



POLICE SERVICE

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 2015 and the financial position as at 30 June 2015.

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



KARL J O'CALLAGHAN APM
Commissioner of Police



SANTA CARDENIA
Acting Chief Finance Officer

27 August 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
COST OF SERVICES			
Expenses			
Employee expenses	6	959,016	939,535
Supplies and services	7	194,767	188,391
Depreciation and amortisation expense	8	50,345	51,131
Accommodation expenses	9	54,385	54,748
Grants, subsidies and transfer payments	10	4,377	3,611
Loss on disposal of non-current assets	16(b)	91	17
Other expenses	11	10,872	8,709
Total cost of services		1,273,853	1,246,142
Income			
Revenue			
User charges and fees	12	33,331	32,886
Commonwealth grants	13	2,314	340
Contributions, sponsorships and donations	14	10,048	10,475
Other revenue	15	1,374	1,110
Total Revenue		47,067	44,811
Gains			
Gain on disposal of non-current assets	16(a)	223	350
Total Gains		223	350
Total Income other than Income from State Government		47,290	45,161
NET COST OF SERVICES		1,226,563	1,200,981
Income from State Government			
Service appropriation	17	1,227,972	1,180,976
State grants	18	17,180	16,600
Services received free-of-charge	19	7,320	7,320
Royalties for Regions Fund	20	8,768	14,111
Total Income from State Government		1,261,240	1,219,007
SURPLUS FOR THE PERIOD		34,677	18,026
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	33(b)	8,104	23,322
Total other comprehensive income		8,104	23,322
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		42,781	41,348

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 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	21	73,646	62,234
Restricted cash and cash equivalents	22(a)	47,447	11,647
Receivables	23	7,984	7,355
Amounts receivable for services	24	15,137	15,945
Non-current assets classified as held for sale	25	1,917	17
Inventories	26	729	442
Other current assets	27	18,096	7,141
Total Current Assets		164,956	104,781
Non-Current Assets			
Restricted cash and cash equivalents	22(b)	-	29,225
Amounts receivable for services	24	349,172	301,665
Property, plant and equipment	28	942,617	916,567
Intangible assets	29	70,050	57,804
Total Non-Current Assets		1,361,839	1,305,261
TOTAL ASSETS		1,526,795	1,410,042
LIABILITIES			
Current Liabilities			
Provisions	31	152,437	145,715
Payables	32	41,882	36,835
Total Current Liabilities		194,319	182,550
Non-Current Liabilities			
Provisions	31	57,344	54,595
Total Non-Current Liabilities		57,344	54,595
TOTAL LIABILITIES		251,663	237,145
NET ASSETS		1,275,132	1,172,897
EQUITY			
Contributed equity	33	624,729	565,275
Reserves		399,556	393,507
Accumulated surplus		250,847	214,115
TOTAL EQUITY		1,275,132	1,172,897

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 2015

	Contributed equity	Reserves	Accumulated surplus/ (deficit)	Total equity	
Note	\$'000	\$'000	\$'000	\$'000	
Balance at 1 July 2013	33	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
Balance at 1 July 2014		565,275	393,507	214,115	1,172,897
Total comprehensive income for the period		-	8,104	34,677	42,781
Transfer to accumulated surplus/(deficit) of assets disposed		-	(2,055)	2,055	-
Transactions with owners in their capacity as owners:					
Capital appropriations		35,410	-	-	35,410
Other contributions by owners		28,625	-	-	28,625
Distributions to owners		(4,581)	-	-	(4,581)
Total		59,454	-	-	59,454
Balance at 30 June 2015		624,729	399,556	250,847	1,275,132

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 2015

	Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		1,166,301	1,123,828
Capital appropriations		35,410	3,553
Holding account drawdowns		14,972	16,600
Grants from State Government		17,180	15,527
Royalties for Regions Fund		18,031	14,111
Non-retained revenue distribution to owners		(770)	-
Net cash provided by State Government		1,251,124	1,173,619
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee payments		(954,405)	(941,839)
Supplies and services		(184,543)	(178,873)
Accommodation payments		(56,812)	(56,852)
Grant payments		(4,379)	(3,633)
GST payments on purchases		(32,415)	(30,181)
Other payments		(5,921)	(3,247)
		(1,238,475)	(1,214,625)
Receipts			
User charges and fees		29,000	29,284
Commonwealth grants		2,247	340
Contributions, sponsorships and donations		9,473	8,053
GST receipts on sales		4,127	3,497
GST receipts from taxation authority		26,077	25,848
Other receipts		2,025	-
		72,949	67,022
Net cash provided by/(used in) operating activities	34(b)	(1,165,526)	(1,147,603)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(68,235)	(49,854)
Receipts			
Proceeds from sale of non-current physical assets		624	795
Net cash provided by/(used in) investing activities		(67,611)	(49,059)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		17,987	(23,043)
Cash and cash equivalents at the beginning of period		103,106	126,149
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	34(a)	121,093	103,106

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 2015

	2015 Estimate \$'000	2015 Actual \$'000	2015 Variation \$'000	2015 Actual \$'000	2014 Actual \$'000	Variation \$'000
DELIVERY OF SERVICES						
Item 41 Net amount appropriated to deliver services	1,249,288	1,223,582	(25,706)	1,223,582	1,176,784	46,798
Amounts Authorised by Other Statutes <i>Salaries and Allowances Act 1975</i>	4,390	4,390	-	4,390	4,192	198
Total appropriations provided to deliver services	1,253,678	1,227,972	(25,706)	1,227,972	1,180,976	46,996
CAPITAL						
Item 129 Capital Appropriation	69,969	35,410	(34,559)	35,410	3,553	31,857
GRAND TOTAL	1,323,647	1,263,382	(60,265)	1,263,382	1,184,529	78,853
Details of Expenses by Service						
Metropolitan Policing Services	534,728	500,598	(34,130)	500,598	469,968	30,630
Regional and Remote Policing Services	407,119	378,461	(28,658)	378,461	380,639	(2,178)
Specialist Policing Services	401,646	394,794	(6,852)	394,794	395,535	(741)
Total Cost of Services	1,343,493	1,273,853	(69,640)	1,273,853	1,246,142	27,711
Less Total income	(63,434)	(47,290)	16,144	(47,290)	(45,161)	(2,129)
Net Cost of Services	1,280,059	1,226,563	(53,496)	1,226,563	1,200,981	25,582
Adjustments	(30,771)	1,409	41,781	1,409	(20,005)	21,414
Total appropriations provided to deliver services	1,249,288	1,227,972	(11,715)	1,227,972	1,180,976	46,996
Capital Expenditure						
Purchase of non-current physical assets	112,718	67,725	(44,993)	67,725	44,323	23,402
Adjustments for other funding sources	(42,749)	(32,315)	10,434	(32,315)	(40,770)	8,455
Capital appropriations	69,969	35,410	(34,559)	35,410	3,553	31,857
DETAILS OF INCOME ESTIMATES						
Income disclosed as Administered Incomes	650	622	(28)	622	629	(7)
Total Income Estimates	650	622	(28)	622	629	(7)

Note 43 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2015 and between actual results for 2014 and 2015.

