



POLICE SERVICE

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The accompanying financial statements of the Police Service have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2014 and the financial position as at 30 June 2014.

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

SANTA CARDENIA
Acting Director of Finance
(Chief Finance Officer)

21 August 2014

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
COST OF SERVICES			
Expenses			
Employee expenses	6	939,535	868,031
Supplies and services	7	242,980	247,371
Depreciation and amortisation expense	8	51,131	45,187
Grant payments	9	3,651	4,122
Loss on disposal of non-current assets	15(b)	17	7
Other expenses	10	8,828	4,220
Total cost of services		1,246,142	1,168,938
Income			
Revenue			
User charges and fees	11	32,886	36,424
Commonwealth grants	12	492	534
Contributions, sponsorships and donations	13	10,469	9,318
Other revenue	14	1,110	525
Total Revenue		44,957	46,801
Gains			
Gain on disposal of non-current assets	15(a)	350	130
Gains on foreign exchange		-	1
Total Gains		350	131
Total Income other than Income from State Government		45,307	46,932
NET COST OF SERVICES		1,200,835	1,122,006
Income from State Government			
Service appropriation	16	1,180,976	1,136,382
State grants	17	16,454	18,760
Services received free-of-charge	18	7,320	7,756
Royalties for Regions Fund	19	14,111	8,340
Total Income from State Government		1,218,861	1,171,238
SURPLUS FOR THE PERIOD		18,026	49,232
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	32(b)	23,322	22,725
Total other comprehensive income		23,322	22,725
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		41,348	71,957

Refer to the 'Schedule of Income and Expenses by Service'.

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	20	62,234	79,782
Restricted cash and cash equivalents	21(a)	11,647	21,442
Receivables	22	7,355	6,598
Amounts receivable for services	23	15,945	16,600
Non-current assets classified as held for sale	24	17	17
Inventories	25	442	621
Other current assets	26	7,141	6,598
Total Current Assets		104,781	131,658
Non-Current Assets			
Restricted cash and cash equivalents	21(b)	29,225	24,925
Amounts receivable for services	23	301,665	260,462
Property, plant and equipment	27	916,567	888,788
Intangible assets	28	57,804	60,194
Total Non-Current Assets		1,305,261	1,234,369
TOTAL ASSETS		1,410,042	1,366,027
LIABILITIES			
Current Liabilities			
Provisions	30	145,715	151,008
Payables and accruals	31	36,835	36,924
Total Current Liabilities		182,550	187,932
Non-Current Liabilities			
Provisions	30	54,595	54,781
Total Non-Current Liabilities		54,595	54,781
TOTAL LIABILITIES		237,145	242,713
NET ASSETS		1,172,897	1,123,314
EQUITY			
Contributed equity	32	565,275	557,040
Reserves		393,507	371,315
Accumulated surplus		214,115	194,959
TOTAL EQUITY		1,172,897	1,123,314

Refer to the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/ (deficit) \$'000	Total equity \$'000
Balance at 1 July 2012	32	492,699	350,955	143,362	987,016
Total comprehensive income for the period		-	22,725	49,232	71,957
Transfer to accumulated surplus/(deficit) of assets disposed		-	(2,365)	2,365	-
Transactions with owners in their capacity as owners:					
Capital appropriations		54,691	-	-	54,691
Other contributions by owners		10,000	-	-	10,000
Distributions to owners		(350)	-	-	(350)
Total		64,341	-	-	64,341
Balance at 30 June 2013		557,040	371,315	194,959	1,123,314
Balance at 1 July 2013		557,040	371,315	194,959	1,123,314
Total comprehensive income for the period		-	23,322	18,026	41,348
Transfer to accumulated surplus/(deficit) of assets disposed		-	(1,130)	1,130	-
Transactions with owners in their capacity as owners:					
Capital appropriations		3,553	-	-	3,553
Other contributions by owners		4,682	-	-	4,682
Distributions to owners		-	-	-	-
Total		8,235	-	-	8,235
Balance at 30 June 2014		565,275	393,507	214,115	1,172,897

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		1,123,828	1,077,924
Capital appropriations		3,553	54,691
Holding account drawdowns		16,600	16,700
Grants from State Government		15,381	21,210
Royalties for Regions Fund		14,111	18,340
Net cash provided by State Government		1,173,473	1,188,865
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee payments		(941,839)	(865,268)
Supplies and services		(235,564)	(236,364)
Grant payments		(3,633)	(4,096)
GST payments on purchases		(30,181)	(33,448)
Other payments		(3,368)	(4,540)
		(1,214,585)	(1,143,716)
Receipts			
User charges and fees		29,284	34,566
Commonwealth grants		446	524
Contributions, sponsorships and donations		8,053	8,584
GST receipts on sales		3,497	5,540
GST receipts from taxation authority		25,848	30,544
Other receipts		-	2,251
		67,128	82,009
Net cash provided by/(used in) operating activities	33(b)	(1,147,457)	(1,061,707)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(49,854)	(79,690)
Receipts			
Proceeds from sale of non-current physical assets		795	217
Net cash provided by/(used in) investing activities		(49,059)	(79,473)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(23,043)	47,685
Cash and cash equivalents at the beginning of period		126,149	78,464
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	33(a)	103,106	126,149

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

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES FOR THE YEAR ENDED 30 JUNE 2014

	2014 Estimate \$'000	2014 Actual \$'000	2014 Variation \$'000	2014 Actual \$'000	2013 Actual \$'000	Variation \$'000
DELIVERY OF SERVICES						
Item 67 Net amount appropriated to deliver services	1,177,377	1,176,784	(593)	1,176,784	1,132,270	44,514
Section 25 transfer from Director of Public Prosecutions	-	-	-	-	226	(226)
Amounts Authorised by Other Statutes <i>Salaries and Allowances Act 1975</i>	4,104	4,192	88	4,192	3,886	306
Total appropriations provided to deliver services	1,181,481	1,180,976	(505)	1,180,976	1,136,382	44,594
CAPITAL						
Item 152 Capital Appropriation	43,554	3,553	(40,001)	3,553	54,691	(51,138)
GRAND TOTAL	1,225,035	1,184,529	(40,506)	1,184,529	1,191,073	(6,544)
Details of Expenses by Service						
Intelligence and protective services	113,383	112,925	(458)	112,925	104,941	7,984
Crime prevention and public order	107,905	98,394	(9,511)	98,394	100,143	(1,749)
Community support (non-offence incidents)	92,236	100,265	8,029	100,265	85,409	14,856
Emergency management and co-ordination	39,368	31,159	(8,209)	31,159	35,728	(4,569)
Response to and investigation of offences	543,750	550,093	6,343	550,093	502,001	48,092
Services to the judicial process	121,121	131,816	10,695	131,816	112,479	19,337
Traffic law enforcement and management	245,129	221,490	(23,639)	221,490	228,237	(6,747)
Total Cost of Services	1,262,892	1,246,142	(16,750)	1,246,142	1,168,938	77,204
Less Total income	(63,069)	(45,307)	17,762	(45,307)	(46,932)	1,625
Net Cost of Services	1,199,823	1,200,835	1,012	1,200,835	1,122,006	78,829
Adjustments	(18,342)	(19,859)	(1,517)	(19,859)	14,376	(34,235)
Total appropriations provided to deliver services	1,181,481	1,180,976	(505)	1,180,976	1,136,382	44,594
Capital Expenditure						
Purchase of non-current physical assets	94,576	44,323	(50,253)	44,323	66,749	(22,426)
Adjustments for other funding sources	(51,022)	(40,770)	10,252	(40,770)	(12,058)	(28,712)
Capital appropriations	43,554	3,553	(40,001)	3,553	54,691	(51,138)
DETAILS OF INCOME ESTIMATES						
Income disclosed as Administered Incomes	650	629	(21)	629	660	(31)
Total Income Estimates	650	629	(21)	629	660	(31)

The Summary of Consolidated Account Appropriations and Income Estimates including variance to budget and actual should be read in conjunction with Note 42.

