

AUSTRALIAN PROTECTIVE SERVICES ACCOUNT





INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

Scope

I have audited the financial statements of the Australian Protective Service for the year ended 30 June 2002. The financial statements comprise:

- Statement by the Chief Executive and Director;
- Statements of Financial Performance, Financial Position and Cashflows;
- Schedules of Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The Attorney-General's Department Chief Executive and the Director of the Australian Protective Service are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Australian Protective Service's financial position, its financial performance and its cash flows.

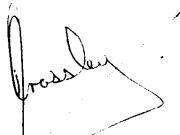
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Australian Protective Service as at 30 June 2002, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



David Crossley
Executive Director

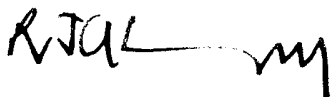
Delegate of the Auditor-General

Canberra
22 August 2002

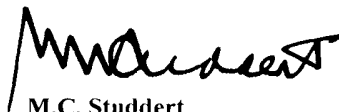
**ATTORNEY - GENERAL'S DEPARTMENT
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT**

STATEMENT BY THE CHIEF EXECUTIVE AND THE DIRECTOR

In our opinion, the attached financial statements for the year ended 30 June 2002 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.



Robert Cornall
Chief Executive
Attorney-General's Department



M.C. Studdert
Director
Australian Protective Service

Dated this 22 day of August 2002.

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 STATEMENT OF FINANCIAL PERFORMANCE
 for the year ended 30 June 2002

	Notes	2001/02 \$	2000/01 \$
Revenue from ordinary activities			
Revenues from Government	3A	20,969,813	742,000
Sales of services	3B	73,177,245	57,126,568
Interest	3C	347,530	334,373
Net gains from sales of assets	3D	-	9,491
Other		<u>227,489</u>	<u>1,264,719</u>
<i>Total revenues from ordinary activities</i>		<u>94,722,077</u>	<u>59,477,151</u>
Expenses from ordinary activities (excluding borrowing cost expense)			
Employees	4A	61,747,677	46,134,037
Suppliers	4B	15,722,047	7,499,491
Depreciation and amortisation	4C	777,246	619,631
Write-down of assets	4D	32,095	141,336
Net losses from sale of assets	3D	1,313	-
Competitive neutrality costs	4E	<u>3,286,482</u>	<u>3,110,164</u>
<i>Total expenses from ordinary activities (excluding borrowing costs expense)</i>		<u>81,566,860</u>	<u>57,504,659</u>
Borrowing costs expense	5	3,793	-
Net operating surplus (deficit) from ordinary activities		13,151,425	1,972,492
Net surplus (deficit)		<u>13,151,425</u>	<u>1,972,492</u>
Net surplus (deficit) attributable to the Commonwealth		<u>13,151,425</u>	<u>1,972,492</u>
Net credit (debit) to asset revaluation reserve		<u>-</u>	<u>833,654</u>
Total revenues, expenses and valuation adjustments attributable to the Commonwealth and recognised directly in equity		<u>-</u>	<u>833,654</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>13,151,425</u>	<u>2,806,146</u>

The above statement should be read in conjunction with the accompanying notes.

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2002

	Notes	2001/02 \$	2000/01 \$
ASSETS			
Financial assets			
Cash	6A	24,234,294	7,668,371
Receivables	6B	15,750,929	10,720,156
Total financial assets		39,985,223	18,388,527
Non-financial assets			
Land and buildings	7A,D	368,668	357,000
Infrastructure, plant and equipment	7B,D	2,204,232	2,460,530
Intangibles	7C,D	1,731,339	199,186
Inventories	7E	206,476	245,610
Other	7F	98,885	49,078
Total non-financial assets		4,609,600	3,311,404
Total assets		44,594,823	21,699,931
LIABILITIES			
Payables			
Suppliers	8A	8,545,342	1,489,466
Competitive neutrality costs	8B	2,910,173	4,096,410
Total payables		11,455,515	5,585,876
Provisions			
Employees	9	15,047,006	10,509,539
Total provisions		15,047,006	10,509,539
Total liabilities		26,502,521	16,095,415
NET ASSETS		18,092,302	5,604,516
EQUITY			
Parent entity interest			
Contributed equity	10	3,872,055	3,872,055
Reserves	10	888,325	1,588,325
Retained surpluses or accumulated deficits	10	13,331,922	144,136
Total parent entity interest	10	18,092,302	5,604,516
Total equity	10	18,092,302	5,604,516
Current assets		40,290,584	18,683,215
Non-current assets		4,304,239	3,016,716
Current liabilities		21,705,741	12,149,459
Non-current liabilities		4,796,780	3,945,956

