

**Australian Protective Service
Trust Account**

Achieving a Just & Secure Society



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 2001. 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 Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the Australian Protective Service which is consistent with my understanding of its financial position, its operations and its cash flows.

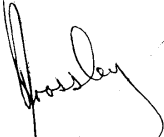
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders;
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders, of the financial position of the Australian Protective Service as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



David Crossley
Executive Director

Delegate of the Auditor-General

Canberra
23 August 2001

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

STATEMENT BY THE CHIEF EXECUTIVE AND THE DIRECTOR

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 1 of the Financial Management & Accountability (Financial Statements 2000-2001) Orders made under section 63 of the *Financial Management and Accountability Act 1997*.



Robert Cornall
Chief Executive
Attorney-General's Department



M.C. Studdert
Director
Australian Protective Service

Dated this **23** day of August 2001.

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 STATEMENT OF FINANCIAL PERFORMANCE
 for the year ended 30 June 2001

	Notes	2000/01 \$	1999/2000 \$
REVENUES FROM ORDINARY ACTIVITIES			
Appropriations from government		742,000	2,072,410
Sales of services		57,126,568	58,936,761
Interest Income		334,373	655,330
Proceeds from disposals of assets	3A	150,649	318,511
Other	3B	1,264,719	3,837,567
<i>Total revenues from ordinary activities</i>		<u>59,618,309</u>	<u>65,820,579</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Employees	4A	46,134,037	51,350,502
Suppliers	4B	7,499,491	9,761,786
Depreciation and amortisation	4C	619,631	583,514
Write-down of assets	4D	141,336	41,748
Disposal of assets	3A	141,158	300,920
Competitive neutrality costs	4E	3,110,164	2,848,640
<i>Total expenses from ordinary activities</i>		<u>57,645,817</u>	<u>64,887,110</u>
Net operating surplus or (deficit) from ordinary activities		1,972,492	933,469
Net surplus (deficit)		<u>1,972,492</u>	<u>933,469</u>
Equity interests			
Net surplus (deficit) attributable to the Commonwealth		<u>1,972,492</u>	<u>933,469</u>
Net credit (debit) to asset revaluation reserve		<u>833,654</u>	<u>(29,944)</u>
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>833,654</u>	<u>(29,944)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>2,806,146</u>	<u>903,525</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
 as at 30 June 2001

	Notes	2000/01 \$	1999/2000 \$
ASSETS			
Financial assets			
Cash	5A	7,668,371	11,272,184
Receivables	5B	<u>10,720,156</u>	<u>5,173,326</u>
Total financial assets		<u>18,388,527</u>	<u>16,445,510</u>
Non-financial assets			
Land and buildings	6A,D	357,000	430,068
Infrastructure, plant and equipment	6B,D	2,460,530	2,061,600
Intangibles	6C,D	199,186	163,317
Inventories	6E	245,610	313,323
Other	6F	<u>49,078</u>	<u>284,358</u>
Total non-financial assets		<u>3,311,404</u>	<u>3,252,666</u>
Total assets		<u>21,699,931</u>	<u>19,698,176</u>
LIABILITIES			
Payables			
Suppliers	7A	1,489,466	2,091,506
Competitive neutrality costs	7B	<u>4,096,410</u>	<u>3,315,374</u>
Total payables		<u>5,585,876</u>	<u>5,406,880</u>
Provisions			
Employees	8	<u>10,509,539</u>	<u>10,516,421</u>
Total provisions		<u>10,509,539</u>	<u>10,516,421</u>
Total liabilities		<u>16,095,415</u>	<u>15,923,301</u>
EQUITY			
Parent entity interest			
Capital		3,872,055	3,872,055
Reserves		1,588,325	284,275
Accumulated surpluses (deficit)		<u>144,136</u>	<u>(381,455)</u>
Total parent entity interest	9	<u>5,604,516</u>	<u>3,774,875</u>
Total equity		<u>5,604,516</u>	<u>3,774,875</u>
Current liabilities		12,149,459	11,689,111
Non-current liabilities		3,945,956	4,234,190
Current assets		18,634,137	16,758,833
Non-current assets		<u>3,065,794</u>	<u>2,939,343</u>

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 2001

	Notes	2000/01 \$	1999/2000 \$
OPERATING ACTIVITIES			
Cash received			
Sales of services		56,988,711	58,422,284
Interest		348,498	655,330
Appropriations		742,000	1,800,000
Total cash received		58,079,209	60,877,614
Cash used			
Suppliers		(11,867,287)	(11,861,423)
Employees		(46,167,136)	(49,731,076)
GST payment		(3,071,486)	-
Total cash used		(61,105,909)	(61,592,499)
Net Cash from (used by) operating activities	10	(3,026,700)	(714,885)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		165,714	320,711
Total cash received		165,714	320,711
Cash used			
Purchase of property, plant and equipment		(276,093)	(1,197,916)
Total cash used		(276,093)	(1,197,916)
Net Cash from (used by) investing activities		(110,379)	(877,205)
FINANCING ACTIVITIES			
Cash used			
Dividends paid		(466,734)	(882,404)
Total cash used		(466,734)	(882,404)
Net Cash from (used by) financing activities		(466,734)	(882,404)
Net increase/(decrease) in cash held		(3,603,813)	(2,474,494)
Cash at beginning of the reporting period		11,272,184	13,746,678
Cash at the end of the reporting period		7,668,371	11,272,184