SCHEDULE OF INCOME AND EXPENSES BY SERVICE

FOR THE YEAR ENDED 30 JUNE 2014

	Intelligence and protective services		Crime prevention and public order		Community support (non-offence incidents)		Emergency management and co-ordination		Response to and investigation of offences	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES										
Expenses										
Employee expenses	86,874	79,482	71,691	71,188	78,529	66,836	23,415	26,479	419,689	378,694
Supplies and services	20,298	20,303	19,015	21,041	16,601	15,009	5,693	6,875	105,421	104,240
Depreciation and amortisation expense	5,034	4,927	3,705	3,629	4,565	3,525	1,853	2,241	21,720	18,386
Grant payments	32	8	3,311	4,022	82	62	9	2	138	21
Loss on disposal of non-current assets	1	-	1	-	3	-	-	-	6	1
Other expenses	686	221	671	263	485	(23)	189	131	3,119	659
Total cost of services	112,925	104,941	98,394	100,143	100,265	85,409	31,159	35,728	550,093	502,001
Income										
Revenue										
User charges and fees	1,461	1,634	9,426	8,904	1,127	1,037	636	905	6,381	7,155
Commonwealth grants	79	12	97	463	1	1	3	-	219	40
Contributions, sponsorships and donations	586	545	1,634	2,499	1,058	871	265	346	4,432	3,007
Other revenue	101	71	326	64	41	34	18	23	279	192
Total Revenue	2,227	2,262	11,483	11,930	2,227	1,943	922	1,274	11,311	10,394
Gains										
Gain on disposal of non-current assets	54	10	8	11	(2)	10	(139)	2	278	58
Gains on foreign exchange	-	-	-	-	-	-	-	-	-	1
Total Gains	54	10	8	11	(2)	10	(139)	2	278	59
Total Income other than Income from State Government	2,281	2,272	11,491	11,941	2,225	1,953	783	1,276	11,589	10,453
NET COST OF SERVICES	110,644	102,669	86,903	88,202	98,040	83,456	30,376	34,452	538,504	491,548
Income from State Government										
Service appropriation	110,082	105,430	86,281	90,524	97,757	85,955	30,288	35,475	536,114	505,018
State grants	245	313	372	318	-	8	-	12	848	1,256
Services received free-of-charge	693	895	588	644	550	518	189	185	3,261	3,333
Royalties for Regions Fund	1,448	872	1,504	918	846	478	274	143	6,419	3,705
Total Income from State Government	112,468	107,510	88,745	92,404	99,153	86,959	30,751	35,815	546,642	513,312
SURPLUS FOR THE PERIOD	1,824	4,841	1,842	4,202	1,113	3,503	375	1,363	8,138	21,764

SCHEDULE OF INCOME AND EXPENSES BY SERVICE FOR THE YEAR ENDED 30 JUNE 2014

	Services to the judicial process		Traffic law enforcement and management		TOTAL	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
COST OF SERVICES						
Expenses						
Employee expenses	99,164	85,722	160,173	159,630	939,535	868,031
Supplies and services	27,127	22,851	48,825	57,052	242,980	247,371
Depreciation and amortisation expense	4,723	3,832	9,531	8,647	51,131	45,187
Grant payments	34	6	45	1	3,651	4,122
Loss on disposal of non-current assets	2	1	4	5	17	7
Other expenses	766	67	2,912	2,902	8,828	4,220
Total cost of services	131,816	112,479	221,490	228,237	1,246,142	1,168,938
Income						
Revenue						
User charges and fees	1,534	1,369	12,321	15,420	32,886	36,424
Commonwealth grants	79	15	14	3	492	534
Contributions, sponsorships and donations	1,074	826	1,420	1,224	10,469	9,318
Other revenue	77	36	268	105	1,110	525
Total Revenue	2,764	2,246	14,023	16,752	44,957	46,801
Gains						
Gain on disposal of non-current assets	79	15	72	24	350	130
Gains on foreign exchange	-	-	-	-	-	1
Total Gains	79	15	72	24	350	131
Total Income other than Income from State Government	2,843	2,261	14,095	16,776	45,307	46,932
NET COST OF SERVICES	128,973	110,218	207,395	211,461	1,200,835	1,122,006
Income from State Government						
Service appropriation	128,287	113,196	192,167	200,784	1,180,976	1,136,382
State grants	316	322	14,673	16,531	16,454	18,760
Services received free-of-charge	749	775	1,290	1,406	7,320	7,756
Royalties for Regions Fund	1,748	1,011	1,872	1,213	14,111	8,340
Total Income from State Government	131,100	115,304	210,002	219,934	1,218,861	1,171,238
SURPLUS FOR THE PERIOD	2,127	5,086	2,607	8,473	18,026	49,232

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

SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE AS AT 30 JUNE 2014

	Intelligence and protective services		Crime prevention and public order		Community support (non-offence incidents)		Emergency management and co-ordination		Response to and investigation of offences	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS										
Current assets	-	-	-	-	-	-	-	-	-	-
Non-current assets	98,632	105,755	72,834	78,257	89,436	75,949	36,040	47,823	426,960	397,002
Total Assets	98,632	105,755	72,834	78,257	89,436	75,949	36,040	47,823	426,960	397,002
LIABILITIES										
Current liabilities	15,478	15,479	12,773	13,864	13,991	13,016	4,171	5,156	74,774	73,751
Non-current liabilities	5,048	5,016	4,166	4,493	4,563	4,218	1,361	1,671	24,388	23,899
Total Liabilities	20,526	20,495	16,939	18,357	18,554	17,234	5,532	6,827	99,162	97,650
NET ASSETS	78,106	85,260	55,895	59,900	70,882	58,715	30,508	40,996	327,798	299,352

	Services to the judicial process		Traffic law enforcement and management		Not reliably attributable to services		TOTAL	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS								
Current assets	-	-	-	-	104,781	131,658	104,781	131,658
Non-current assets	93,088	82,938	186,608	186,182	301,663	260,463	1,305,261	1,234,369
Total Assets	93,088	82,938	186,608	186,182	406,444	392,121	1,410,042	1,366,027
LIABILITIES								
Current liabilities	17,668	16,695	28,537	31,088	15,158	18,883	182,550	187,932
Non-current liabilities	5,762	5,410	9,307	10,074	-	-	54,595	54,781
Total Liabilities	23,430	22,105	37,844	41,162	15,158	18,883	237,145	242,713
NET ASSETS	69,658	60,833	148,764	145,020	391,286	373,238	1,172,897	1,123,314

The schedule of Assets and Liabilities by service should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. AUSTRALIAN ACCOUNTING STANDARDS

General

The Police Service's financial statements for the year ended 30 June 2014 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Police Service has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Police Service cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but not yet operative have been early adopted by the Police Service for the annual reporting period ended 30 June 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 Management Act 2006* and the TIs are legislative provisions governing the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings 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) or in certain cases, to the nearest dollar.

The judgements that have been made in the process of applying the Police Service's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at Note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at Note 4 'Key sources of estimation uncertainty'.

(c) Reporting entity

The reporting entity comprises the Police Service. The Police Service is a not-for-profit reporting entity.

Mission

The mission of the Police Service and the outcome of its policing activities are "to enhance the quality of life and wellbeing of all people in Western Australia by contributing to making our State a safe and secure place".

The Police Service is mainly funded by Parliamentary appropriations supplemented by fees charged on a cost-recovery basis including police clearance certificates, firearms licensing, security services, private prosecution reports, freedom of information reports, conviction records and crash information.

Services

The Police Service provides the following services:

Service 1: Intelligence and Protective Services

Incorporating a range of specialist criminal intelligence analysis techniques and partnerships to target offenders and crime hot spots in order to ensure safety in the community, prevent and reduce crime.



Service 2: Crime Prevention and Public Order

Providing general support to the community including a visible police presence and crime prevention activities.

Service 3: Community Support (non-offence incidents)

Providing support to the community, which involves provision of general information over the telephone, counter or in person, responding to public enquiries, handling non-offence related matter and incidents.

Service 4: Emergency Management and Co-ordination

Responding in timely and effective manner to a range of emergencies and disasters to increase public feelings of safety and security.

Service 5: Response to and Investigation of Offences

Providing a timely response and effectively investigating offences to bring individuals who commit offences before the justice system.

Service 6: Services to the Judicial Process

Providing effective services to the judicial process is essential in bringing offenders before the criminal justice system.

Service 7: Traffic Law Enforcement and Management

Providing traffic management and road safety strategies contributes to the whole-of-government initiative of improving road user behaviour and minimizing road fatalities and injuries.

The Police Service administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of, the Police Service. These administered balances and transactions are not recognised in the principal financial statements of the Police Service but schedules are prepared using the same basis as the financial statements and are presented in Note 43 'Schedule of administered items'.

(d) Contributed equity

AASB 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 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 32 'Equity'.

(e) Income

Revenue Recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of Goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Rendering of Services

Revenue is recognised upon the delivery of the service to the customer or by reference to the stage of completion of the transaction.