The above statement should be read in conjunction with the accompanying notes.

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 STATEMENT OF CASH FLOWS
 for the year ended 30 June 2002

	Notes	2001/02 \$	2000/01 \$
OPERATING ACTIVITIES			
Cash received			
Sales of services			
Government		61,559,173	44,905,760
Non-government		16,076,496	12,082,951
Interest		340,062	348,498
Appropriations		20,700,000	742,000
Total cash received		<u>98,675,731</u>	<u>58,079,209</u>
Cash used			
Suppliers		(23,508,343)	(11,867,287)
Employees		(53,010,215)	(46,167,136)
GST paid to ATO		(3,674,322)	(3,071,486)
Total cash used		<u>(80,192,880)</u>	<u>(61,105,909)</u>
Net Cash from/ (used by) operating activities	11	<u>18,482,851</u>	<u>(3,026,700)</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		764	165,714
Total cash received		<u>764</u>	<u>165,714</u>
Cash used			
Purchase of property, plant and equipment		(1,917,692)	(276,093)
Total cash used		<u>(1,917,692)</u>	<u>(276,093)</u>
Net Cash from/ (used by) investing activities		<u>(1,916,928)</u>	<u>(110,379)</u>
FINANCING ACTIVITIES			
Cash used			
Dividends paid		-	(466,734)
Total cash used		<u>-</u>	<u>(466,734)</u>
Net Cash from/ (used by) financing activities		<u>-</u>	<u>(466,734)</u>
Net increase/(decrease) in cash held		<u>16,565,923</u>	<u>(3,603,813)</u>
Cash at beginning of the reporting period		7,668,371	11,272,184
Cash at the end of the reporting period	6A	<u>24,234,294</u>	<u>7,668,371</u>

The above statement should be read in conjunction with the accompanying notes.

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 SCHEDULE OF COMMITMENTS

for the year ended 30 June 2002

	2001/02 \$	2000/01 \$
BY TYPE		
OTHER COMMITMENTS		
Operating leases (a)	8,007,563	4,320,398
Consultancy services (b)	-	1,627,821
Total other commitments	8,007,563	5,948,219
COMMITMENTS RECEIVABLE	(727,960)	(540,747)
Net commitments	7,279,603	5,407,472
BY MATURITY		
All net commitments		
One year or less	2,436,038	2,006,636
From one to five years	4,475,232	2,647,500
Over five years	368,333	753,336
Net commitments	7,279,603	5,407,472
Operating lease commitments		
One year or less	2,679,641	858,212
From one to five years	4,922,755	2,633,516
Over five years	405,167	828,670
Net Operating lease commitments	8,007,563	4,320,398

NB: Commitments are GST inclusive where relevant.

(a) Operating leases included are effectively non-cancellable and comprise:

<i>Nature of agreement</i>	<i>General description of contract arrangement</i>
Leases for offices accommodation	<ul style="list-style-type: none"> . Lease payments are subject to annual rental reviews, generally in line with the Consumer Price Index according to the lease agreements; . The office accommodation leases are still current and each may be renewed subject to renegotiations.
Agreements for the provision of motor vehicles	<ul style="list-style-type: none"> . No contingent rentals exist; . There are no renewal or purchase options available to the APS.

