285
Losses of public money	-	-
Less: Amount recovered	-	-
	44	285
37. 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.		
SAFER WA COMMITTEE'S EXECUTIVE		
Safer WA in conjunction with the Police Service, other State Government agencies, local government and the community to achieve a safer and more secure Western Australia. The Police Service provides staffing resources and an annual grant to assist the committee in meeting its objectives.		
Salaries	49	49
Other Recurrent	103	305
	152	354

38. Explanatory Statements

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimated, the actual expenditures made and revenue estimates and payments into the Consolidated Fund, all on an accrual basis.

The following explanatory statements are provided in accordance with *Treasurer's Instructions 945*. Significant variations are considered to be those greater than 10%.

(a) Significant Variances Between Estimates and Actual

(i) TOTAL APPROPRIATIONS TO PURCHASE OUTPUTS	2004 Estimate \$'000	2004 Actual \$'000	2004 Variation \$'000
Appropriation to Fund Outputs	550,177	571,543	21,366
<p>The \$21.366 million authorisation to increase expenditure related mainly to salary related increases for Police officers (\$11.892 million), depreciation increases (\$0.351 million), funding to implement several initiatives such as Police Assistance Centre, Child Protection Offender Register, Child Sex Abuse On-line Covert Unit and Drug Impaired Driving Program (\$1.125 million) and the transfer of funds from Capital Injection to Purchase of Outputs for increases in amounts being expensed from the capital works program (\$8.204 million).</p>			
Output Expenditure			
<p>The variations are primarily due to redirection of resources to meet increased/(decreased) demand levels for each output and the distribution of the additional appropriations highlighted above.</p>			
Emergency Management and Co-ordination	8,943	10,045	1,102
Traffic Management and Road Safety	91,823	103,106	11,283
(ii) CAPITAL CONTRIBUTION	2004 Estimate \$'000	2004 Actual \$'000	2004 Variation \$'000
<p>The \$8.204 million relates to the transfer of funds to the Purchase of Outputs for increases in amounts being expensed from the capital works program (\$8.204 million).</p>			
	65,467	57,263	(8,204)
(iii) ADMINISTERED APPROPRIATIONS	2004 Estimate \$'000	2004 Actual \$'000	2004 Variation \$'000
State Appropriation	-	1,255	1,255
<p>Current year's actual reflects the State Government's proportion to fund the Firearms Buyback Scheme.</p>			

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

38. Explanatory Statements (continued)

(b) Significant Variances Between Actual and Prior Year Actuals

(i) TOTAL APPROPRIATIONS TO PURCHASE OUTPUTS	2004 Actual \$'000	2003 Actual \$'000	Variation \$'000
Appropriation to Fund Outputs	571,543	519,019	52,524
<p>The \$52.524 million increase related to funding increases for additional police officers, salary increases and increases for employee related expenses (\$26.354 million), CPI increases (\$2.123 million), Delta Communications and Technology projects (\$4.548 million), depreciation (\$3.909 million), capital user charge (\$3.190 million), implementation for new initiatives such as Police Assistance Centre, Child Protection Offender Register, Child Sex Abuse On-line Covert Unit and Drug Impaired Driving Program (\$1.125 million), Gordon Inquiry \$1.286 million and the funding transfer from Capital Injection (\$8.204 million).</p>			
Output Expenditure			
<p>The variations are due to funding increases and increased demand for the respective outputs.</p>			
Emergency Management and Co-ordination	10,045	8,307	1,738
Traffic Management and Road Safety	103,106	93,156	9,950
(ii) CAPITAL CONTRIBUTION	2004 Actual \$'000	2003 Actual \$'000	Variation \$'000
Capital	57,263	29,915	27,348
<p>The higher expenditure was attributable to the Police Operations Support Facility at Midland (\$11.349 million), the construction of Newman, Laverton and Wanneroo Police Stations (\$5.791 million), the Delta Communications and Technology (\$8.216 million), and the State's commitment in establishing the remote policing services (\$3.3 million).</p>			
(iii) ADMINISTERED APPROPRIATIONS	2004 Actual \$'000	2003 Actual \$'000	Variation \$'000
State Appropriation	1,255	-	1,255
<p>The increase reflects the State government's proportion to fund the Firearms Buyback Scheme.</p>			

	2004 \$'000	2003 \$'000
39. Schedule of Administered Items		
(a) Administered Expenses and Revenues		
EXPENSES		
Buyback Payments	5,110	-
Transfer	678	870
Commission expenses	62	62
Other	145	60
Total administered expenses	5,995	992
REVENUES		
Commonwealth Government grants	3,999	340
State Appropriation	1,255	-
Licences, fines and other	473	547
Proceeds from disposal of non-current assets	268	105
Total administered revenues	5,995	992
(b) Administered Assets and Liabilities		
ASSETS		
Current		
Restricted cash	445	61
Accrued Income	-	60
Total administered assets	445	121
LIABILITIES		
Current		
Grants in advance	445	61
Payables	-	60
Total administered liabilities	445	121

Notes to and forming part of the Financial Statements

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
40. Other Financial Information		
Other financial information includes receipts of moneys, for which the Police Service only performs a custodial role. As the moneys collected cannot be used for the achievement of the agency's objectives, they are not brought to account in the Statement of Financial Position. These include:		
<ul style="list-style-type: none"> - Proceeds of Crime receipts pending advice from the courts - Found Money Trust Account - Stolen Money Trust Account 		
(a) Proceeds of Crime		
OPENING BALANCE AT 1 JULY 2003	4,403	4,067
RECEIPTS		
Proceeds of Crime	1,740	1,471
Transfer	72	1,471
	6,215	5,538
PAYMENTS		
Refunds	764	278
Transfer to the Department of Justice	336	857
Transfer to the Miscellaneous Revenue		-
	1,100	1,135
CLOSING BALANCE AT 30 JUNE 2004	5,115	4,403
Purpose		
To hold moneys received pending identification of their purpose pursuant to section 9(2)(c)(iv) of the <i>Financial Administration and Audit Act 1985</i> .		
Moneys seized by police officers and believed to be proceeds of crime are held pending advice from the courts. The moneys are either refunded or transferred to the Department of Justice.		
(b) Found Money Trust Account		
OPENING BALANCE AT 1 JULY 2003	157	135
RECEIPTS		
Found Money	243	98
	400	233
PAYMENTS		
Refunds	121	76
Transfer	34	
	155	76
CLOSING BALANCE AT 30 JUNE 2004	245	157

40. Other Financial Information (continued)

Purpose

To hold moneys which have been found and surrendered to the Police Service, for which the lawful owner has not been ascertained within seven days of receipt of the money. 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*.

(c) Stolen Monies Trust Account

OPENING BALANCE AT 1 JULY 2003

RECEIPTS

Stolen Money

PAYMENTS

Refunds

Transfer

CLOSING BALANCE AT 30 JUNE 2004

Purpose

To hold moneys seized by the Western Australia Police Service believed to be stolen moneys pending prosecution.

Moneys 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*.

	2004 \$'000	2003 \$'000
OPENING BALANCE AT 1 JULY 2003	201	201
RECEIPTS		
Stolen Money	29	46
	230	247
PAYMENTS		
Refunds	15	46
Transfer	38	-
	53	46
CLOSING BALANCE AT 30 JUNE 2004	177	201