Service Appropriations

Service Appropriations are recognised as revenues at fair value 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 'Amounts receivable for services' (holding account) held at Treasury. See Note 16 'Service appropriation' for further detail.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 2013-14 Budget Statements, the Police Service retained \$45.307 million in 2013-14 (\$46.932 million in 2012-13) from the following:

- Proceeds from fees and charges
- Recoups of services provided
- Commonwealth specific-purpose grants
- State Government grants
- Sponsorships and donations
- Proceeds from the sale of motor vehicles
- One-off gains with a value less than \$15,000 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.

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Police Service obtains control over the funds. The Police Service gains control of funds at the time the funds are deposited into the Police Service's bank account.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(f) Property, plant and equipment

Capitalisation/Expensing of assets

Land vested within the Police Service is capitalised irrespective of value.

All other items of property, plant and equipment costing \$5,000 or more are recognised as assets. The cost of utilising these assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed directly to the Statement of Comprehensive Income.

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal consideration, cost is their fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings at 30 June 2014 are carried at the fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and

equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based 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. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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. When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Independent valuations of land and buildings is provided on an annual basis by the Western Australian Land Information Authority (Landgate) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and determining estimated useful life. Professional judgement by the valuer is required where evidence does not provide a clear distinction between market type assets and existing use assets.



Derecognition

Upon disposal or derecognition of an item of land and building, any revaluation surplus relating to that asset is transferred to Accumulated surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in Note 27 'Property, plant and equipment'.

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.

Land is not depreciated. Depreciation is provided for on either a straight-line basis net of residual values as is the case for vehicle, aircraft and vessels or on a straight line for all other plant and equipment. Depreciation rates are reviewed annually and the useful lives for each class of depreciable asset are:

Class of Assets	Years
Buildings	
- Buildings	50
- Transportables	20
Computing and Communication Equipment	
- Computing Software and Hardware	4 to 7
- Radio Network and Equipment	7 to 25
- Radio Site Infrastructure and Equipment	10 to 25
- Communication Equipment	7

Plant, Equipment and Vehicles	
- Office Equipment	7
- Furniture and Fittings	10
- Aircraft	20
- Vessels	10 to 15
- Dogs and Horses	8 to 20
- Motor Vehicles and Cycles	5
- All Other Vehicles	7
- Audio-Visual Equipment	7
- Photographic and Traffic Equipment	8
- Firearms and Scientific Equipment	10
- Other Plant and Equipment	10
Leasehold Improvements	3 to 10

Works of Art controlled by the Police Service are classified as property, plant and equipment. They are anticipated to 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.

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets (being software licences) costing \$5,000 or more and other internally developed intangible assets costing \$50,000 or more are capitalised. The costs of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible 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.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight-line basis 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 have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

System developments

For system developments, research costs are expensed as incurred. Development costs incurred on an individual project are carried forward when their future recoverability can reasonably be regarded as assured and that the total project costs are likely to exceed \$50,000. Other development expenditures are expensed as incurred.

Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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, and intangible assets are tested for any indication of impairment at the end of each reporting period. 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 in the Statement of Comprehensive Income. 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, where the replacement cost is falling or where there is a significant change in useful life. 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.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets 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. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Non-current assets (or disposal groups) classified as held for sale

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 from other assets in the Statement of Financial Position. 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 of Lands (DoL) is the only agency with the power to sell Crown land. The Police Service transfers Crown land and their buildings to the DoL when the assets become available for sale.

(j) Leases

The Police Service holds a number of operating leases for buildings and office equipment. Lease payments are expensed on a straight-line basis over the lease term as this represents the pattern of benefits derived from the lease properties.

(k) Financial instruments

In addition to cash, the Police Service has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amount receivable for services
- Derivative Financial Instruments

Financial Liabilities

- Payables
- Accrued Expenses
- Derivative Financial Instruments

The fair value of short-term receivable and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

Derivative Financial Instruments

The Police Service has entered into a number of forward foreign exchange contracts that do not qualify for hedge accounting. Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of derivative financial instruments are included in the Statement



of Comprehensive Income to the extent that hedge accounting is not applied. Fair value is based on the quoted spot rates at the reporting date.

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalents) include cash on hand and cash deposits that are readily convertible to a known amount of cash 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) 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 partly in 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 16 'Service appropriation' and Note 23 'Amounts receivable for services'.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for uncollectable amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written off against the allowance account. The allowance for uncollectable amounts (doubtful debts) is raised when there is objective

evidence that the Police Service will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See also Note 2(k) 'Financial instruments' and Note 22 'Receivables'.

(o) Inventories

Inventories include those items held for distribution and are measured at the lower of cost and net realisable value. 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 35 'Financial instruments'.

(q) Accrued salaries

The accrued salaries suspense account (refer Note 21(b) 'Restricted cash and cash equivalents') 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 31 'Payables and accruals') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year-end. The Police Service considers the carrying amount of accrued salaries to be equivalent to the net fair value. For 2014, the accrued salaries calculation is based on seven working days, as the last pay day was 19 June.

(r) Provisions

Provisions are liabilities of uncertain timing and amount. The Police Service only recognises provisions where there is a present legal 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 the end of each reporting period. Refer Note 30 'Provisions'.

Provisions – Employee benefits

All annual and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using remuneration rates expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The provision for annual leave is classified as a current liability as the Police Service does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The provision for annual leave loading represents the present amount payable for annual leave loading accrued up to April 2011 for Public Service and Wages employees. This entitlement is measured in accordance with annual leave above. In April 2011, the Public Service and Government Officers General Agreement was amended so that annual leave loading shall be paid to Public Service employees on the first pay period in December in the calendar year in which the leave accrues.

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

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using remuneration rates expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Police Service has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

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 generally payable on retirement, resignation or termination. This liability 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 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 continue 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 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 current provision as employees can leave the scheme at their discretion at any time.

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 ten 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.

Post-separation medical benefits

The provision for post-separation medical benefits relates to the cost of providing medical benefits to injured Police Officers after they cease work with the Police Service. Medical benefits expected to be settled within 12 months after the reporting date are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.



Medical benefits expected to be settled more than 12 months after reporting date are measured at the present value of amounts expected to be paid when the liabilities are settled.

An actuarial assessment of the amounts expected to be settled was performed at 30 June 2012.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer the public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employee and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Police Service to GESB extinguishes the Police Service's obligations to the related superannuation liability.

The Police Service has no liabilities under the Pension Scheme or the GSS Scheme. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Police Service to the GESB.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Scheme became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Police Service makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Police Service's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

See also Note 2(s) 'Superannuation expense'.

Provisions - Other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately 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 6 'Employee expenses'.

(s) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(t) Assets and services received free-of-charge or for nominal cost

Assets and services received free-of-charge or for nominal value which can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Police Service would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from another State Government agency are separately disclosed under 'Income from State Government' in the Statement of Comprehensive Income.

(u) Assets and services 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.

(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 Estate Monies. As the Police Service only performs a custodial role in respect of these monies, and because the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 44 'Special purpose accounts').

(w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with receivables or payables in the Statement of Financial Position.

The GST component of a receipt or payment is recognised on a gross basis in the Statement of Cash Flows.

(x) Comparative figures

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

3. JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Police Service evaluates these judgements regularly.

Operating lease commitments

The Police Service has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key estimates and 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 amount of assets and liabilities within the next financial year include:

Employee provisions estimation

In calculating the Police Service's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Post-separation medical benefits calculations include estimations of future medical payments to ceased police officers. There is uncertainty in the determination of these estimates due to the lack of claims history which could impact on the liability recognised.

5. DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of an Australian Accounting Standard

The Police Service has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2013.

AASB 13	<p>Fair Value Measurement</p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial impact.</p>
AASB 119	<p>Employee Benefits</p> <p>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Police Service has assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.</p>
AASB 1048	<p>Interpretation of Standards</p> <p>This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.</p>
AASB 2011-8	<p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023, & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131, & 132].</p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>
AASB 2011-10	<p>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14].</p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

AASB 2012-2	<p>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132].</p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.</p>
AASB 2012-5	<p>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2].</p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>
AASB 2012-6	<p>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8].</p> <p>This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015. There is no financial impact.</p>
AASB 2012-9	<p>Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.</p> <p>The withdrawal of Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia has no financial impact for the Police Service during the reporting period and at balance date. Measurement of tax assets and liabilities continues to be measured in accordance with enacted or substantively enacted tax law pursuant to AASB 112.46-47</p>
AASB 2012-10	<p>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127,128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12].</p> <p>The Standard introduces a number of editorial alterations and amends the mandatory application date of Standards for not-for-profit entities accounting for interests in other entities. There is no financial impact.</p>
AASB 2013-9	<p>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.</p> <p>Part A of this omnibus Standard makes amendments to other Standards arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.</p>



Future impact of Australian Accounting Standards not yet operative

The Police Service cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Police Service has not applied early any following Australian Accounting Standards that have been issued that may impact on the Police Service. Where applicable, these Australian Accounting Standards will be applied from their application date.