SCHEDULE OF INCOME AND EXPENSES BY SERVICE FOR THE YEAR ENDED 30 JUNE 2015

	Metropolitan Policing Services		Regional and Remote Policing Services		Specialist Policing Services		TOTAL	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
COST OF SERVICES								
Expenses								
Employee expenses	386,519	361,771	300,710	305,253	271,787	272,511	959,016	939,535
Supplies and services	69,746	64,545	43,837	44,283	81,184	79,563	194,767	188,391
Depreciation and amortisation expense	17,353	18,511	13,905	14,646	19,087	17,974	50,345	51,131
Accommodation expenses	21,190	21,070	16,393	13,383	16,802	20,295	54,385	54,748
Grants, subsidies and transfer payments	1,964	1,625	1,091	903	1,322	1,083	4,377	3,611
Loss on disposal of non-current assets	-	-	-	13	91	4	91	17
Other expenses	3,826	2,446	2,525	2,158	4,521	4,105	10,872	8,709
Total cost of services	500,598	469,968	378,461	380,639	394,794	395,535	1,273,853	1,246,142
Income								
Revenue								
User charges and fees	10,088	9,466	5,829	6,662	17,414	16,758	33,331	32,886
Commonwealth grants	-	(2)	300	301	2,014	41	2,314	340
Contributions, sponsorships and donations	1,037	1,237	7,671	7,634	1,340	1,604	10,048	10,475
Other revenue	357	558	173	297	844	255	1,374	1,110
Total Revenue	11,482	11,259	13,973	14,894	21,612	18,658	47,067	44,811
Gains								
Gain on disposal of non-current assets	1	24	6	33	216	293	223	350
Total Gains	1	24	6	33	216	293	223	350
Total Income other than Income from State Government	11,483	11,283	13,979	14,927	21,828	18,951	47,290	45,161
NET COST OF SERVICES	489,115	458,685	364,482	365,712	372,966	376,584	1,226,563	1,200,981
Income from State Government								
Service appropriation	496,633	451,770	369,996	360,303	361,343	368,903	1,227,972	1,180,976
State grants	-	-	90	-	17,090	16,600	17,180	16,600
Services received free-of-charge	3,140	3,100	1,661	1,745	2,519	2,475	7,320	7,320
Royalties for Regions Fund	-	-	8,768	14,111	-	-	8,768	14,111
Total Income from State Government	499,773	454,870	380,515	376,159	380,952	387,978	1,261,240	1,219,007
SURPLUS/(DEFICIT) FOR THE PERIOD	10,658	(3,815)	16,033	10,447	7,986	11,394	34,677	18,026

SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE AS AT 30 JUNE 2015

	Metropolitan Policing Services		Regional and Remote Policing Services		Specialist Policing Services		Not reliably attributable to services		TOTAL	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS										
Current assets	-	-	-	-	-	-	164,956	104,781	164,956	104,781
Non-current assets	349,048	364,006	279,692	288,594	383,927	350,996	349,172	301,665	1,361,839	1,305,261
Total Assets	349,048	364,006	279,692	288,594	383,927	350,996	514,128	406,446	1,526,795	1,410,042
LIABILITIES										
Current liabilities	72,110	64,454	56,100	54,385	50,705	48,551	15,404	15,160	194,319	182,550
Non-current liabilities	23,112	21,022	17,981	17,738	16,251	15,835	-	-	57,344	54,595
Total Liabilities	95,222	85,476	74,081	72,123	66,956	64,386	15,404	15,160	251,663	237,145
NET ASSETS	253,826	278,530	205,611	216,471	316,971	286,610	498,724	391,286	1,275,132	1,172,897

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. AUSTRALIAN ACCOUNTING STANDARDS

General

The Police Service's financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes 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'. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Police Service for the annual reporting period ended 30 June 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General statement

The Police Service is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework,

Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern 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 AASB.

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.

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

Note 4 'Key sources of estimation uncertainty' discloses 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.

(c) Reporting entity

The reporting entity comprises the Police Service.

Mission

The Police Service mission is "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 predominately 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: Metropolitan policing services

General policing services provided by districts within the Metropolitan Region including: crime prevention, maintaining public order, and responding to and investigating criminal and general incidents.



Service 2: Regional and remote policing services

General policing services provided by districts within regional Western Australia including: crime prevention, maintaining public order, and responding to and investigating criminal and general incidents.

Service 3: Specialist policing services

Specialist policing services include: major crime, serious and organized crime, sex crime, commercial crime, licensing enforcement, forensic, traffic enforcement, and counter terrorism and emergency response.

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 44 '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, other than as a result of a restructure of administrative arrangements, 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, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See Note 33 '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 transfer to the purchaser and can be measured reliably.

Provision 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 17 'Service appropriation' for further detail.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Police Service. In accordance with the most recent determination, as quantified in the 2014-15 Budget Statements, the Police Service retained \$47.290 million in 2014-15 (\$45.161 million in 2013-14) 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, Other Contributions and Donations

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations 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 and 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 (other than where they form part of a group of similar items which are significant in total).

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 of 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 are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses.

All other items of property, plant and equipment are stated 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 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.

In the absence of market-based evidence, 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 buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land). 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 are 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 and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic 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 28 '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 basis for all other property, 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 indefinite 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.

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 a specialised 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 attached buildings to the DoL when the land become available for sale.

(j) Leases

The Police Service holds a number of operating leases for buildings and motor vehicles. 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 17 'Service appropriation' and Note 24 '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 23 '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 36 'Financial instruments'.

(q) Accrued salaries

The accrued salaries suspense account (refer Note 22 '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 32 'Payables') 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 2015, the accrued salaries calculation is based on eight working days, as the last pay day was 18 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 31 '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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore 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 employer 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 2015.

In-service medical benefits

The provision for in-service medical benefits relates to the cost of providing medical benefits to Police Officers. WA Police pays reasonable expenses for work related and non-work related medical expenses, less the amounts of any benefits paid. 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 2015.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers 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.

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 contributions to GESB or other fund providers 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 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.

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 2015

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 45 '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 are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These include:

- Estimating the useful life and residual values of key assets;
- Estimating depreciated replacement cost;
- Estimating future salary rates, salary inflation, discount rates, employee retention rates and expected future payments for long service leave;
- Estimating future medical benefit payments to ceased police officers; and
- Estimating future medical benefit payments to serving police officers.



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 2014.

Interpretation 21	Levies	This Interpretation clarifies the circumstances under which a liability to pay a government levy should be recognised. There is no financial impact at reporting date.
AASB 10	Consolidated Financial Statements	This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments. The adoption of the new Standard has no financial impact as it does not impact accounting for related bodies and the Police Service has no interests in other entities.
AASB 11	Joint Arrangements	This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement. There is no financial impact as the new Standard continues to require the recognition of the Police Service's share of assets and share of liabilities for the unincorporated joint operation.
AASB 12	Disclosure of Interests in Other Entities	This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investment in Associates and AASB 131 Interests in Joint Ventures. There is no financial impact.
AASB 127	Separate Financial Statements	This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements removing the consolidation requirements of the earlier Standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

AASB 128	<p>Investments in Associates and Joint Ventures</p> <p>This Standard supersedes AASB 128 Investment in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest. The adoption of the new Standard has no financial impact for the Police Service as it does hold investments in associates and joint ventures,</p>
AASB 1031	<p>Materiality</p> <p>This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.</p>
AASB 1055	<p>Budgetary Reporting</p> <p>This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Police Service will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>
AASB 2011-7	<p>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]</p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. There is no financial impact.</p>
AASB 2012-3	<p>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</p> <p>The Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>
AASB 2013-3	<p>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



AASB 2013-4	<p>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</p> <p>This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Police Service does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
AASB 2013-8	<p>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]</p> <p>The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor's relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.</p>
AASB 2013-9	<p>Amendments to Australian Accounting Standards – Conceptual framework, Materiality and Financial Instruments</p> <p>Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.</p>
AASB 2014-1	<p>Amendments to Australian Accounting Standards</p> <p>Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact.</p> <p>Part B of this Standard has no financial impact as the Police Service contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.</p> <p>Part C of this Standard has no financial impact as it removes references to AASB 1031 Materiality from a number of Accounting Standards.</p>
AASB 2015-7	<p>Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities</p> <p>This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 16 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.</p>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	1 January 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