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

ATTORNEY-GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 SCHEDULE OF COMMITMENTS
 as at 30 June 2001

	2000/01 \$	1999/2000 \$
BY TYPE		
OTHER COMMITMENTS		
Operating leases (a)	4,320,398	4,308,702
Consultancy services (b)	<u>1,627,821</u>	-
Total other commitments	<u>5,948,219</u>	<u>4,308,702</u>
COMMITMENTS RECEIVABLE	(540,747)	(391,700)
Net commitments	<u><u>5,407,472</u></u>	<u><u>3,917,002</u></u>
BY MATURITY		
All net commitments		
One year or less	2,006,636	801,463
From one to five years	2,647,500	2,078,345
Over five years	<u>753,336</u>	<u>1,037,194</u>
Net commitments	<u><u>5,407,472</u></u>	<u><u>3,917,002</u></u>
Operating lease commitments		
One year or less	858,212	881,609
From one to five years	2,633,516	2,286,179
Over five years	<u>828,670</u>	<u>1,140,914</u>
Operating lease commitments	<u><u>4,320,398</u></u>	<u><u>4,308,702</u></u>

NB: All 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**
as at 30 June 2001

As at 30 June 2001, the APS had no quantifiable contingent losses or gains.

SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES

At 30 June 2001, 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 2001

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

**ATTORNEY - GENERAL'S DEPARTMENT
 AUSTRALIAN PROTECTIVE SERVICE ACCOUNT
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2001

(1) Summary of Significant Accounting Policies

1.1 Objectives of the Australian Protective Service

The Australian Protective Service (APS) is a non-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.

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:
 Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders made by the Finance Minister for the preparation of Financial Statements in relation to financial years ending on or after 30 June 2001;

- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standard Boards;
- other authoritative pronouncements of the Boards; and
- the Consensus Views of the Urgent Issue Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts; and
- the Explanatory Notes to Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders, and Guidance Notes issued by the Department of Finance and Administration.

The Australian Protective Service (APS) Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the 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 on the financial position.

Assets and liabilities are recognised in the APS 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 APS 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 Cash

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

1.4 *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.

1.5 *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 2001, APS had no assets in this situation.

All valuations are independent.

Recoverable Amount Test

Schedule 1 of the Financial Management & Accountability (Financial Statements 2000-2001) Orders 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.

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.

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

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:

	2000-01	1999-2000
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.

1.6 *Leases*

Operating lease payments are charged to expense 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.

1.7 *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.

1.8 *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.

1.9 *Employee Entitlements*

(a) Leave

The liability for employee entitlements encompasses 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 is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2001 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 2001. 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.

1.9 Employee Entitlements (cont.)*Separation and redundancy*

Provision is also 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.

1.10 Intangible Assets

Where recognised, intangible assets are reported at the lower of cost/valuation or recoverable amount. If an excess exists as at reporting date, the asset is written down to its recoverable amount immediately.

Intangible assets include purchased software and they are amortised on a straight line basis over their anticipated useful lives of 5 years.

1.11 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. Where the goods are assets, the amount of indirect tax is included in the capital value of the assets and is amortised over the estimated useful lives of the assets.

1.12 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.

1.13 Revenue

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

(a) Revenues from Government - Special Appropriations

Appropriations for APS outputs are recognised as revenue to the extent that the Finance Minister is prepared to release appropriations for use (that is, the full amount of the appropriation passed by the Parliament less any savings offered up at Additional Estimates and not subsequently released). Appropriation revenue is recognised at the time the APS becomes entitled to receive the revenue.

(b) Revenues from Operations

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

(c) Other Revenue

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

1.13 Revenue (cont.)

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

1.14 Insurance

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

1.15 Financial Instruments

Accounting policies in relation to financial instruments are disclosed in Note 16.

1.16 Comparative Figures

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

1.17 Rounding

Amounts are rounded to the nearest dollar.

1.18 Changes in accounting policies

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

1.19 Segment Reporting, Economic Dependency and Restructure**(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.

(c) Economic Dependency and Restructure

For the purpose of Rationalisation/Implementation and Redundancy, a total of \$742,000 special appropriation was received and utilised during the 2000/01 financial year. There is no outstanding special appropriation remaining.

1.20 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.