The Police Service has determined that there is no or minimal financial impact of the following Standards:

Title	Operative for reporting periods beginning on/after
Interpretation 21 Levies	1 January 2014
AASB 10 Consolidated Financial Statements *	1 January 2014
AASB 11 Joint Arrangements *	1 January 2014
AASB 12 Disclosure of Interests in Other Entities *	1 January 2014
AASB 127 Separate Financial Statements *	1 January 2014
AASB 128 Investments in Associates and Joint Ventures *	1 January 2014
AASB 1031 Materiality	1 January 2014
AASB 1055 Budgetary Reporting	1 July 2014
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretation 10 & 12] [modified by AASB 2010-7]	1 January 2015
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] *	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	1 January 2014



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The Police Service has not yet determined the application or the potential impact of the following Standards:

Title	Operative for reporting periods beginning on/after
AASB 9 Financial Instruments *	1 January 2017
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, &127]	1 January 2015
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014 (Part B) 1 January 2017 (Part C)

* Mandatory application of these Standards was deferred by one year for not-for-profit entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000
6. EMPLOYEE EXPENSES		
Employee benefits expense		
Salaries and wages (d)	689,603	630,470
Annual leave (a)	71,179	69,310
Long service leave (a)	23,286	20,623
Other leave (a)	363	272
Superannuation - defined contribution plans (b)	76,794	71,554
Employee housing	48,055	44,044
Relocation and relieving expenses	7,103	7,613
Fringe benefits tax	4,717	5,049
Uniforms and protective clothing	4,650	4,151
Medical expenses (c)	6,627	5,964
Other employee benefits expense	2,051	2,395
	934,428	861,445
Other employee expenses		
Training expenses	2,860	3,134
Workers' compensation including on-costs	2,223	3,456
Other employee expenses	24	(4)
	5,107	6,586
	939,535	868,031
(a) Includes a superannuation contribution component.		
(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).		
(c) Medical expenses includes post-separation medical benefits.		
(d) The salaries and wages expense includes payments in relation to voluntary separations in the amount of \$29.1 million.		
7. SUPPLIES AND SERVICES		
Repairs and maintenance	29,744	33,216
Rental, leases and hire	30,313	31,579
Insurances and licences	16,008	14,864
Travel expenses	5,929	7,682
Energy, water and rates	13,383	12,424
Communication expenses	8,119	8,240
Services and contracts	114,217	112,845
Equipment acquisitions	9,683	10,707
Fuels and oils	8,880	8,917
Consumables	6,704	6,897
	242,980	247,371

	2014	2013
	\$'000	\$'000
8. DEPRECIATION AND AMORTISATION EXPENSE		
<i>Depreciation</i>		
Buildings	14,963	13,059
Plant, equipment and vehicles	9,255	8,723
Computing and communication equipment	7,492	7,193
Leasehold improvements	4,919	3,471
	36,629	32,446
<i>Amortisation</i>		
Software and software developments	14,502	12,741
	51,131	45,187
9. GRANT PAYMENTS		
State crime prevention grants	3,347	4,084
PCYC grants	250	-
Other grants	14	38
Transfer payments	40	-
	3,651	4,122
10. OTHER EXPENSES		
Doubtful debts	4,272	588
Loss on forward foreign exchange contracts	-	3
Refund of State grants received	726	-
Other assets written off (a)	2,058	1,219
Other expenses from ordinary activities	1,772	2,410
	8,828	4,220
(a) Other assets written off include surplus assets and those write-offs in accordance with the <i>Financial Management Act 2006</i> located within Note 39.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000
11. USER CHARGES AND FEES		
Regulated fees		
Firearms	6,150	4,968
Security and related activities	2,446	2,560
Pawnbrokers and second-hand dealers	158	297
Vehicle escorts	6	5,790
Clearance certificates	7,682	8,569
Crash information	194	176
Other regulated fees	509	528
	<u>17,145</u>	<u>22,888</u>
Recoups of services provided	1,671	3,766
Towage and storage recoups	10,564	7,661
Other recoups	3,506	2,109
	<u>32,886</u>	<u>36,424</u>
12. COMMONWEALTH GRANTS		
National Campaign Against Drug Abuse	146	146
Substance Abuse	300	300
National Counter-terrorism	-	78
Other	46	10
	<u>492</u>	<u>534</u>
13. CONTRIBUTIONS, SPONSORSHIPS AND DONATIONS		
Contributions		
Employee rental contributions	6,053	5,355
Executive vehicle contributions	220	219
Special series plate contributions	1,800	1,826
Other contributions	1,647	1,382
	<u>9,720</u>	<u>8,782</u>
Sponsorships and Donations		
Cash donations	-	1
Non-cash donations	749	535
	<u>749</u>	<u>536</u>
	<u>10,469</u>	<u>9,318</u>

	2014	2013
	\$'000	\$'000
14. OTHER REVENUE		
Other revenues from ordinary activities	1,110	525
	<u>1,110</u>	<u>525</u>
15. NET GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
(a) Net gain on Disposal of non-current assets		
<i>Property, plant and equipment</i>		
Plant, Equipment and Vehicles	350	130
Net gain	<u>350</u>	<u>130</u>
(b) Net (loss) on Disposal of non-current assets		
<i>Property, plant and equipment</i>		
Plant, Equipment and Vehicles	(17)	(7)
Net (loss)	<u>(17)</u>	<u>(7)</u>
(c) Net gain/(loss) on Disposal of non-current assets		
Costs of Disposal		
Property, plant and equipment	462	94
	<u>462</u>	<u>94</u>
Proceeds from Disposal		
Property, plant and equipment	795	217
Net gain/(loss)	<u>333</u>	<u>123</u>
16. SERVICE APPROPRIATION		
Appropriations received during the year:		
Service appropriation	1,176,784	1,132,496
Salaries and Allowances Act 1975	4,192	3,886
	<u>1,180,976</u>	<u>1,136,382</u>

Service appropriations fund the net cost of 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



	2014 \$'000	2013 \$'000
17. STATE GRANTS		
Road Trauma Trust Account (a)	14,654	16,590
Department of the Attorney General (b)	1,800	2,170
	16,454	18,760

(a) Funds received from the Office of Road Safety - Road Trauma Trust Account are allocated to the Police Service for road safety initiatives in Western Australia. At 30 June 2014, \$693,238 of funds allocated remains unspent. Under the Memorandum of Understanding, all funds unspent at 30 June 2014 are required to be repaid to the Office of Road Safety. Consequently, \$693,238 included in the revenue figure above is also recognised as an expense in Note 10 'Other expenses'.

(b) Funds collected under the Criminal Property Confiscation Account are allocated to the Police Service to combat organised crime in Western Australia. At 30 June 2014, \$219,900 of funds allocated remains unspent.

	2014 \$'000	2013 \$'000
18. SERVICES RECEIVED FREE-OF-CHARGE		
Services received free-of-charge is determined by the following estimates provided by agencies:		
- Legal services provided by the State Solicitor's Office	1,112	1,370
- Procurement services, building and maintenance project management services and lease management services provided by the Department of Finance	5,789	5,712
- Title searches and valuation services provided by the Western Australian Land Information Authority (Landgate)	347	588
- Collection of firearm licences provided by the Department of Transport	72	86
	7,320	7,756

Where assets or services have been received free-of-charge or for nominal cost, the Police Service recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Police Service makes an adjustment directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000
19. ROYALTIES FOR REGIONS FUND		
Regional Infrastructure and Headworks Account	3,668	2,062
Regional Community Services Account	10,443	6,278
	14,111	8,340
<p>This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed projects and programs in WA regional areas.</p>		
20. 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.	60,938	78,362
Advances		
Advances include permanent and temporary advances allocated to areas within the Police Service.	1,296	1,420
	62,234	79,782
21. RESTRICTED CASH AND CASH EQUIVALENTS		
<p>Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or an externally imposed requirement.</p>		
- Current assets (a)	11,647	21,442
- Non-current assets (b)	29,225	24,925
	40,872	46,367
(a) CURRENT ASSETS		
Multi-Function Policing Facilities - Grants Capital Works	480	573
<p>Grant monies from the Department of Indigenous Affairs to fund the establishment of Multi-Function Policing Facilities and associated infrastructure at remote Indigenous communities.</p>		
Police Recruit Traineeship Fund	687	698
<p>To hold grant monies received from the Commonwealth for the funding of the Recruit Traineeship program.</p>		