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 2018
AASB 15 Revenue from Contracts with Customers	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 Interpretation 2, 5, 10, 12, 19 & 127]	1 January 2018
AASB 2013-9 Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments	1 January 2017 (Part C)
AASB 2014-1 Amendments to Australian Accounting Standards	1 January 2018
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	1 January 2016
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010 [AASB 9 (2009 & 2010)])	1 January 2015
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]	1 January 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-14 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$'000	\$'000
6. EMPLOYEE EXPENSES		
Employee benefits expense		
Salaries and wages (d)	694,468	689,603
Annual leave (a)	75,538	71,179
Long service leave (a)	26,322	23,286
Other leave (a)	207	363
Superannuation - defined contribution plans (b)	80,265	76,794
Employee housing	48,016	48,055
Relocation and relieving expenses	6,574	7,103
Fringe benefits tax	4,822	4,717
Uniforms and protective clothing	4,298	4,650
Medical expenses (c)	11,145	6,627
Other employee benefits expense	2,401	2,051
	954,056	934,428
Other employee expenses		
Training expenses	2,592	2,860
Workers' compensation including on-costs	2,806	2,223
Other employee expenses	(438)	24
	4,960	5,107
	959,016	939,535
(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 \$8.6 million (2014: \$29.1 million).		
7. SUPPLIES AND SERVICES		
Repairs and maintenance	14,227	13,333
Rental, leases and hire	10,819	10,785
Insurances and licences	13,843	16,008
Travel expenses	6,793	5,929
Communication expenses	7,884	8,119
Services and contracts	114,035	108,791
Equipment acquisitions	11,819	9,683
Fuels and oils	8,124	8,880
Consumables	6,897	6,704
Other supplies and services	326	159
	194,767	188,391

	2015	2014
	\$'000	\$'000
8. DEPRECIATION AND AMORTISATION EXPENSE		
<i>Depreciation</i>		
Buildings	16,582	14,963
Plant, equipment and vehicles	9,429	9,255
Computing and communication equipment	8,649	7,492
Leasehold improvements	5,533	4,919
	40,193	36,629
<i>Amortisation</i>		
Software and software developments	10,152	14,502
	50,345	51,131
9. ACCOMMODATION EXPENSES		
Lease rentals	19,657	19,528
Repairs and maintenance	17,810	16,411
Energy, water and rates	11,925	13,383
Cleaning	4,993	5,426
	54,385	54,748
10. GRANT PAYMENTS		
State crime prevention grants	2,662	3,347
PCYC grants	1,672	250
Other grants	43	14
	4,377	3,611
11. OTHER EXPENSES		
Doubtful debts	5,178	4,272
Refund of State grants received	1,764	726
Refund of Royalties for Regions funds	428	-
Refund of Commonwealth grants received	385	40
Other assets written off (a)	1,447	2,058
Other expenses from ordinary activities	1,670	1,613
	10,872	8,709
(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 40.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



	2015	2014
	\$'000	\$'000
12. USER CHARGES AND FEES		
Regulated fees		
Firearms	6,496	6,150
Security and related activities	2,615	2,446
Pawnbrokers and second-hand dealers	130	158
Vehicle escorts	-	6
Clearance certificates	7,739	7,682
Crash information	109	194
Other regulated fees	547	509
	<u>17,636</u>	<u>17,145</u>
Recoups of services provided	1,989	1,671
Towage and storage recoups	11,567	10,564
Other recoups	2,139	3,506
	<u>33,331</u>	<u>32,886</u>
13. COMMONWEALTH GRANTS		
National Anti-Gang Squad	2,014	-
Substance Abuse	300	300
Other	-	40
	<u>2,314</u>	<u>340</u>
14. CONTRIBUTIONS, SPONSORSHIPS AND DONATIONS		
Contributions		
Employee rental contributions	6,490	6,053
Executive vehicle contributions	217	220
Special series plate contributions	1,324	1,800
Other contributions	1,417	1,653
	<u>9,448</u>	<u>9,726</u>
Sponsorships and Donations		
Sponsorships	6	-
Non-cash donations	594	749
	<u>600</u>	<u>749</u>
	<u>10,048</u>	<u>10,475</u>

	2015	2014
	\$'000	\$'000
15. OTHER REVENUE		
Other revenues from ordinary activities	1,374	1,110
	<u>1,374</u>	<u>1,110</u>
16. 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	223	350
Net gain	<u>223</u>	<u>350</u>
(b) Net (loss) on Disposal of non-current assets		
<i>Property, plant and equipment</i>		
Plant, Equipment and Vehicles	(91)	(17)
Net (loss)	<u>(91)</u>	<u>(17)</u>
(c) Net gain/(loss) on Disposal of non-current assets		
Carrying amount of non-currents assets disposed		
Property, plant and equipment	492	462
	<u>492</u>	<u>462</u>
Proceeds from Disposal		
Property, plant and equipment	629	795
Less Disposal Costs		
Property, plant and equipment	5	-
Net Proceeds	<u>624</u>	<u>795</u>
Net gain/(loss)	<u>132</u>	<u>333</u>
17. SERVICE APPROPRIATION		
Appropriations received during the year:		
Service appropriation	1,223,582	1,176,784
<i>Salaries and Allowances Act 1975</i>	4,390	4,192
	<u>1,227,972</u>	<u>1,180,976</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 2015

	2015	2014
	\$'000	\$'000
18. STATE GRANTS		
Road Trauma Trust Account (a)	15,923	14,654
Department of the Attorney General (b)	1,021	1,800
Drug and Alcohol Office (c)(d)	236	146
	17,180	16,600

(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 2015, \$1,763,866 of funds allocated remains unspent. Under the Memorandum of Understanding, all funds unspent at 30 June 2015 are required to be repaid to the Office of Road Safety. Consequently, \$1,763,866 included in the revenue figure above is also recognised as an expense in Note 11 '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 2015, \$269,189 of funds allocated remains unspent.

(c) Funds received from the Drug and Alcohol Office are allocated to the Police Service for drug and alcohol projects that support the development and implementation of National Drug Strategy initiatives at a State and local level. At 30 June 2015, \$536,827 of funds allocated remains unspent.

(d) Funds received from the Drug and Alcohol Office are allocated to the Police Service for the purchase and operation of a drug detection dog in the Goldfields Police District. At 30 June 2015, \$61,005 of funds allocated remains unspent.

	2015	2014
	\$'000	\$'000
19. 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	1,210	1,112
- Procurement services, building and maintenance project management services and lease management services provided by the Department of Finance	5,535	5,789
- Title searches and valuation services provided by the Western Australian Land Information Authority (Landgate)	493	347
- Collection of firearm licences provided by the Department of Transport	82	72
	7,320	7,320

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 2015



	2015	2014
	\$'000	\$'000
20. ROYALTIES FOR REGIONS FUND		
Regional Infrastructure and Headworks Account	3,568	3,668
Regional Community Services Account	5,200	10,443
	8,768	14,111
<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>		
21. 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.	72,357	60,938
Advances		
Advances include permanent and temporary advances allocated to areas within the Police Service.	1,289	1,296
	73,646	62,234
22. RESTRICTED CASH AND CASH EQUIVALENTS		
Restricted cash assets are those cash assets, the uses of which are restricted, wholly or partly, by regulations or an externally imposed requirement.		
- Current assets (a)	47,447	11,647
- Non-current assets (b)	-	29,225
	47,447	40,872
(a) CURRENT ASSETS		
Accrued Salaries Account		
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.	31,725	-
Multi-Function Policing Facilities - Grants Capital Works		
Grant monies from the Department of Indigenous Affairs to fund the establishment of Multi-Function Policing Facilities and associated infrastructure at remote Indigenous communities.	480	480