(b) As at 30 June, the Australian Protective Service (APS) has entered contracts or committed to the provision of consultancy service in the areas of SAP and business strategy from external entities.

The above schedule should be read in conjunction with the accompanying notes.

**ATTORNEY-GENERAL'S DEPARTMENT
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
SCHEDULE OF CONTINGENCIES**
for the year ended 30 June 2002

As at 30 June 2002, the APS had no quantifiable contingent losses or gains.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 2002, the APS had a few outstanding legal matters, but was not certain that they have any potential to result in a financial liability. It is not possible to quantify these matters in financial terms nor is it possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

The above schedule should be read in conjunction with the accompanying notes.

ATTORNEY-GENERAL'S DEPARTMENT
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note	Description
1	Summary of Significant Accounting Policies
2	Events Occurring after Balance Date
3	Operating Revenues
4	Operating Expenses
5	Borrowing Cost Expenses
6A-B	Financial Assets
7A-D	Non-Financial Assets
7E	Inventories
7F	Other Non Financial Assets
8A	Suppliers
8B	Competitive Neutrality Costs
9	Provisions
10	Equity
11	Cash Flow Reconciliation
12	Remuneration of Auditors
13	Remuneration of Executives
14	Average Staffing Levels
15	Superannuation
16	Related Party Transactions
17	Financial Instruments
18	Comcare Trust Money
19	Appropriations

**ATTORNEY - GENERAL'S DEPARTMENT
AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2002

(1) Summary of Significant Accounting Policies

1.1 Objectives of the Australian Protective Service

The Australian Protective Service (APS) is a partially budget funded organisation operating under the *Australian Protective Service Act 1987*. The APS provides a range of training, consultancy, specialist service, alarm monitoring and protective security services on a full cost recovery basis.

As at 1 July 2002, APS will be transferred from the Attorney-General's Department to the Australian Federal Police (AFP). The APS will be integrated into the AFP as a new division.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability (Financial Statements 2001-02) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standard Boards;
- other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issue Group.

The statements have also been prepared having regard to the Explanatory Notes to Schedule 1, and Finance Briefs issued by the Department of Finance and Administration.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised, are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

1.4 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.5 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

1.6 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluation

Land, building, infrastructure, plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles, so that no asset has a value greater than three years old.

The APS has implemented its progressive revaluations as follows:

- all freehold land and buildings have been revalued in full as at 30 June 2001; and
- other infrastructure, plant & equipment have been revalued as at 30 June 2001.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress.

In accordance with the deprival methodology, land is measured at its current market buying price. Property (other than land), plant and equipment are measured at their depreciated replacement cost. Where assets are held which would not be replaced or are surplus to requirements, measurement is at net realisable value. At 30 June 2002, APS had no assets in this situation.

All valuations are independent.

Recoverable Amount Test

Schedule 1 requires the application of the recoverable amount test to non-current assets in accordance with AAS 10 *Recoverable Amount of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

1.6 *Property, Plant and Equipment (cont.)*

Depreciation and amortisation

Depreciable property plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the APS using, in all cases, the straight line method of depreciation and amortisation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rate (useful lives) and method are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2001-02	2000-01
Buildings on freehold land	25 years	25 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	4 - 8 years	4 - 8 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

1.7 *Leases*

Operating lease payments are expensed on a basis, which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreement is expensed in the period in which the space becomes surplus.

1.8 *Provision for bad and doubtful debts*

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at year end. Bad debts are written off during the year in which they are identified.

1.9 *Inventories*

Inventories held represent stores of consumables and other goods not for resale. Inventories are valued at cost in accordance with *AAS 2 Inventories* except where no longer required, in which case they are valued at net realisable value. Cost is assigned to individual items of inventory using the first in first out method.

1.10 *Employee Entitlements*

(a) Leave

The liability for employee entitlements includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees in future years by employees of the APS is estimated to be less than the annual entitlement for sick leave.