	2014	2013
	\$'000	\$'000
21. RESTRICTED CASH AND CASH EQUIVALENTS (cont.)		
National Drug Strategy	511	502
<p>To hold grant monies received from the Commonwealth and the Police Service for the funding of law-enforcement programs relating to alcohol and drug use.</p>		
International Academy of Law Enforcement and Safety	25	25
<p>To hold monies received in relation to activities of the International Academy of Law Enforcement and Safety for the research and development of training programs, curriculum development and professional development opportunities.</p>		
Royalties for Regions Fund	7,310	14,790
<p>To hold monies committed for projects and programs in WA regional areas.</p>		
Road Trauma Trust Account	693	1,493
<p>To hold monies received from the Road Trauma Trust Account to facilitate the implementation of road safety programs and initiatives.</p>		
Organised Crime Investigation Fund	220	1,576
<p>To hold monies received from the Confiscation Proceeds Account for the purpose of combating organised crime in Western Australia.</p>		
Psycho-Stimulant Training	-	33
<p>To hold monies received from the Department of the Attorney General to facilitate the production of training resources for the management and response to psycho-stimulant-related situations.</p>		
Substance Abuse Grant	314	345
<p>To hold grant monies received from the Commonwealth to facilitate strategic initiatives and support for substance abuse activities in Indigenous communities.</p>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000
21. RESTRICTED CASH AND CASH EQUIVALENTS (cont.)		
Early Intervention Pilot Project	350	350
To hold grant monies received from the Commonwealth to implement a pilot project to reduce underage drinking through Police referral of eligible young people to treatment agencies.		
BHP Billiton Community Sponsorship	17	24
To hold monies received from BHP Billiton to support community policing initiatives and operations to address criminal and anti-social behaviour in rural communities.		
Leavers WA	998	892
To hold monies received in relation to the activities of Leavers WA – South West.		
Parental Leave	33	58
To hold monies received from the Commonwealth for the payment of paid parental leave to eligible employees.		
State Counter-Terrorism	9	83
To hold monies received from the Department of Premier and Cabinet for State counter-terrorism exercises.		
	11,647	21,442
(b) NON-CURRENT ASSETS		
Accrued Salaries Suspense Account	29,225	24,925
Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.		
	29,225	24,925

	2014	2013
	\$'000	\$'000
22. RECEIVABLES		
Receivables	6,975	5,858
Allowance for impairment of receivables	(5,604)	(3,016)
GST-receivables	4,121	3,254
Accrued income	1,863	502
	7,355	6,598
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at the start of year	3,016	6,072
Doubtful debts expense recognised in the Statement of Comprehensive Income	4,272	588
Amounts written off during the year	(1,684)	(3,644)
Balance at end of year	5,604	3,016
The Police Service does not hold any collateral as security or other credit enhancements relating to receivables.		
23. AMOUNTS RECEIVABLE FOR SERVICES		
Current asset	15,945	16,600
Non-current asset	301,665	260,462
	317,610	277,062

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 2(m) 'Amounts receivable for services'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
24. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Land	17	17
	17	17
This is reconciled as follows:		
Opening Balance	17	2,134
Less net assets transferred back to property, plant and equipment	-	(1,861)
Total assets held for sale	17	273
Less assets sold	-	(256)
Closing Balance	17	17
See also Note 2(i) 'Non-current assets (or disposal groups) classified as held for sale' and Note 15 'Net Gain/Loss on Disposal of Non-Current Assets'.		
Information on fair value measurement is provided in Note 29.		
25. INVENTORIES		
Inventories held for distribution	442	621
	442	621
26. OTHER CURRENT ASSETS		
Prepayments	7,141	6,598
	7,141	6,598
27. PROPERTY, PLANT AND EQUIPMENT		
(a) PROPERTY, PLANT AND EQUIPMENT COMPRISE THE FOLLOWING ASSET CLASSES:		
Land		
At fair value (i)	254,624	243,279
	254,624	243,279
Buildings		
At fair value (i)	537,027	514,896
Accumulated depreciation	(15,479)	(15,076)
	521,548	499,820

	2014 \$'000	2013 \$'000
27. PROPERTY, PLANT AND EQUIPMENT (cont.)		
Works in Progress		
Buildings under construction	10,946	14,755
Other	10,462	12,423
	21,408	27,178
Plant, Equipment and Vehicles		
At cost	107,040	106,680
Accumulated depreciation	(49,634)	(43,835)
	57,406	62,845
Computing and Communication Equipment		
At cost	94,447	83,723
Accumulated depreciation	(48,939)	(45,402)
	45,508	38,321
Artwork		
At cost	548	548
	548	548
Leasehold Improvements		
At cost	27,199	23,903
Accumulated amortisation	(11,674)	(7,106)
	15,525	16,797
	916,567	888,788

- (i) Land and buildings were revalued as at 1 July 2013 by the Western Australian Land Information Authority (Landgate). The valuations were performed during the year ended 30 June 2014 and recognised at 1 July 2013. In undertaking the revaluation, fair value was determined by reference to market values for land: \$80,080,450 and buildings: \$23,676,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost. See Note 2(f) 'Property, plant and equipment'.

Information on fair value measurement is provided in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

27. PROPERTY, PLANT AND EQUIPMENT (cont.)

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

2013-14

	Carrying amount at start of the year	Additions	Retirements	Transfers between classes	Transfer (to) /from assets held for sale	Revaluation	Depreciation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	243,279	-	(406)	2,091	-	9,660	-	254,624
Buildings	499,820	4,682	(387)	18,734	-	13,662	(14,963)	521,548
Works in progress	27,178	27,565	(450)	(32,885)	-	-	-	21,408
Plant, equipment and vehicles	62,845	4,238	(1,047)	625	-	-	(9,255)	57,406
Computing and communication equipment	38,321	4,382	(197)	10,494	-	-	(7,492)	45,508
Artwork	548	-	-	-	-	-	-	548
Leasehold improvements	16,797	-	(6)	3,653	-	-	(4,919)	15,525
	888,788	40,867	(2,493)	2,712	-	23,322	(36,629)	916,567

2012-13

	Carrying amount at start of the year	Additions	Retirements	Transfers between classes	Transfer (to) /from assets held for sale	Revaluation	Depreciation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	200,216	399	(1)	-	769	41,896	-	243,279
Buildings	440,491	767	(95)	89,795	1,092	(19,171)	(13,059)	499,820
Works in progress	94,610	51,117	(137)	(118,412)	-	-	-	27,178
Plant, equipment and vehicles	45,434	6,760	(1,527)	20,901	-	-	(8,723)	62,845
Computing and communication equipment	35,097	5,172	(209)	5,454	-	-	(7,193)	38,321
Artwork	548	-	-	-	-	-	-	548
Leasehold improvements	12,960	-	-	7,308	-	-	(3,471)	16,797
	829,356	64,215	(1,969)	5,046	1,861	22,725	(32,446)	888,788

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000
28. INTANGIBLE ASSETS		
(a) INTANGIBLE ASSETS COMPRISE THE FOLLOWING ASSET CLASSES:		
Computing software		
At cost	173,240	160,975
Accumulated amortisation	(133,807)	(119,352)
	39,433	41,623
Software Development in Progress	18,371	18,571
	57,804	60,194

(b) RECONCILIATIONS OF THE CARRYING AMOUNT OF INTANGIBLES AT THE BEGINNING AND END OF THE REPORTING PERIOD ARE SET OUT BELOW:

2013-14

	Carrying amount at start of the year	Additions	Retirements	Transfers between classes	Transfer (to) /from assets held for sale	Revaluation	Amortisation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Computing software	41,623	351	(4)	11,965	-	-	(14,502)	39,433
Software development in progress	18,571	14,477	-	(14,677)	-	-	-	18,371
	60,194	14,828	(4)	(2,712)	-	-	(14,502)	57,804

2012-13

	Carrying amount at start of the year	Additions	Retirements	Transfers between classes	Transfer (to) /from assets held for sale	Revaluation	Amortisation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Computing software	42,950	282	-	11,132	-	-	(12,741)	41,623
Software development in progress	20,554	14,232	(37)	(16,178)	-	-	-	18,571
	63,504	14,514	(37)	(5,046)	-	-	(12,741)	60,194



29. FAIR VALUE MEASUREMENTS

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair Value At end of period
2014	\$'000	\$'000	\$'000	\$'000
Non-current assets classified as held for sale (Note 24)	-	17	-	17
Land (Note 27)	-	80,093	174,531	254,624
Buildings (Note 27)	-	36,460	485,088	521,548
	-	116,570	659,619	776,189

There were no transfers between Levels 1, 2 or 3 during the period.