	2015	2014
	\$'000	\$'000
22. RESTRICTED CASH AND CASH EQUIVALENTS (cont.)		
Police Recruit Traineeship Fund		
To hold recruit incentive payments received under the auspices of the Commonwealth Government's New Apprenticeship and Traineeship Incentives program.	687	687
National Drug Strategy		
To hold grant monies received from the Drug and Alcohol Office for the funding of law-enforcement programs relating to alcohol and drug use.	537	511
International Academy of Law Enforcement and Safety	25	25
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.		
Royalties for Regions Fund		
To hold monies committed for projects and programs in WA regional areas.	10,055	7,310
Road Trauma Trust Account		
To hold monies received from the Road Trauma Trust Account to facilitate the implementation of road safety programs and initiatives.	1,764	693
Organised Crime Investigation Fund		
To hold monies received from the Confiscation Proceeds Account for the purpose of combating organised crime in Western Australia.	269	220
Drug and Alcohol Office		
To monies received from the Drug and Alcohol Office for the purchase and operation of a drug detection dog in the Goldfields Police District.	61	-
National Anti-Gangs Squad		
To hold grant monies received from the Commonwealth as part of a co-ordinated approach to detect, deter and disrupt gang-related crime.	490	-
Substance Abuse Grant		
To hold grant monies received from the Commonwealth to facilitate strategic initiatives and support for substance abuse activities in Indigenous communities.	443	314

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
22. RESTRICTED CASH AND CASH EQUIVALENTS (cont.)		
Early Intervention Pilot Project		
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.	-	350
BHP Billiton Community Sponsorship		
To hold monies received from BHP Billiton to support community policing initiatives and operations to address criminal and anti-social behaviour in rural communities.	-	17
Leavers WA		
To hold monies received in relation to the activities of Leavers WA – South West.	854	998
Parental Leave	57	33
To hold monies received from the Commonwealth for the payment of paid parental leave to eligible employees.		
State Counter-Terrorism		
To hold monies received from the Department of Premier and Cabinet for State counter-terrorism exercises.	-	9
	47,447	11,647
(b) NON-CURRENT ASSETS		
Accrued Salaries Account		
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
	-	29,225

	2015 \$'000	2014 \$'000
23. RECEIVABLES		
Receivables	11,945	6,975
Allowance for impairment of receivables	(9,989)	(5,604)
GST-receivables	5,624	4,121
Accrued income	404	1,863
	7,984	7,355
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at the start of year	5,604	3,016
Doubtful debts expense recognised in the Statement of Comprehensive Income	5,178	4,272
Amounts written off during the year	(793)	(1,684)
Balance at end of year	9,989	5,604
The Police Service does not hold any collateral as security or other credit enhancements relating to receivables.		
24. AMOUNTS RECEIVABLE FOR SERVICES		
Current asset	15,137	15,945
Non-current asset	349,172	301,665
	364,309	317,610
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 2015

	2015 \$'000	2014 \$'000
25. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Land	1,917	17
	1,917	17
This is reconciled as follows:		
Opening Balance	17	17
Add net assets reclassified as held for sale	1,900	-
Closing Balance	1,917	17
See also Note 2(f) 'Non-current assets (or disposal groups) classified as held for sale' and Note 16 'Net Gain/Loss on Disposal of Non-Current Assets'.		
Information on fair value measurement is provided in Note 30.		
26. INVENTORIES		
Inventories held for distribution	729	442
	729	442
27. OTHER CURRENT ASSETS		
Prepayments	18,096	7,141
	18,096	7,141
28. PROPERTY, PLANT AND EQUIPMENT		
(a) PROPERTY, PLANT AND EQUIPMENT COMPRISE THE FOLLOWING ASSET CLASSES:		
Land		
At fair value (i)	256,447	254,624
	256,447	254,624
Buildings		
At fair value (i)	553,828	537,027
Accumulated depreciation	(16,740)	(15,479)
	537,088	521,548

	2015 \$'000	2014 \$'000
28. PROPERTY, PLANT AND EQUIPMENT (cont.)		
Works in Progress		
Buildings under construction	18,509	10,946
Other	13,293	10,462
	31,802	21,408
Plant, Equipment and Vehicles		
At cost	111,796	107,040
Accumulated depreciation	(54,807)	(49,634)
	56,989	57,406
Computing and Communication Equipment		
At cost	97,840	94,447
Accumulated depreciation	(51,087)	(48,939)
	46,753	45,508
Artwork		
At cost	548	548
	548	548
Leasehold Improvements		
At cost	30,083	27,199
Accumulated amortisation	(17,093)	(11,674)
	12,990	15,525
	942,617	916,567

- (i) Land and buildings were revalued as at 1 July 2014 by the Western Australian Land Information Authority (Landgate). The valuations were performed during the year ended 30 June 2015 and recognised at 1 July 2014. In undertaking the revaluation, fair value was determined by reference to market values for land: \$84,638,800 (2014: \$80,080,045) and buildings: \$34,545,000 (2014: \$23,676,000). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). See Note 2(f) 'Property, plant and equipment'.

Information on fair value measurement is provided in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

28. 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:

2014-15

	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	254,624	-	(1,901)	-	(1,900)	5,624	-	256,447
Buildings	521,548	17,500	(49)	12,191	-	2,480	(16,582)	537,088
Works in progress	21,408	35,733	(605)	(24,734)	-	-	-	31,802
Plant, equipment and vehicles	57,406	6,237	(924)	3,699	-	-	(9,429)	56,989
Computing and communication equipment	45,508	5,144	(378)	5,128	-	-	(8,649)	46,753
Artwork	548	-	-	-	-	-	-	548
Leasehold improvements	15,525	-	-	2,998	-	-	(5,533)	12,990
	916,567	64,614	(3,857)	(718)	(1,900)	8,104	(40,193)	942,617

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



	2015	2014
	<u>\$'000</u>	<u>\$'000</u>
29. INTANGIBLE ASSETS		
(a) INTANGIBLE ASSETS COMPRISE THE FOLLOWING ASSET CLASSES:		
Computing software		
At cost	181,758	173,240
Accumulated amortisation	(142,315)	(133,807)
	<u>39,443</u>	<u>39,433</u>
Software Development in Progress	<u>30,607</u>	<u>18,371</u>
	<u>70,050</u>	<u>57,804</u>

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

2014-15

	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	39,433	871	(32)	9,323	-	-	(10,152)	39,443
Software development in progress	18,371	20,841	-	(8,605)	-	-	-	30,607
	<u>57,804</u>	<u>21,712</u>	<u>(32)</u>	<u>718</u>	<u>-</u>	<u>-</u>	<u>(10,152)</u>	<u>70,050</u>

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
	<u>60,194</u>	<u>14,828</u>	<u>(4)</u>	<u>(2,712)</u>	<u>-</u>	<u>-</u>	<u>(14,502)</u>	<u>57,804</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

30. FAIR VALUE MEASUREMENTS

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair Value At end of period
	\$'000	\$'000	\$'000	\$'000
2015				
Non-current assets classified as held for sale (Note 25)	-	1,917	-	1,917
Land (Note 28)	-	79,216	177,231	256,447
Buildings (Note 28)	-	50,757	486,331	537,088
	-	131,890	663,562	795,452
2014				
Non-current assets classified as held for sale (Note 25)	-	17	-	17
Land (Note 28)	-	80,093	174,531	254,624
Buildings (Note 28)	-	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 assets held for sale, 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)

	Land	Buildings
	\$'000	\$'000
2015		
Fair value at start of period	174,531	485,088
Additions	-	-
Revaluation increments/decrements recognised in Other Comprehensive Income	2,700	4,475
Transfers between asset classes	-	11,216
Disposals	-	-
Depreciation expense	-	(14,448)
Fair value at end of period	177,231	486,331
Valuation processes		



30. FAIR VALUE MEASUREMENTS (cont.)

Fair value measurements using significant unobservable inputs (Level 3)

	Land	Buildings
	\$'000	\$'000
2014		
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

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 generally determined by reference to the market observable replacement 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 and the gross project size specifications.