1.10 Employee Entitlements (cont.)

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2002 and is recognised at its nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of estimated future cash flows to be made in respect of all employees at 30 June 2002. In determining the present value of the liability, the APS has adopted the calculation in accordance with the Guidance Release for Departmental Financial Statements - Employee Entitlements issued by the DoFA. APS has adopted a short-hand method provided by the Australian Government Actuary.

(b) Separation and redundancy

Provision is made for separation and redundancy payments in circumstances where the APS has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

1.11 Intangible Assets

APS's intangibles comprise purchased computer software. The asset is carried at cost.

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

No write-down to recoverable amount has been made in 2001-02.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives.

1.12 Taxation

The APS is exempt from all forms of taxation except fringe benefit tax and goods and services tax. From 1 July 1999, the APS applies a tax equivalence regime in accordance with the Commonwealth's Competitive Neutrality Policy Statement issued in June 1996. Fringe Benefits tax and amounts in lieu of applicable indirect taxes and income tax are accounted for and included in the determination of operating profit.

1.13 Dividends

The 1995 Memorandum of Understanding between the DoFA and APS specifies that dividend payment is based on 50% of the operating profit with recognition of the requirement to retain funds for business purposes and the overall budgetary position.

1.14 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the APS.

(a) Revenues from Government

The full amount of the appropriations for APS outputs for the year is recognised as revenue. This is a change in accounting policy caused by the introduction of a new requirement to this effect in the Finance Minister's Orders. (In 2000-01, output appropriations were recognised as

1.14 Revenue (cont.)

revenue to the extent the appropriations had been drawn down from the Official Public Account).

The change in policy had no financial effect in 2001-02 as the full amount of the output appropriation for 2000-01 had been drawn down in that year.

(b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contribution of assets at no cost of acquisition or for nominal considerations are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangement.

(c) Other Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to clients.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.15 Insurance

APS has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.16 Financial Instruments

Accounting policies in relation to financial instruments are disclosed in Note 17.

1.17 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.18 Rounding

Amounts are rounded to the nearest dollar.

1.19 Changes in accounting policies

Changes in accounting policy have been identified in this note under their appropriate headings.

1.20 Capital and Segment Reporting

(a) Capital

The Memorandum of Understanding between the Australian Protective Service and Department of Finance and Administration which sets out the main operating principles for the Australian Protective Service from 1 July 1994 was signed on 29 June 1995.

(b) Segment Reporting

Australian Protective Service operates solely within Australia and its normal business activities are mainly dependent upon business with Commonwealth Government Agencies and airports at the major cities.

1.21 Asset Revaluation Reserve

Where on disposal of a revalued asset, a revaluation increment relating to that asset remains in the asset revaluation reserve, such increment will be transferred directly to the accumulated results.

(2) Events Occurring after Balance Date

No significant subsequent events have occurred since the year end requiring disclosure in the financial statements.

	2001/02 \$	2000/01 \$
(3) Operating Revenues		
3A. Revenues from Government		
Appropriations	20,700,000	742,000
Resources received free of charge	<u>269,813</u>	-
Total	<u>20,969,813</u>	<u>742,000</u>
3B. Sales of Services		
Services	<u>73,177,245</u>	<u>57,126,568</u>
Services were sold as follows:		
Government	67,243,612	48,981,996
Non-Government	<u>5,933,633</u>	<u>8,144,572</u>
Total	<u>73,177,245</u>	<u>57,126,568</u>
3C. Interest		
Interest on deposits	<u>347,530</u>	<u>334,373</u>
3D. Net Gains/(Losses) from Sales of Assets		
Land and Buildings:		
Proceeds from sale	-	150,287
Net book value at sale	<u>-</u>	<u>(140,908)</u>
Net gain	<u>-</u>	<u>9,379</u>
Infrastructure, plant and equipment:		
Proceeds from sale	764	362
Net book value at sale	<u>(2,077)</u>	<u>(250)</u>
Net gain/(loss)	<u>(1,313)</u>	<u>112</u>
Total net gains/(losses) from sales of assets	<u>(1,313)</u>	<u>9,491</u>