Valuation techniques to drive Level 2 fair values

Level 2 fair values of Non-current land and buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

Fair value measurements using significant unobservable inputs (Level 3)

2014	Land \$'000	Buildings \$'000
Fair value at start of period	165,733	472,776
Additions	-	4,682
Revaluation increments/decrements recognised in Other Comprehensive Income	7,181	13,085
Transfers between asset classes	2,023	8,277
Disposals	(406)	(388)
Depreciation expense	-	(13,344)
Fair value at end of period	174,531	485,088

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

29. FAIR VALUE MEASUREMENTS (cont.)

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land and buildings to be categorised within Level 3 where the valuations utilise significant Level 3 inputs on a recurring basis.

Fair value for existing use specialised building assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie: depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed economic benefit, expired economic benefit or obsolescence of the asset. Current replacement cost is determined by reference to the cost of a substitute asset of comparable utility, the gross project size specifications and the historical cost, adjusted by relevant indices.

Fair value of restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land), or, comparison with market evidence for land with low level utility (high restricted use land).

Significant Level 3 inputs used by the Police Service are derived and evaluated as follows:

Historical cost per square metre floor area (m²)

The costs of constructing specialised buildings with similar utility are extracted from financial records of the Police Service, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset

These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with low level utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Historical cost per cubic metre (m³)

The costs of construction of infrastructure are extracted from financial records of the Police Service and indexed by movements in construction costs by quantity surveyors.

29. FAIR VALUE MEASUREMENTS (cont.)

Information about significant unobservable inputs (Level 3) in fair value measurements

Description and fair value as at 30 June 2014 (\$'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (average)	Relationship of unobservable inputs to fair value
Land (\$174,531)	Market approach	Selection of land with similar approximate size.	\$0.08 - \$3,585 per m ² (\$116.71 per m ²)	Higher value of similar land increases estimated fair value.
Buildings (\$485,088)	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset.	-21.2% - 12% per year (0.22% per year)	Greater consumption of economic benefit or increased obsolescence lowers fair value.
		Historical cost of building per square metre floor area.	\$238.22 - \$10,603.93 per m ² (\$2,202.24 per m ²)	Higher historical cost per square metre increases fair value.

Reconciliations of the opening and closing balances are provided in Notes 27.

Basis of Valuation

In the absence of market based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service and the Police Service's enabling legislation.

2014	2013
\$'000	\$'000

30. PROVISIONS

PROVISIONS COMPRISE THE FOLLOWING ITEMS:

(i) Current liabilities		
(a) Employee benefits provision	145,218	150,529
(b) Other provisions	497	479
	145,715	151,008
(ii) Non-current liabilities		
(a) Employee benefits provision	54,414	54,607
(b) Other provisions	181	174
	54,595	54,781
	200,310	205,789

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
30. PROVISIONS (cont.)		
(a) EMPLOYEE BENEFITS PROVISIONS HAVE BEEN RECOGNISED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
- Current liabilities (i)	145,218	150,529
- Non-current liabilities (ii)	54,414	54,607
	199,632	205,136
(i) CURRENT LIABILITIES		
- Annual leave *	47,572	50,956
- Long service leave **	92,119	93,634
- 38-hour leave	291	681
- Special paid leave	156	238
- Time off in lieu/banked leave	481	403
- Purchased leave	2,079	2,041
- Deferred salary scheme ***	1,226	1,282
- Post-separation medical benefits	1,294	1,294
	145,218	150,529
(ii) NON-CURRENT LIABILITIES		
- Long service leave **	49,939	49,266
- 38-hour leave	1,636	2,502
- Post-separation medical benefits	2,839	2,839
	54,414	54,607
* 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 period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
- Within 12 months of reporting period	42,383	45,147
- More than 12 months after reporting period	5,189	5,809
	47,572	50,956

	2014 \$'000	2013 \$'000
30. PROVISIONS (cont.)		
** 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 period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
- Within 12 months of reporting period	22,339	24,807
- More than 12 months after reporting period	119,719	118,093
	142,058	142,900
*** Deferred salary scheme liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
- Within 12 months of reporting period	397	680
- More than 12 months after reporting period	829	602
	1,226	1,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



	2014	2013
	\$'000	\$'000
30. PROVISIONS (cont.)		
(b) OTHER PROVISIONS HAVE BEEN RECOGNISED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
(i) Current liabilities		
- Non-Employee Benefits On-Costs	497	479
	497	479
(ii) Non-current liabilities		
- Non-Employee Benefits On-Costs	181	174
	181	174
<p>The settlement of leave liabilities gives rise to the payment of employment on-costs including workers' compensation and medical benefits. The provision is the present value of expected future payments.</p>		
<p>Movement in Other provisions</p>		
Carrying amount at start of year	653	658
Net amount of additional provision recognised	25	(5)
Carrying amount at end of year	678	653
31. PAYABLES AND ACCRUALS		
Payables	8,798	12,368
Sundry Accruals		
- Accrued salaries *	19,604	16,373
- Accrued superannuation *	2,072	1,668
- Staff leave loading expense	5,446	5,326
- Fringe benefit tax liability	915	1,189
	36,835	36,924
<p>* Accrued salaries and superannuation have been calculated for seven working days from 20 June to 30 June 2014.</p>		

32. 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 Surplus represents that portion of equity resulting from the revaluation of non-current assets.

	2014	2013
	\$'000	\$'000
Contributed equity (a)	565,275	557,040
Asset revaluation surplus (b)	393,507	371,315
Accumulated surplus	214,115	194,959
TOTAL EQUITY	1,172,897	1,123,314

(a) CONTRIBUTED EQUITY

Balance at start of period	557,040	492,699
Contributions by Owners		
Capital appropriations (i)	3,553	54,691
Royalties for Regions Fund - Regional Infrastructure and Headworks Account	-	10,000
Transfer of net assets from other agencies (ii)		
- Land and buildings assumed	4,682	-
Total contributions by owners	8,235	64,691
Distributions to owners		
Transfer of net assets to other agencies (iii)		
- Land and buildings transferred to the Department of Lands	-	(350)
Total distributions to owners	-	(350)
Balance at end of period	565,275	557,040

(i) Under TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' Capital appropriations have been designated as contributions by owners in accordance with AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

32. EQUITY (cont.)

(ii) Under TI 955, non-discretionary (non-reciprocal) transfers of net assets between State government agencies have been designated as contributions by owners in accordance with AASB Interpretation 1038, where the transferee agency accounts for a non-discretionary (non-reciprocal) transfer of net assets as a contribution by owners and the transferor agency accounts for the transfer as a distribution to owners.

(iii) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distribution to owners.

2014	2013
\$'000	\$'000

	2014 \$'000	2013 \$'000
(b) ASSET REVALUATION SURPLUS		
Balance at start of period	371,315	350,955
Net revaluation increments/(decrements):		
Land	9,660	41,896
Buildings	13,662	(19,171)
	23,322	22,725
Transfer to accumulated surplus/(deficit) on sale of previously revalued assets	(1,130)	(2,365)
Balance at end of period	393,507	371,315
(c) ACCUMULATED SURPLUS/(DEFICIT)		
Balance at start of period	194,959	143,362
Result for the year	18,026	49,232
Transfer of revalued amounts of assets sold	1,130	2,365
Balance at end of period	214,115	194,959

33. 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 and cash equivalents (see Note 20)	62,234	79,782
Restricted cash and cash equivalents (see Note 21)	40,872	46,367
	103,106	126,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



	2014	2013
	\$'000	\$'000
33. NOTES TO THE STATEMENT OF CASH FLOWS (cont.)		
(b) RECONCILIATION OF NET COST OF SERVICES TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Net cost of services	(1,200,835)	(1,122,006)
Non-cash items:		
Depreciation, amortisation and impairment expense	51,131	45,187
Services received free-of-charge	6,866	7,701
Donated assets	(749)	(535)
Doubtful and bad debts expense	4,272	588
Net loss/(gain) on sale of non-current assets	(333)	(123)
Net loss/(gain) on foreign currency transactions	-	2
Adjustment for state government grants	1,220	(536)
Adjustment for other non-cash items	(2,340)	864
(Increase)/decrease in assets:		
Receivables (iii)	110	1,555
Prepayments	(543)	(27)
Inventories	179	249
Increase/(decrease) in liabilities:		
Payables (iii)	(3,570)	130
Sundry accruals	3,481	(1,542)
Provisions	(5,479)	4,527
Net GST receipts/(payments) (i)	(836)	2,636
Change in GST (receivables)/payables (ii)	(31)	(377)
	53,378	60,299
Net cash provided by/(used in) operating activities	(1,147,457)	(1,061,707)

- (i) This is the net GST paid/received, i.e. cash transactions.
(ii) This reverses out the GST in receivables and payables.
(iii) The Australian Taxation Office (ATO) receivables/payables in respect of GST and the receivables/payables in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

33. NOTES TO THE STATEMENT OF CASH FLOWS (cont.)

(c) NON-CASH FINANCING AND INVESTING ACTIVITIES

During the financial year, the Police Service received donated assets from external parties totalling \$736,965 compared to \$486,242 in 2012-13.