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

30. FAIR VALUE MEASUREMENTS (cont.)

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

Description and fair value as at 30 June 2015 (\$'000)	Valuation technique(s)	Unobservable inputs
Land (\$177,231)	Market approach	Selection of land with similar approximate utility.
Buildings (\$486,331)	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset. Historical cost of building per square metre floor area.

Description and fair value as at 30 June 2014 (\$'000)	Valuation technique(s)	Unobservable inputs
Land (\$174,531)	Market approach	Selection of land with similar approximate utility.
Buildings (\$485,088)	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset. Historical cost of building per square metre floor area.

Reconciliations of the opening and closing balances are provided in Notes 28.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
31. PROVISIONS		
PROVISIONS COMPRISE THE FOLLOWING ITEMS:		
(i) Current liabilities		
(a) Employee benefits provision	152,252	145,218
(b) Other provisions	185	497
	152,437	145,715
(ii) Non-current liabilities		
(a) Employee benefits provision	57,289	54,414
(b) Other provisions	55	181
	57,344	54,595
	209,781	200,310
(a) EMPLOYEE BENEFITS PROVISIONS HAVE BEEN RECOGNISED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
- Current liabilities (i)	152,252	145,218
- Non-current liabilities (ii)	57,289	54,414
	209,541	199,632
(i) CURRENT LIABILITIES		
- Annual leave *	47,674	47,572
- Long service leave **	97,208	92,119
- 38-hour leave	343	291
- Special paid leave	155	156
- Time off in lieu/banked leave	66	481
- Purchased leave	2,364	2,079
- Deferred salary scheme ***	1,617	1,226
- Post-separation medical benefits	1,384	1,294
- In-service medical benefits	1,441	-
	152,252	145,218

31. PROVISIONS (cont.)

	2015 \$'000	2014 \$'000
(ii) NON-CURRENT LIABILITIES		
- Long service leave **	50,298	49,939
- 38-hour leave	1,470	1,636
- Post-separation medical benefits	5,521	2,839
	57,289	54,414
* 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	42,893	42,383
- More than 12 months after reporting period	4,781	5,189
	47,674	47,572
** 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	20,977	22,339
- More than 12 months after reporting period	126,529	119,719
	147,506	142,058
*** 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	527	397
- More than 12 months after reporting period	1,090	829
	1,617	1,226

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$'000	\$'000
31. PROVISIONS (cont.)		
(b) OTHER PROVISIONS HAVE BEEN RECOGNISED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
(i) Current liabilities		
- Non-Employee Benefits On-Costs	185	497
	<u>185</u>	<u>497</u>
(ii) Non-current liabilities		
- Non-Employee Benefits On-Costs	55	181
	<u>55</u>	<u>181</u>
<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	678	653
Additional/(reversals of) provision recognised	(51)	758
Payments/other sacrifices of economic benefits	(387)	(733)
Carrying amount at end of year	<u>240</u>	<u>678</u>
32. PAYABLES		
Payables	8,845	8,798
Sundry Accruals		
- Accrued salaries *	24,016	19,604
- Accrued superannuation *	2,462	2,072
- Staff leave loading expense	5,661	5,446
- Fringe benefit tax liability	898	915
	<u>41,882</u>	<u>36,835</u>

* Accrued salaries and superannuation have been calculated for eight working days from 19 June to 30 June 2015.

	2015	2014
	\$'000	\$'000
33. EQUITY		
<p>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.</p>		
Contributed equity (a)	624,729	565,275
Asset revaluation surplus (b)	399,556	393,507
Accumulated surplus	250,847	214,115
TOTAL EQUITY	<u>1,275,132</u>	<u>1,172,897</u>
(a) CONTRIBUTED EQUITY		
Balance at start of period	565,275	557,040
Contributions by Owners		
Capital appropriations (i)	35,410	3,553
Royalties for Regions Fund - Regional Infrastructure and Headworks Account	9,263	-
Transfer of net assets from other agencies (ii)		
- Land and buildings assumed from the Department of the Attorney General	17,500	4,682
- Other transfers from the Department of Fire and Emergency Services	1,862	-
Total contributions by owners	<u>64,035</u>	<u>8,235</u>
Distributions to owners		
Transfer of net assets to other agencies (iii)		
- Land and buildings transferred to the Department of Lands	(1,949)	-
- Other transfers to the Consolidated Account	(1,862)	-
Net assets transferred to Government (iii)		
- Proceeds for disposal of assets paid to the Consolidated Account	(770)	-
Total distributions to owners	<u>(4,581)</u>	<u>-</u>
Balance at end of period	<u>624,729</u>	<u>565,275</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



33. EQUITY (cont.)

- (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'.
- (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.

	2015	2014
	\$'000	\$'000

(b) ASSET REVALUATION SURPLUS

Balance at start of period	393,507	371,315
Net revaluation increments/(decrements):		
Land	5,624	9,660
Buildings	2,480	13,662
	8,104	23,322
Transfer to accumulated surplus/(deficit) on sale of previously revalued assets	(2,055)	(1,130)
Balance at end of period	399,556	393,507

(c) ACCUMULATED SURPLUS/(DEFICIT)

Balance at start of period	214,115	194,959
Result for the year	34,677	18,026
Transfer of revalued amounts of assets sold	2,055	1,130
Balance at end of period	250,847	214,115

	2015	2014
	\$'000	\$'000

34. 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 21)	73,646	62,234
Restricted cash and cash equivalents (see Note 22)	47,447	40,872
	121,093	103,106

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
34. 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	(1,226,563)	(1,200,981)
Non-cash items:		
Depreciation, amortisation and impairment expense	50,345	51,131
Services received free-of-charge	7,320	6,866
Donated assets	(574)	(749)
Doubtful and bad debts expense	5,178	4,272
Net loss/(gain) on sale of non-current assets	(132)	(333)
Adjustment for state government grants	-	1,220
Adjustment for other non-cash items	(3,745)	(2,340)
(Increase)/decrease in assets:		
Receivables (iii)	873	110
Prepayments	(10,955)	(543)
Inventories	(287)	179
Increase/(decrease) in liabilities:		
Payables (iii)	46	(3,570)
Sundry accruals	5,000	3,481
Provisions	9,471	(5,479)
Net GST receipts/(payments) (i)	(2,211)	(836)
Change in GST (receivables)/payables (ii)	708	(31)
	61,037	53,378
Net cash provided by/(used in) operating activities	(1,165,526)	(1,147,603)

- (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.

34. 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 \$544,748 in 2014-15 compared to \$736,965 in 2013-14. In addition, there was \$17,500,000 of assets transferred from the Department of the Attorney General during 2014-15.

During the year, there were \$1,949,284 of assets transferred to Department for Lands in 2014-15 compared to nil in 2013-14. In addition, there were no assets transferred to other government agencies in 2014-15 and 2013-14.

	2015 \$'000	2014 \$'000
--	----------------	----------------

35. COMMITMENTS

(a) CAPITAL EXPENDITURE COMMITMENTS

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

Within one year	17,525	23,208
Later than one year and not later than five years	13,642	37,960
	31,167	61,168

(b) LEASE COMMITMENTS

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

Within one year	33,715	34,129
Later than one year and not later than five years	61,002	89,303
Later than five years	338	-
	95,055	123,432

Representing:

Non-cancellable operating leases	95,055	123,432
	95,055	123,432

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



	2015	2014
	\$'000	\$'000

35. 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	39,982	64,366
Later than one year and not later than five years	57,238	171,404
Later than five years	10,439	2,136
	107,659	237,906

The above commitments are all inclusive of GST.