	2001/02	2000/01
	\$	\$
(4) Operating Expenses		
4A. Employee expenses		
Remuneration (for services provided)	55,520,080	41,322,266
Separation and redundancy	<u>1,126,952</u>	<u>694,217</u>
Total remuneration	56,647,032	42,016,483
Other employee expenses	<u>5,100,645</u>	<u>4,117,554</u>
Total	<u><u>61,747,677</u></u>	<u><u>46,134,037</u></u>
4B. Suppliers expenses		
Supply of services	13,716,787	5,772,042
Operating lease rentals (a)	<u>2,005,260</u>	<u>1,727,449</u>
Total	<u><u>15,722,047</u></u>	<u><u>7,499,491</u></u>
(a) These comprise minimum lease payments only.		
4C. Depreciation and amortisation		
Depreciation of property, plant and equipment	<u><u>777,246</u></u>	<u><u>619,631</u></u>
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Buildings on freehold land	9,499	14,268
Plant and equipment	564,927	530,825
Intangibles	<u>202,820</u>	<u>74,538</u>
Total	<u><u>777,246</u></u>	<u><u>619,631</u></u>
No depreciation or amortisation was allocated to the carrying amounts of other assets.		
4D. Write down of assets		
Bad and doubtful debts expense	1,221	109,110
Plant & equipment - write-off on disposal	<u>30,874</u>	<u>32,226</u>
Total	<u><u>32,095</u></u>	<u><u>141,336</u></u>
4E. Competitive neutrality costs		
Payroll tax equivalence	2,717,650	2,264,811
Corporate tax equivalence	<u>568,832</u>	<u>845,353</u>
Total	<u><u>3,286,482</u></u>	<u><u>3,110,164</u></u>
(5) Borrowing Cost Expenses		
Credit card late penalty	<u>3,793</u>	-
Total	<u><u>3,793</u></u>	<u><u>-</u></u>
(6) Financial Assets		
6A. Cash		
Cash on hand	8,280	10,431
Cash at bank	<u>24,226,014</u>	<u>7,657,940</u>
Total	<u><u>24,234,294</u></u>	<u><u>7,668,371</u></u>

All cash recognised is a current asset.

	2001/02	2000/01
	\$	\$
(6) Financial Assets (cont'd)		
6B. Receivables		
Services	15,736,367	10,781,024
Less: Provision for doubtful debts	<u>(62,789)</u>	<u>(123,123)</u>
	15,673,578	10,657,901
Interest receivable	14,194	6,726
Other debtors	<u>63,157</u>	<u>55,529</u>
	15,750,929	10,720,156
All receivables are current assets.		
Receivables (gross) which are aged as follows:		
Not Overdue	13,761,354	8,379,394
Overdue by:		
- less than 30 days	1,629,166	1,636,753
- 30 to 60 days	273,996	684,425
- 60 to 90 days	15,888	20,233
- more than 90 days	<u>133,314</u>	<u>122,474</u>
Total receivables (gross)	15,813,718	10,843,279
(7) Non-Financial Assets		
7A. Land and Buildings		
Total Land - at June 2001 valuation	<u>102,000</u>	<u>102,000</u>
Buildings on land - at June 2001 valuation	380,167	359,000
Accumulated depreciation	<u>(113,499)</u>	<u>(104,000)</u>
Total Buildings (net)	266,668	255,000
Total Land and Buildings	368,668	357,000
7B. Infrastructure, plant and Equipment		
Plant and equipment - at cost	641,008	309,349
Accumulated depreciation	<u>(101,366)</u>	<u>(27,879)</u>
	539,642	281,470
Plant and equipment - at June 2001 valuation	4,785,558	4,882,188
Accumulated depreciation	<u>(3,120,968)</u>	<u>(2,703,128)</u>
	1,664,590	2,179,060
Total Plant and Equipment	2,204,232	2,460,530
7C. Intangibles		
Software -		
Purchased Computer Software - at cost	2,197,422	462,449
Accumulated depreciation	<u>(466,083)</u>	<u>(263,263)</u>
	1,731,339	199,186
Total Intangibles	1,731,339	199,186