During the year, there were no assets transferred to Department for Lands compared to \$350,467 in 2012-13. In addition, there were no assets transferred to other government agencies in 2013-14 and 2012-13.

	2014	2013
	\$'000	\$'000

34. 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:

	2014	2013
	\$'000	\$'000
Within one year	23,208	17,215
Later than one year and not later than five years	37,960	5,789
	61,168	23,004

(b) LEASE COMMITMENTS

Operating lease commitments contracted for at the reporting date but not recognised in the financial statements are payable as follows:

	2014	2013
	\$'000	\$'000
Within one year	34,129	31,291
Later than one year and not later than five years	89,303	82,725
	123,432	114,016

Representing:

Non-cancellable operating leases	123,432	114,016
	123,432	114,016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
34. COMMITMENTS (cont.)		
(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	64,366	44,119
Later than one year and not later than five years	171,404	143,896
Later than five years	2,136	-
	237,906	188,015

The above commitments are all inclusive of GST.

35. FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Police Service are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables and derivative financial instruments. All of the Police Service's cash is held in the public bank account (non-interest bearing). 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

Credit risk arises when there is the possibility of third parties defaulting on their contractual obligations resulting in financial loss to the Police Service.

The maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 35(c).

35. FINANCIAL INSTRUMENTS (cont.)

Credit risk associated with the Police Service's financial assets is minimal because the main receivable is the amounts receivable for services (Holding Account). For receivables other than from Government, the Police Service recovers costs associated with providing services and has policies in place to ensure that receivable balances are monitored on an ongoing basis to mitigate exposure to bad debt. Overall, there are no significant concentrations of credit risk.

Allowance for impairment of receivables is determined by reviewing each debt at reporting date and assessing its collectability.

Liquidity risk

Liquidity risk arises when the Police Service is unable to meet its financial obligations as they fall due. The Police Service is exposed to liquidity risk through its trading in the normal course of business.

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.

Market 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.



	2014	2013
	\$'000	\$'000
35. FINANCIAL INSTRUMENTS (cont.)		
(b) CATEGORIES OF FINANCIAL INSTRUMENTS		
In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date are as follows:		
Financial Assets		
Cash and cash equivalents	62,234	79,782
Restricted cash and cash equivalents	40,872	46,367
Receivables (i)	320,844	280,406
Financial Liabilities		
Financial liabilities measured at amortised cost	36,835	36,924
(i) The amount of receivables excludes GST recoverable from ATO.		

(c) FINANCIAL INSTRUMENT DISCLOSURES

Interest Rate Sensitivity Analysis

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

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

35. FINANCIAL INSTRUMENTS (cont.)

Credit Risk

The following table details the Police Service's maximum exposure to credit risk and the ageing analysis of financial assets. The Police Service's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets shown below. The table discloses the ageing of financial assets that are past due but not impaired. The table is based on information provided to senior management of the Police Service. The contractual maturity amounts in the table are representative of the undiscounted amounts at reporting date.

The Police Service does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Police Service does not hold any financial assets that required their terms re-negotiated that would have otherwise resulted in them being past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

35. FINANCIAL INSTRUMENTS (Cont.)

Ageing Analysis of Financial Assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired			
			Less than 3 months	3 to 6 months	6 months to 1 year	More than 1 year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013-14						
Cash and cash equivalents	62,234	62,234	-	-	-	-
Restricted cash and cash equivalents	40,872	40,872	-	-	-	-
Receivables	3,234	2,303	224	114	492	101
Amounts receivable for services	317,610	317,610	-	-	-	-
	423,950	423,019	224	114	492	101
2012-13						
Cash and cash equivalents	79,782	79,782	-	-	-	-
Restricted cash and cash equivalents	46,367	46,367	-	-	-	-
Receivables	3,344	1,271	330	435	1,241	67
Amounts receivable for services	277,062	277,062	-	-	-	-
	406,555	404,482	330	435	1,241	67

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

35. FINANCIAL INSTRUMENTS (Cont.)

Liquidity Risk and Interest Rate Exposure

The following table discloses the Police Service's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities.

Interest Rate Risk Exposure and Maturity Analysis of Financial Assets and Financial Liabilities

2013-14	Weighted average effective interest rate %	Interest Rate Exposure			Maturity Dates			
		Carrying Amount \$'000	Non-interest bearing amount \$'000	Nominal amount \$'000	Less than 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Financial Assets								
Cash and cash equivalents	-	62,234	62,234	62,234	62,234	-	-	-
Restricted cash and cash equivalents	-	40,872	40,872	40,872	40,872	-	-	-
Receivables	-	3,234	3,234	3,234	3,234	-	-	-
Amounts receivable for services	-	317,610	317,610	317,610	797	15,148	36,690	264,975
		423,950	423,950	423,950	107,137	15,148	36,690	264,975
Financial Liabilities								
Payables	-	8,798	8,798	8,798	8,798	-	-	-
Other accrued expenses	-	28,037	28,037	28,037	28,037	-	-	-
		36,835	36,835	36,835	36,835	-	-	-
Net Financial Assets (Liabilities)		387,115	387,115	387,115	70,302	15,148	36,690	264,975

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

35. FINANCIAL INSTRUMENTS (Cont.)

2012-13	Weighted average effective interest rate %	Carrying Amount \$'000	Interest Rate Exposure		Maturity Dates			
			Non-interest bearing amount \$'000	Nominal amount \$'000	Less than 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Financial Assets								
Cash and cash equivalents	-	79,782	79,782	79,782	79,782	-	-	-
Restricted cash and cash equivalents	-	46,367	46,367	46,367	46,367	-	-	-
Receivables	-	3,344	3,344	3,344	3,344	-	-	-
Amounts receivable for services	-	277,062	277,062	277,062	-	16,600	30,940	229,522
		406,555	406,555	406,555	129,493	16,600	30,940	229,522
Financial Liabilities								
Payables	-	12,368	12,368	12,368	12,368	-	-	-
Other accrued expenses	-	24,556	24,556	24,556	24,556	-	-	-
		36,924	36,924	36,924	36,924	-	-	-
Net Financial Assets (Liabilities)		369,631	369,631	369,631	92,569	16,600	30,940	229,522

The amount of receivables excludes GST recoverable from the ATO (statutory receivable)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



	2014	2013
	<u>\$'000</u>	<u>\$'000</u>
36. CONTINGENT LIABILITIES		
UNSETTLED LEGAL CLAIMS		
The value reported represents the maximum obligation potentially payable for the claims on hand at 30 June 2014.	1,007	848
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 2014.		
37. REMUNERATION OF AUDITOR		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	180	173

38. REMUNERATION OF SENIOR OFFICERS

DEFINITION OF A SENIOR OFFICER

A Senior Officer means a person, by whatever the position title is 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:

\$	2014	2013	\$	2014	2013
50,001 - 60,000	-	1	230,001 - 240,000	-	1
70,001 - 80,000	1	1	240,001 - 250,000	2	1
80,001 - 90,000	1	-	250,001 - 260,000	4	2
90,001 - 100,000	1	2	260,001 - 270,000	1	1
110,001 - 120,000	1	2	280,001 - 290,000	1	-
140,001 - 150,000	1	1	290,001 - 300,000	1	1
150,001 - 160,000	-	2	320,001 - 330,000	2	-
160,001 - 170,000	-	4	330,001 - 340,000	-	1
170,001 - 180,000	-	1	380,001 - 390,000	1	-
180,001 - 190,000	2	1	490,001 - 500,000	1	-
190,001 - 200,000	1	-	510,001 - 520,000	-	1
210,001 - 220,000	-	1		<u>22</u>	<u>25</u>
220,001 - 230,000	1	1			