36. 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 36(c).

36. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$'000	\$'000

36. 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	73,646	62,234
Restricted cash and cash equivalents	47,447	40,872
Receivables (i)	366,669	320,844

Financial Liabilities

Financial liabilities measured at amortised cost	41,882	36,835
--	--------	--------

(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.

36. 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 2015



36. FINANCIAL INSTRUMENTS (cont.)

Ageing Analysis of Financial Assets

	Carrying Amount \$'000	Due and not impaired \$'000	Past due but not impaired			
			Less than 3 months \$'000	3 to 6 months \$'000	6 months to 1 year \$'000	More than 1 year \$'000
<u>2014-15</u>						
Cash and cash equivalents	73,646	73,646	-	-	-	-
Restricted cash and cash equivalents	47,447	47,447	-	-	-	-
Receivables	2,360	769	104	476	928	83
Amounts receivable for services	364,309	364,309	-	-	-	-
	487,762	486,171	104	476	928	83
<u>2013-14</u>						
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

36. 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

2014-15	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	-	73,646	73,646	73,646	73,646	-	-	-
Restricted cash and cash equivalents	-	47,447	47,447	47,447	47,447	-	-	-
Receivables	-	2,360	2,360	2,360	2,360	-	-	-
Amounts receivable for services	-	364,309	364,309	364,309	1,060	14,077	28,786	320,386
		487,762	487,762	487,762	124,513	14,077	28,786	320,386
Financial Liabilities								
Payables	-	8,845	8,845	8,845	8,845	-	-	-
Other accrued expenses	-	33,037	33,037	33,037	33,037	-	-	-
		41,882	41,882	41,882	41,882	-	-	-
Net Financial Assets (Liabilities)		445,880	445,880	445,880	82,631	14,077	28,786	320,386

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

36. FINANCIAL INSTRUMENTS (cont.)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	<u>\$'000</u>	<u>\$'000</u>
37. CONTINGENT LIABILITIES		
UNSETTLED LEGAL CLAIMS		
The value reported represents the maximum obligation potentially payable for the claims on hand at 30 June 2015.	820	1,007
38. REMUNERATION OF AUDITOR		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	189	180

39. 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 comprises the Corporate Board of the Police Service including the Commissioner of Police, Deputy Commissioner Operations, Deputy Commissioner Specialist Services and the Executive Director.

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:

\$	2015	2014
140,001 - 150,000	1	-
190,001 - 200,000	1	-
320,001 - 330,000	-	2
350,001 - 360,000	1	-
370,001 - 380,000	1	-
380,001 - 390,000	-	1
490,001 - 500,000	-	1
500,001 - 510,000	1	-
	<u>5</u>	<u>4</u>

	2015	2014
	<u>\$'000</u>	<u>\$'000</u>
Total cash remuneration and superannuation	1,521	1,540
Annual and long service leave accruals	(17)	(48)
Other benefits	71	36
The total remuneration of Senior Officers is:	<u>1,575</u>	<u>1,528</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 2015



	2015	2014
	\$'000	\$'000
40. 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 *	889	1,824
Assets written off from the asset register *	47	34
Other public property **	51	90
	987	1,948
* 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	889	1,824
	889	1,824
(ii) Assets		
The Accountable Authority	47	34
	47	34
(iii) Other Public Property		
The Accountable Authority	51	90
	51	90
(b) GIFTS OF PUBLIC PROPERTY		
Gifts of public property provided by the Police Service	87	100

41. 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.

	2015	2014
	\$'000	\$'000
CONSTABLE CARE CHILD SAFETY FOUNDATION INC	1,010	976
THE WESTERN AUSTRALIA POLICE HISTORICAL SOCIETY INC.	19	-
	1,029	976

42. 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 2015

43. EXPLANATORY STATEMENT

Major variances between estimates (original budget) and actual results for 2015, and between actual results for 2014 and 2015 are shown below. Major variances are considered to be those greater than 10% or \$10 million.

STATEMENT OF COMPREHENSIVE INCOME

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between budget and 2015 actual \$'000	Variance between 2015 and 2014 actual results \$'000
Expenses						
Employee expenses	1, A	982,659	959,016	939,535	(23,643)	19,481
Supplies and services	2	219,956	194,767	188,391	(25,189)	6,376
Depreciation & amortisation expense	3	61,671	50,345	51,131	(11,326)	(786)
Accommodation expenses	4	62,090	54,385	54,748	(7,705)	(363)
Grants, subsidies and transfer payments	5	7,252	4,377	3,611	(2,875)	766
Loss on disposal of non-current assets		-	91	17	91	74
Other expenses	6, B	9,865	10,872	8,709	1,007	2,163
Total cost of services		1,343,493	1,273,853	1,246,142	(69,640)	27,711
Income						
Revenue						
User charges and fees	7	39,102	33,331	32,886	(5,771)	445
Commonwealth grants	8, C	350	2,314	340	1,964	1,974
Contributions, sponsorships and donations	9	6,847	10,048	10,475	3,201	(427)
Other revenue		764	1,374	1,110	610	264
Total Revenue		47,063	47,067	44,811	4	2,256
Gains						
Gain on disposal of non-current assets		-	223	350	223	(127)
Total Gains		-	223	350	223	(127)
Total Income other than Income from State Government		47,063	47,290	45,161	227	2,129
NET COST OF SERVICES		1,296,430	1,226,563	1,200,981	(69,867)	25,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



43. EXPLANATORY STATEMENT (cont.)

STATEMENT OF COMPREHENSIVE INCOME

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between budget and 2015 actual \$'000	Variance between 2015 and 2014 actual results \$'000
Income from State Government						
Service appropriation	10, D	1,253,678	1,227,972	1,180,976	(25,706)	46,996
State grants		16,371	17,180	16,600	809	580
Services received free-of-charge		6,250	7,320	7,320	1,070	-
Royalties for Regions Fund	11, E	17,941	8,768	14,111	(9,173)	(5,343)
Total Income from State Government		1,294,240	1,261,240	1,219,007	(33,000)	42,233
SURPLUS FOR THE PERIOD		(2,190)	34,677	18,026	36,867	16,651
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus	12, F	-	8,104	23,322	8,104	(15,218)
Total other comprehensive income		-	8,104	23,322	8,104	(15,218)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,190)	42,781	41,348	8,104	1,433

STATEMENT OF FINANCIAL POSITION

ASSETS

Current Assets

Cash and cash equivalents	13, G	34,136	73,646	62,234	39,510	11,412
Restricted cash and cash equivalents	14, H	42,668	47,447	11,647	4,779	35,800
Receivables		6,598	7,984	7,355	1,386	629
Amounts receivable for services		14,470	15,137	15,945	667	(808)
Non-current assets classified as held for sale	15, I	-	1,917	17	1,917	1,900
Inventories		621	729	442	108	287
Other current assets	16, J	6,598	18,096	7,141	11,498	10,955
Total Current Assets		105,091	164,956	104,781	59,865	60,175