The revaluations were in accordance with the revaluation policy stated at Note 1 and were completed by an independent valuer Australian Valuation Office (AVO). Revaluation increments of \$6,000 for land and \$76,107 for buildings were made to the asset revaluation reserve; and revaluation increments of \$650,881 for Infrastructure, plant and equipment in 2000/01.

7D. Analysis of Property, Plant, Equipment and Intangibles

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Item	Total Land	Buildings on Freehold Land	Total Land and Buildings	Total Plant & Equipment	Computer software - Total intangibles	TOTAL
	\$	\$	\$	\$	\$	\$
Gross value as at 1 July 2001	102,000	359,000	461,000	5,191,537	462,449	6,114,986
Additions: Purchase of assets	-	21,167	21,167	341,579	1,734,973	2,097,719
Revaluations: write-ups/(write-downs)	-	-	-	-	-	-
Assets transferred in/(out)	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-
Disposals	-	-	-	(106,550)	-	(106,550)
Gross value as at 30 June 2002	102,000	380,167	482,167	5,426,566	2,197,422	8,106,155
Accumulated Depreciation / Amortisation as at 1 July 2001	n/a	104,000	104,000	2,731,007	263,263	3,098,270
Disposals	n/a	-	-	(73,600)	-	(73,600)
Depreciation/amortisation charge for the year	n/a	9,499	9,499	564,927	202,820	777,246
Revaluations: write ups/(write downs)	n/a	-	-	-	-	-
Assets transferred in/ (out)	n/a	-	-	-	-	-
Write-offs	n/a	-	-	-	-	-
Accumulated Depreciation / Amortisation as at 30 June 2002	n/a	113,499	113,499	3,222,334	466,083	3,801,916
Net book value as at 30 June 2002	102,000	266,668	368,668	2,204,232	1,731,339	4,304,239
Net book value as at 1 July 2001	102,000	255,000	357,000	2,460,530	199,186	3,016,716

TABLE B - Assets at valuation

Item	Total Land	Buildings on Freehold Land	Total Land and Buildings	Plant & Equipment	Computer software - Total intangibles	TOTAL
	\$	\$	\$	\$	\$	\$
As at 30 June 2002						
Gross value	102,000	359,000	461,000	4,785,558	-	5,246,558
Accumulated Depreciation / amortisation	n/a	(112,793)	(112,793)	(3,120,968)	-	(3,233,761)
Net book value	102,000	246,207	348,207	1,664,590	-	2,012,797
As at 30 June 2001						
Gross value	102,000	359,000	461,000	4,882,188	462,449	5,805,637
Accumulated Depreciation / amortisation	n/a	(104,000)	(104,000)	(2,703,128)	(263,263)	(3,070,391)
Net book value	102,000	255,000	357,000	2,179,060	199,186	2,735,246

	2001/02	2000/01
	\$	\$
(7) Non Financial Assets (cont'd)		
7E. Inventories		
Inventories not held for sale	206,476	273,841
Less: Provision for obsolete stock	-	(28,231)
Total	<u>206,476</u>	<u>245,610</u>
All departmental inventories are current assets.		
7F. Other Non-Financial Assets		
Prepayments	<u>98,885</u>	49,078
	<u>98,885</u>	<u>49,078</u>
All other non-financial assets are current assets.		
(8) Payables		
8A. Suppliers		
Trade creditors	7,497,118	838,205
GST payable (net)	790,337	527,498
Operating lease rentals	<u>257,887</u>	123,763
	<u>8,545,342</u>	<u>1,489,466</u>
8B. Competitive Neutrality		
Payroll & Corporate Tax	1,260,289	3,110,164
Dividend payable	<u>1,649,884</u>	986,246
	<u>2,910,173</u>	<u>4,096,410</u>
(9) Provisions		
Employees Provisions		
Salaries & wages	2,631,177	1,612,344
Superannuation	166,451	120,649
Redundancies	1,026,507	-
Leave	<u>11,222,871</u>	8,776,546
Total	<u>15,047,006</u>	<u>10,509,539</u>
Current	10,250,226	6,563,583
Non-current	4,796,780	3,945,956