	2014	2013
	<u>\$'000</u>	<u>\$'000</u>
Total cash remuneration and superannuation	5,064	4,856
Annual and long service leave accruals	(38)	(160)
Other benefits	166	149
The total remuneration of Senior Officers is:	<u>5,192</u>	<u>4,845</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	<u>\$'000</u>	<u>\$'000</u>
39. SUPPLEMENTARY FINANCIAL INFORMATION		
(a) WRITE-OFFS		
Write-offs approved in accordance with section 48 of the <i>Financial Management Act 2006</i> related to:		
Bad debts *	1,824	4,030
Assets written off from the asset register *	34	19
Other public property **	90	95
	<u>1,948</u>	<u>4,144</u>
* Bad debts and asset register write-offs have been reflected within the Statement of Comprehensive Income.		
** Other public property written off includes items of equipment not capitalised within the asset register. The value reported above is the estimated written down replacement cost. This amount is not reflected within the Statement of Comprehensive Income.		
Public and other property, revenue and debts due to the State were written-off in accordance with section 48 of the <i>Financial Management Act 2006</i> under the authority of:		
(i) Bad Debts		
The Accountable Authority	1,824	4,030
	<u>1,824</u>	<u>4,030</u>
(ii) Assets		
The Accountable Authority	34	19
	<u>34</u>	<u>19</u>
(iii) Other Public Property		
The Accountable Authority	90	95
	<u>90</u>	<u>95</u>
(b) GIFTS OF PUBLIC PROPERTY		
Gifts of public property provided by the Police Service	<u>100</u>	<u>174</u>

	2014	2013
	<u>\$'000</u>	<u>\$'000</u>
40. AFFILIATED BODIES		
An affiliated body is one which receives more than half its funding and resources from the Police Service but is not subject to operational control by the Police Service.		
CONSTABLE CARE CHILD SAFETY FOUNDATION INC	976	933
	<u>976</u>	<u>933</u>
41. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD		
The Police Service is not aware of any events occurring after the reporting date that have a significant financial effect on the financial statements.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



2014 Estimate	2014 Actual	2014 Variation
\$'000	\$'000	\$'000

42. EXPLANATORY STATEMENT

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

(a) SIGNIFICANT VARIANCES BETWEEN ESTIMATES AND ACTUAL

(i) TOTAL APPROPRIATIONS TO DELIVER SERVICES

Service Expenditure

The variation of \$16.750 million between the 2014 Estimate and the 2014 Actual is a net result of several factors including Voluntary Separation Scheme payments to employees in 2013-14, offset by reduced GROH cost and demand pressures, savings from changes to vehicle leasing practices, salary savings attributed to separated personnel, reductions in travel expenditure, budget savings in depreciation as a result of delays in Asset Investment projects; and reduced insurance premiums due to a reduction in claims in prior years.

Variations between Estimate and Actual for the following services are driven by operational needs and circumstances that occur during the year, which necessitate the redirection of resources to meet service needs. The service mix is defined by survey results which fluctuate depending on the demands during the survey period, due to the reactive nature of policing. Subsequently, operational needs may result in diversion from the original allocation. The survey records the hours officers spent on each service. This forms the basis for actual allocations for the financial year.

Intelligence and protective services	113,383	112,925	(458)
Crime prevention and public order	107,905	98,394	(9,511)
Community support (non-offence incidents)	92,236	100,265	8,029
Emergency management and co-ordination	39,368	31,159	(8,209)
Response to and investigation of offences	543,750	550,093	6,343
Services to the judicial process	121,121	131,816	10,695
Traffic law enforcement and management	245,129	221,490	(23,639)
	1,262,892	1,246,142	(16,750)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 Estimate \$'000	2014 Actual \$'000	2014 Variation \$'000
42. EXPLANATORY STATEMENT (Cont.)			
(ii) CAPITAL CONTRIBUTION	43,554	3,553	(40,001)
The decrease of \$40.001 million represents the cashflow requirement for the year for various asset investment projects where the implementation dates have varied from original estimates. The decrease is the net impact of capital works re-positioning into future years, changing the mix between the capital contribution and service appropriation and some new asset investment projects.			
The major projects contributing to the decrease are the Information and Communications Technology programs, Boost to Police Resources - Accommodation Infrastructure program, Mundijong Police Station and the Speed and Red Light Camera upgrades project.			
(iii) CONSOLIDATED ACCOUNT INCOME	650	629	(21)
Administered Income mainly comprises of Sale of Lost, Stolen and Forfeited Property and Firearm Infringement Fines. The volumes for both, and values of stolen property auctioned can fluctuate substantially from year to year.			
	2014 Actual \$'000	2013 Actual \$'000	Variation \$'000
(b) SIGNIFICANT VARIANCES BETWEEN ACTUAL AND PRIOR YEAR ACTUALS			
(i) TOTAL APPROPRIATIONS TO DELIVER SERVICES			
Service Expenditure			
The variation of \$77.204 million represents the increase in total cost of service which is mainly attributable to new initiatives and normal cost increases. A significant component of the variance is attributable to normal salary rate increases to employees, in addition to costs relating to the 2013-14 Voluntary Separation Scheme, and the continuation of additional employee programs and other new initiatives, offset by ongoing efforts to meet expenditure savings targets. Further, the reactive nature of policing causes fluctuations in the internal allocation and application of resources according to the operational demands that exist at the time.			
Intelligence and protective services	112,925	104,941	7,984
Crime prevention and public order	98,394	100,143	(1,749)
Community support (non-offence incidents)	100,265	85,409	14,856
Emergency management and co-ordination	31,159	35,728	(4,569)
Response to and investigation of offences	550,093	502,001	48,092
Services to the judicial process	131,816	112,479	19,337
Traffic law enforcement and management	221,490	228,237	(6,747)
	1,246,142	1,168,938	77,204

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



	2014 Actual \$'000	2013 Actual \$'000	Variation \$'000
42. EXPLANATORY STATEMENT (Cont.)			
(ii) CAPITAL CONTRIBUTION	3,553	54,691	(51,138)
The Asset Investment Program annual expenditures will vary each year dependant upon the planned expenditures for the various projects within the program. Normally there may be substantial variations from one year to the next. The decreased Capital Contribution in 2013-14 is representative of Western Australia Police utilising cash held for Asset Investment projects. Significant projects for 2013-14 include Information and Communications Technology programs, West Metropolitan District Accommodation upgrade and Community Safety Network.			
(iii) CONSOLIDATED ACCOUNT INCOME			
Revenue	629	660	(31)
Administered Income mainly comprises of Sale of Lost, Stolen and Forfeited Property and Firearm Infringement Fines. The volumes for both, and values of stolen property auctioned can fluctuate substantially from year to year.			
	2014 \$'000	2013 \$'000	
43. SCHEDULE OF ADMINISTERED ITEMS			
ADMINISTERED EXPENSES AND INCOME			
EXPENSES			
Transfer payments	524	554	
Commission expenses	105	106	
Total administered expenses	629	660	
INCOME			
Sale of lost, stolen and forfeited property	521	559	
Fines and infringements	108	101	
Total administered income	629	660	

There were no administered assets or liabilities for the period.

Administered income and expenses are not reported by service because they cannot be reliably attributed to the services provided by the Police Service.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000

44. SPECIAL PURPOSE ACCOUNTS

Special purpose accounts 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 Statement of Financial Position. These include:

(a) FOUND MONEY TRUST

Opening Balance 1 July 2013	147	73
Receipts	666	317
Payments	347	243
Closing Balance at 30 June 2014	466	147

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 by the receiving officer.

(b) STOLEN MONIES TRUST

Opening Balance 1 July 2013	413	203
Receipts	872	1,869
Payments	486	1,659
Closing Balance at 30 June 2014	799	413

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*.

	2014	2013
	\$'000	\$'000

(c) SEIZED MONIES TRUST

Opening Balance 1 July 2013	17,778	13,142
Receipts	8,506	9,500
Payments	7,101	4,864
Closing Balance at 30 June 2014	19,183	17,778

Purpose

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

(d) DECEASED ESTATE MONIES

Opening Balance 1 July 2013	10	18
Receipts	104	123
Payments	60	131
Closing Balance at 30 June 2014	54	10

Purpose

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