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

43. EXPLANATORY STATEMENT (cont.)

STATEMENT OF FINANCIAL POSITION

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between budget and 2015 actual \$'000	Variance between 2015 and 2014 actual results \$'000
Non-Current Assets						
Restricted cash and cash equivalents	14, K	-	-	29,225	-	(29,225)
Amounts receivable for services	L	348,866	349,172	301,665	306	47,507
Property, plant and equipment	M	942,151	942,617	916,567	466	26,050
Intangible assets	N	67,943	70,050	57,804	2,107	12,246
Total Non-Current Assets		1,358,960	1,361,839	1,305,261	2,879	56,578
TOTAL ASSETS		1,464,051	1,526,795	1,410,042	62,744	116,753
LIABILITIES						
Current Liabilities						
Provisions	17, O	149,432	152,437	145,715	3,005	6,722
Payables	P	44,124	41,882	36,835	(2,242)	5,047
Total Current Liabilities		193,556	194,319	182,550	763	11,769
Non-Current Liabilities						
Provisions	18, Q	50,327	57,344	54,595	7,017	2,749
Total Non-Current Liabilities		50,327	57,344	54,595	7,017	2,749
TOTAL LIABILITIES		243,883	251,663	237,145	7,780	14,518
NET ASSETS		1,220,168	1,275,132	1,172,897	54,964	102,235
EQUITY						
Contributed equity	19, R	650,651	624,729	565,275	(25,922)	59,454
Reserves	20	371,315	399,556	393,507	28,241	6,049
Accumulated surplus	21, S	198,202	250,847	214,115	52,645	36,732
TOTAL EQUITY		1,220,168	1,275,132	1,172,897	54,964	102,235

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

43. EXPLANATORY STATEMENT (cont.)

STATEMENT OF CASH FLOWS

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between budget and 2015 actual \$'000	Variance between 2015 and 2014 actual results \$'000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	22, T	1,192,007	1,166,301	1,123,828	(25,706)	42,473
Capital appropriations	23, U	69,969	35,410	3,553	(34,559)	31,857
Holding account drawdowns		15,945	14,972	16,600	(973)	(1,628)
Grants from State Government	V	16,371	17,180	15,527	809	1,653
Royalties for Regions Fund	24, W	33,234	18,031	14,111	(15,203)	3,920
Non retained revenue distribution to owners	25, X	-	(770)	-	(770)	(770)
Net cash provided by State Government		1,327,526	1,251,124	1,173,619	(76,402)	77,505
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee payments	26, Y	(979,059)	(954,405)	(941,839)	24,654	(12,566)
Supplies and services	27	(215,512)	(184,543)	(178,873)	30,969	(5,670)
Accommodation payments		(54,611)	(56,812)	(56,852)	(2,201)	40
Grant payments	28, Z	(7,252)	(4,379)	(3,633)	2,873	(746)
GST payments on purchases		(29,911)	(32,415)	(30,181)	(2,504)	(2,234)
Other payments	29, AA	(10,896)	(5,921)	(3,247)	4,975	(2,674)
		(1,297,241)	(1,238,475)	(1,214,625)	58,766	(23,850)
Receipts						
User charges and fees	30	35,532	29,000	29,284	(6,532)	(284)
Commonwealth grants	31, AB	350	2,247	340	1,897	1,907
Contributions, sponsorships and donations	32, AC	5,929	9,473	8,053	3,544	1,420
GST receipts on sales		2,388	4,127	3,497	1,739	630
GST receipts from taxation authority		27,523	26,077	25,848	(1,446)	229
Other receipts	33	610	2,025	-	1,415	2,025
		72,332	72,949	67,022	617	5,927
Net cash provided by/(used in) operating activities		(1,224,909)	(1,165,526)	(1,147,603)	59,383	(17,923)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

43. EXPLANATORY STATEMENT (cont.)

STATEMENT OF CASH FLOWS

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between budget and 2015 actual \$'000	Variance between 2015 and 2014 actual results \$'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets	34, AD	(112,718)	(68,235)	(49,854)	44,483	(18,381)
Receipts						
Proceeds from sale of non-current physical assets		-	624	795	624	(171)
Net cash provided by/(used in) investing activities		(112,718)	(67,611)	(49,059)	45,107	(18,552)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(10,101)	17,987	(23,043)	28,088	41,030
Cash and cash equivalents at the beginning of period		86,905	103,106	126,149	16,201	(23,043)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		76,804	121,093	103,106	44,289	17,987
ADMINISTERED TRANSACTIONS						
INCOME						
Sale of lost, stolen and forfeited property		450	544	521	94	23
Fines and infringements	35	200	78	108	(122)	(30)
TOTAL INCOME		650	622	629	(28)	(7)
EXPENSES						
Transfer payments	36	400	515	524	115	(9)
Commission expenses	37	250	107	105	(143)	2
TOTAL EXPENSES		650	622	629	(28)	(7)



43. EXPLANATORY STATEMENT (cont.)

Explanation of Major Variances

Variance between estimate and actual

1. Employee expenses were under budget by \$23.6 million due mainly to Police Officer severances in early 2014 which resulted in a lower than budget FTE for 2014-15. Regional housing was also under budget due to slower than expected deployment of new officers to regional areas.
2. Supplies and services were under budget by \$25.2 million due mainly to changes in the timing of capital projects and restructuring of vehicle leases. Capital works expensed was under budget primarily due to delays in the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
3. Depreciation expense was under budget by \$11.3 million due mainly to a revision in the useful life of some software assets and delays in new infrastructure projects, such as the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
4. Accommodation expense was under budget by \$7.7 million due mainly to the renegotiation and rationalisation of accommodation leases. Note that accommodation lease budget includes allowance for outgoings, whereas the actuals may be reflected in other account groups.
5. Grant payments were under budget by \$2.9 million due mainly to delays in grants payments to the Police and Citizens Youth Club, pending finalisation of a Memorandum of Understanding.
6. Other expenses were \$1 million over budget due to the net impact of an increase in doubtful debts expense related to the impoundment of vehicles plus refunds of State Grants received.
7. User charges and fees were under budget by \$5.8 million due mainly to the reclassification of salary recoups as an expense rather than revenue item during 2015 and lower than budgeted National Police Certificate revenue.
8. Commonwealth Grants were \$2 million over budget due mainly to the receipt of funding from the Australian Federal Police for the Perth branch of the National Anti-Gang Squad.
9. Contributions, sponsorships and donations were over budget by \$3.2 million due mainly to over budget employee contributions towards regional housing as a result of increases in housing volumes and contribution rates.
10. The reduction in Service appropriation of \$25.7 million is reflective of the recurrent impact of Government efficiency measures.
11. Income from the Royalties for Regions Fund was \$9.2 million lower than originally budgeted due to reductions in District Allowance funding and repositioning of income relating to the Regional Incentives Scheme and the Community Safety Network project.
12. The change in asset revaluation surplus of \$8.1 million represents the movement in the valuation of land and buildings for 2014-15. This line item was not provided for in the budget papers.
13. Cash and cash equivalents were \$39.5 million over budget due to a net increase in Cash and cash equivalents as a result of operating cash flows, and capital works carryovers - relating mainly to the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
14. Restricted cash and cash equivalents were over budget by \$4.8 million due mainly to Royalties for Regions cash carried over for the Community Safety Network project from 2013-14.
15. Non-Current Assets classified as held for sale was above budget as a result of land identified for immediate sale during the year.
16. Other current assets were over budget by \$11.5 million due to the prepayment of PAYG and payroll deductions.
17. Current Provisions were over budget by \$3 million due to increases in the provision for Long Service Leave resulting from changes to interest rates and a new provision for In Service Medical Benefits.
18. Non-Current Provisions were \$7 million over budget due mainly to increases in the Long Service Leave Provision resulting from changes to actuarial factors and an increase in the Post Separation Medical Benefits provision as a result of an actuarial assessment of the Scheme.
19. Contributed equity was \$25.9 million under budget as a result of repositioning within the Asset Investment Program, primarily related to the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology replacement and Continuity program, offset by a transfer of equity from Department of the Attorney General for the Carnarvon Police and Justice Centre.
20. Reserves were \$28.2 million over budget due to the revaluation in land and buildings in 2015.
21. Accumulated surplus was \$52.6 million over budget, largely as a result of over budget actual surplus for 2014 and 2015.
22. The reduction in Service appropriation of \$25.7 million is largely attributable to the recurrent impact of Government efficiency measures.
23. Capital appropriation was \$34.6 million under budget as a result of repositioning within the Asset Investment Program projects across the forward estimate period, primarily related to the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
24. Royalties for Regions Fund receipts were \$15.2 million lower than originally budgeted due to the reduction in District Allowance funding and repositioning of cash receipts relating to the Community Safety Network/Regional Radio Network Replacement program.
25. Non-Retained Revenue distribution to owners relates to the sale proceeds of vessels that were returned to the Consolidated Account. This line item was not provided for in the budget papers.
26. Employee payments were under budget by \$24.7 million due mainly to Police Officer severances in early 2014 which resulted in a lower than budget FTE for 2014-15. Regional housing was also under budget due to slower than expected deployment of new officers to regional areas.
27. Supplies and services were under budget by \$30.9 million due mainly to changes in the timing of capital projects and restructuring of vehicle leases. Capital works expensed was under budget primarily due to delays in the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
28. Grant payments were under budget by \$2.9 million due mainly to delays in grants payments to the Police and Citizens Youth Club, pending finalisation of a Memorandum of Understanding.
29. Other payments were \$5 million under budget due mainly to lower advertising payments than expected and the timing of payments from corporate card clearing accounts.
30. User charges and fees receipts were under budget by \$6.5 million due to the reclassification of salary recoups as an expense rather than revenue item during 2015, lower than budgeted National Police Certificate revenue and lower recoups relating to vehicle impoundments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