(10) Equity

Item	Accumulated Results		Asset Revaluation Reserves		Capital Profit Reserve		Other General Reserve		Total Reserves		Contributed Equity		TOTAL EQUITY		
	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance 1 July 2001	144,136	(381,455)	888,325	54,671	-	229,604	700,000	-	1,588,325	284,275	3,872,055	3,872,055	5,604,516	3,774,875	
Net surplus/(deficit)	13,151,425	1,972,492	-	-	-	-	-	-	-	-	-	-	13,151,425	1,972,492	
Dividends	(663,638)	(986,246)	-	-	-	-	-	-	-	-	-	-	(663,638)	(986,246)	
Net revaluation increments	-	-	-	843,395	-	-	-	-	-	843,395	-	-	-	843,395	
Transfer (to)/from reserves	700,000	(460,655)	-	(9,741)	-	(229,604)	(700,000)	700,000	(700,000)	460,655	-	-	-	-	
Closing balance 30 June	13,331,922	144,136	888,325	888,325	-	-	-	700,000	888,325	1,588,325	3,872,055	3,872,055	18,092,302	5,604,516	
Total equity attributable to the Commonwealth	13,331,922	144,136	888,325	888,325	-	-	-	700,000	888,325	1,588,325	3,872,055	3,872,055	18,092,302	5,604,516	

In 2000-01, a general reserve has been created for the purpose of acquiring a new version of the SAP system for the APS. The reserve has been transferred back to accumulated results, as the new version of the SAP had been implemented during the year.

(11) Cash Flow Reconciliation	2001/02	2000/01
	\$	\$
Reconciliation of Cash per Statement of Financial Positions to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	24,234,294	7,668,371
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	24,234,294	7,668,371
Reconciliation of net surplus to net cash from operating activities:		
Net surplus/(deficit)	13,151,425	1,972,492
Resource received free of charge	(269,813)	-
Gain on sale of non-current assets	-	(15,166)
Loss on sale of non-current assets	32,186	32,226
Depreciation/Amortisation	777,246	619,631
Write down of non-current assets	1,221	109,110
(Increase)/ decrease in net receivables	(4,970,439)	(5,439,065)
(Increase)/ decrease in inventories	67,365	67,713
(Increase)/ decrease in prepayments	(49,808)	235,281
Increase/ (decrease) in employee provisions	4,537,467	(6,882)
Increase/ (decrease) in suppliers payables	6,516,516	(1,129,538)
Increase/ (decrease) in other liabilities	(1,310,515)	527,498
Net cash provided/ (used) by operating activities	<u>18,482,851</u>	<u>(3,026,700)</u>
(12) Remuneration of Auditors		
Financial statements audit services are provided free of charge to the APS.		
The fair value of the services provided was:	<u>65,000</u>	<u>47,000</u>
No other services were provided by the Auditor-General.		
(13) Executive Remuneration		
The number of executive who received or were due to receive total remuneration of \$100,000 or more:		
	Number	Number
\$100,000 - \$110,000	-	1
\$120,001 - \$130,000	-	-
\$150,001 - \$160,000	-	1
\$180,001 - \$190,000	1	-
The aggregate amount of total remuneration of executives shown above.	\$ 183,924	\$ 260,968
The aggregate amount of separation and redundancy payments during the year to executives shown above.	Nil	Nil
(14) Average Staffing Levels		
	Number	Number
The average staffing levels for the APS during the year were:	<u>857</u>	<u>689</u>

(15) Superannuation

Staff of the Australian Protective Service contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contribution including Employer Superannuation Productivity Benefit contributions amounting to \$4,626,968 (2000-01: \$4,016,926) in relation to these schemes have been expended in these financial statements.