43. EXPLANATORY STATEMENT (cont.)

31. Commonwealth grants were \$1.9 million over budget due mainly to funding from the Australian Federal Police for the Perth branch of the National Anti-Gang Squad.
32. Contributions, sponsorships and donations were over budget by \$3.5 million due mainly to lower budgeted employee contributions towards regional housing and the timing of cash receipts for Special Plate Contributions.
33. Other Receipts were over budget by \$1.4 million due mainly to receipts for paid parental leave.
34. Purchase of non-current physical assets was under budget by \$44.5 million due mainly to repositioning within the Asset Investment Program across the forward estimates period, primarily related to the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
35. Fines and infringements relate to Licensing Enforcement fines. Income received fluctuates from year to year based on the number of fines issued.
36. Transfer payments to Government relate to the proceeds of the sale of lost, stolen and forfeited property and fines revenue. The amount paid fluctuates from year to year based on receipts.
37. Commission expenses relate to auctioneer costs associated with the sale of lost, stolen and forfeited property. This expense is proportional to the income received from the sale of lost, stolen and forfeited property.

Variance between actual results for 2015 and 2014

- A. Employee expenses increased by \$19.5 million as a result of pay increases, additional Police Officers and increases in leave liability accrual, offset by a reduction in Police Staff.
- B. Other expenses increased by \$2.2 million due mainly to the refund of State Grants received and an increase in doubtful debts expense.
- C. Commonwealth grants increased by \$2 million due mainly to the receipt of funding from the Australian Federal Police for the Perth branch of the National Anti-Gang Squad.
- D. The increase in Service appropriation of \$47 million is due mainly to the net impact of salary and cost escalation and appropriation for the 2013 Election Commitment - Boost to Police Resources, offset by the impact of Government Efficiency measures.
- E. Income from the Royalties for Regions Fund reduced by \$5.3 million due to reductions in District Allowance funding and the timing of cash flows relating to Community Safety Network project.
- F. The asset revaluation increment was \$15.2 million less than the previous year's increment.
- G. Cash and cash equivalents increased by \$11.4 million due mainly to a net increase in cash as a result of operating cash flows, and capital works carryovers - relating mainly to the Community Safety Network/Regional Radio Network Replacement program and the Information and Communications Technology Replacement and Continuity program.
- H. The movement in Restricted Cash and cash equivalents reflects the movement of the accumulated cash for the 27th pay from non-current to current assets.
- I. Non-Current Assets classified as held for sale increased as a result of land identified for immediate sale during the year.
- J. Other current assets increased by \$11 million due to the prepayment of PAYG and payroll deductions.
- K. Non-current restricted cash and cash equivalents reflects the movement of the accumulated cash for the 27th pay from non-current to current assets.
- L. Amounts receivable for services reflects an increase in the holding account balance for asset replacement proportional to depreciation accrued during 2015.
- M. Property, plant and equipment reflects an increase of \$26 million primarily as a result of the Asset Investment Program and the revaluation of land and buildings.
- N. Intangible assets reflects an increase of \$12.2 million primarily as a result of the Asset Investment Program.
- O. Current provisions increased by \$6.7 million due to increases in the provision for Long Service Leave resulting from changes to actuarial factors and a new provision for In Service Medical Benefits.
- P. Payables and accruals increased by \$5 million primarily due to an increase in accrued salaries.
- Q. Non-Current Provisions increased by \$2.7 million primarily due to an increase in the provision for Post Separation Medical Benefits as a result of an actuarial assessment of the Scheme.
- R. Contributed equity increased by \$59.5 million due mainly to the equity contributed for the Asset Investment Program and the contribution of equity for the Carnarvon Police and Justice Centre.
- S. The Accumulated surplus increase by \$36.7 million reflecting the gross impacts of all the above variations, excess of income over expense, and net changes in assets and liabilities.
- T. The increase in Service appropriation of \$42.5 million is due mainly to salary and cost escalation and appropriation for the 2013 Election Commitment - Boost to Police Resources.
- U. The Capital appropriation increase of \$31.9 million is reflective of the changing mix of projects in the Asset Investment Program.
- V. The increase in Grants from Government of \$1.7 million reflects an increase in funding from the Road Trauma Trust Account, offset by a reduction in funding from the Confiscation Proceeds Account.
- W. Royalties for Regions receipts were \$3.9 million greater due to the cash flows required for the Community Safety Network project.
- X. Non-Retained Revenue relates to the sale proceeds of vessels that were returned to the Consolidated Account in 2014-15. There were no transfers in 2013-14.
- Y. Employee payments increased by \$12.6 million as a result of pay increases and additional Police Officers, offset by a reduction in Police Staff FTE and changes to levels in employee severances between the years.
- Z. Grants payments increased by \$0.7 million due mainly to increases in grants for community policing initiatives.
- AA. Other payments in 2014 was offset by Other Receipts, resulting in a variation of \$2.7 million. Actual other payments were consistent from 2014 to 2015.
- AB. Commonwealth Grants increased by \$1.9 million due mainly to the receipt of funding from the Australian Federal Police for the Perth branch of the National Anti-Gang Squad.
- AC. Contributions, sponsorships and donations increased by \$1.4 million due mainly to the timing of Special Plate Contributions.
- AD. Purchase of non-current physical assets increased by \$18.4 million reflecting changes in the Asset Investment Program.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



	2015	2014
	\$'000	\$'000
44. SCHEDULE OF ADMINISTERED ITEMS		
ADMINISTERED EXPENSES AND INCOME		
EXPENSES		
Transfer payments	515	524
Commission expenses	107	105
Total administered expenses	622	629
INCOME		
Sale of lost, stolen and forfeited property	544	521
Fines and infringements	78	108
Total administered income	622	629

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.

45. 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 2014	466	147
Receipts	382	666
Payments	361	347
Closing Balance at 30 June 2015	487	466

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.

	2015	2014
	\$'000	\$'000
45. SPECIAL PURPOSE ACCOUNTS (cont.)		
(b) STOLEN MONIES TRUST		
Opening Balance 1 July 2014	799	413
Receipts	738	872
Payments	268	486
Closing Balance at 30 June 2015	1,269	799

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.

(c) SEIZED MONIES TRUST

Opening Balance 1 July 2014	19,183	17,778
Receipts	11,295	8,506
Payments	6,525	7,101
Closing Balance at 30 June 2015	23,953	19,183

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 2014	54	10
Receipts	151	104
Payments	168	60
Closing Balance at 30 June 2015	37	54

Purpose

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