No liability for superannuation is recognised as at 30 June as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

(16) Related Party Transactions

There are no related party transactions during the year.

(17) Financial Instruments

17A. Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6A	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The APS invests funds with the Reserve Bank at call and in term deposits. Monies in the APS' s bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on the money market call rates. Rates have averaged 2% for the year (2000-01: 2%). Interest is paid at month end and end of the term.
Receivables for services	6B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Most receivables are with entities internal to the Commonwealth. Credit terms are net 30 days (2000-01:30days).
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of liabilities can be reliably measured.	
Trade creditors	8A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Most creditors are entities that are not part of the Commonwealth legal entity. Settlement is usually made in the range of 7- 30 days.

(17) Financial Instruments (cont'd)

17B. Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate					Non Interest Bearing	Total	Weighted Average Effective Interest Rate
			1 year or less	1 to 2 years	2 to 5 years	> 5 years				
		01-02 00-01 \$	01-02 00-01 \$	01-02 00-01 \$	01-02 00-01 \$	01-02 00-01 \$	01-02 00-01 \$	01-02 00-01 \$	01-02 00-01 %	
Financial Assets										
Cash at Bank		24,226,014	-	-	-	-	-	7,657,940	2 - 4.95	
Receivables for goods and services	6B	-	-	-	-	-	15,673,578	10,657,901	n/a	
Total		24,226,014					15,673,578	18,315,841		
Total Assets							44,594,823	21,699,931		
Financial Liabilities										
Trade creditors	8A	-	-	-	-	-	7,497,118	838,205	n/a	
Total							7,497,118	838,205		
Total liabilities							26,502,521	16,995,415		

(17) Financial Instruments (contd)

17C. Net Fair Values of Financial Assets and liabilities

	Notes	2001-02		2000-01	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
Financial Assets		\$	\$	\$	\$
Cash at bank	6A	24,226,014	24,226,014	7,657,940	7,657,940
Cash on hand	6A	8,280	8,280	10,431	10,431
Receivable for services (net)	6B	15,673,578	15,673,578	10,657,901	10,657,901
Total Financial Assets		39,907,872	39,907,872	18,326,272	18,326,272
Financial Liabilities (Recognised)					
Trade creditors	8A	7,497,118	7,497,118	838,205	838,205
Total Financial Liabilities (Recognised)		7,497,118	7,497,118	838,205	838,205

Financial assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial liabilities

The net fair values for trade creditors are approximated by their carrying amounts.

17D. Credit Risk Exposures

The Australian Protective Service's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The Australian Protective Service has no significant exposures to credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

(18) Comcare Trust Money

During the year, APS received \$669,775 reimbursement from COMCARE which was offset against the payments that APS advanced to the officers in the first instance.

	2001-02	2000-01
	\$	\$
Balance carried forward from previous year	-	-
Receipts during the period	669,775	685,453
Available for payments	669,775	685,453
Payments made	669,775	685,453
Balance carried forward to next period	-	-

(19) Appropriations

Appropriation Acts (No.1 & 3) 2001-02

Particulars	Departmental	Total
	Outputs	
	\$	\$
Year ended 30 June 2002		
Balance carried from previous year	-	-
Appropriation for reporting period (Acts No 1 & 3)	20,700,000	20,700,000
Available for Payments	20,700,000	20,700,000
Payments made	9,146,571	9,146,571
Balance carried to next year	11,553,429	11,553,429
Year ended 30 June 2001		
Available for payments 2001	742,000	742,000
Payments made 2001	742,000	742,000
Balance carried forward to 1 July 2001	-	-

Act 1 = Appropriations Act (No. 1) 2001-2002

Act 3 = Appropriations Act (No. 3) 2001-2002