	2000/01	1999/2000
	\$	\$
(3) Operating Revenues		
3A. Proceeds and expenses from Sales of Assets		
Non-financial assets - Land and Buildings:		
Revenue from sale	150,287	316,426
Expense associated with sale	<u>(140,908)</u>	<u>(285,463)</u>
Total	<u>9,379</u>	<u>30,963</u>
Non-financial assets - Infrastructure, plant and equipment:		
Revenue from sale	362	2,085
Expense from sale	<u>(250)</u>	<u>(15,457)</u>
Total	<u>112</u>	<u>(13,372)</u>
3B. Other		
Comcare reimbursement	685,453	485,666
Training sponsorship	414,710	898,250
Doubtful debt write-back	107,765	1,788,411
Miscellaneous	<u>56,791</u>	<u>665,240</u>
Total	<u>1,264,719</u>	<u>3,837,567</u>
(4) Operating Expenses		
4A. Employee expenses		
Remuneration (for services provided)	41,322,266	43,825,437
Separation and redundancy	<u>694,217</u>	<u>1,663,824</u>
Total remuneration	42,016,483	45,489,261
Other Employee Costs	<u>4,117,554</u>	<u>5,861,241</u>
Total	<u>46,134,037</u>	<u>51,350,502</u>
4B. Suppliers expenses		
Supply of services	5,772,042	8,157,680
Operating lease rentals	<u>1,727,449</u>	<u>1,604,106</u>
Total	<u>7,499,491</u>	<u>9,761,786</u>
4C. Depreciation and amortisation		
Buildings	14,268	29,210
Plant and equipment	530,825	497,724
Intangibles	74,538	56,580
Total	<u>619,631</u>	<u>583,514</u>
4D. Write down of assets		
Financial assets:		
Receivables	109,110	41,748
Non-financial assets:		
Infrastructure, plant and equipment - write-off	<u>32,226</u>	-
Total	<u>141,336</u>	<u>41,748</u>
4E. Competitive neutrality costs		
Payroll tax equivalence	2,264,811	2,448,583
Corporate tax equivalence	<u>845,353</u>	<u>400,057</u>
Total	<u>3,110,164</u>	<u>2,848,640</u>

	2000/01 \$	1999/2000 \$
(5) Financial Assets		
5A. Cash		
Cash on hand	10,431	9,640
Cash at bank	<u>7,657,940</u>	<u>11,262,544</u>
Total cash	<u><u>7,668,371</u></u>	<u><u>11,272,184</u></u>
5B. Receivables		
Services	10,781,024	5,223,331
Less: Provision for doubtful debts	<u>(123,123)</u>	<u>(121,778)</u>
	10,657,901	5,101,553
Interest receivable	6,726	20,851
Other debtors	<u>55,529</u>	<u>50,922</u>
Total receivables	<u><u>10,720,156</u></u>	<u><u>5,173,326</u></u>
Receivables (gross) which are overdue are aged as follows:		
Not Overdue	8,379,394	3,961,027
Overdue by:		
- less than 30 days	1,636,753	433,685
- 30 to 60 days	684,425	106,140
- 60 to 90 days	20,233	31,125
- more than 90 days	<u>122,474</u>	<u>763,127</u>
Total receivables (gross)	<u><u>10,843,279</u></u>	<u><u>5,295,104</u></u>

	2000/01 \$	1999/2000 \$
(6) Non-Financial Assets		
6A. Land and Buildings		
Total Land - at June 2001 valuation	<u>102,000</u>	<u>144,000</u>
Buildings on land - at June 2001 valuation	359,000	324,000
Accumulated depreciation	<u>(104,000)</u>	<u>(37,932)</u>
Total Buildings (net)	<u>255,000</u>	<u>286,068</u>
Total Land and Buildings	<u>357,000</u>	<u>430,068</u>
6B. Infrastructure, plant and Equipment		
Plant and equipment - at cost	309,349	2,051,228
Accumulated depreciation	<u>(27,879)</u>	<u>(551,851)</u>
	<u>281,470</u>	<u>1,499,377</u>
Plant and equipment - at June 2001 valuation	4,882,188	943,511
Accumulated depreciation	<u>(2,703,128)</u>	<u>(381,288)</u>
	<u>2,179,060</u>	<u>562,223</u>
Total Plant and Equipment	<u>2,460,530</u>	<u>2,061,600</u>
6C. Intangibles		
Software - at cost	-	223,614
Accumulated depreciation	<u>-</u>	<u>(60,297)</u>
	<u>-</u>	<u>163,317</u>
Software - at June 2001 valuation	462,449	178,500
Accumulated depreciation	<u>(263,263)</u>	<u>(178,500)</u>
	<u>199,186</u>	<u>-</u>
Total Intangibles	<u>199,186</u>	<u>163,317</u>

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 and \$110,407 for intangibles were also made to the asset revaluation reserve.

6D. Analysis of Property, Plant, Equipment and Intangibles

TABLE A
Movement summary 2000/2001 for all assets irrespective of valuation basis

Item	Land	Buildings	Total Land and Buildings	Plant & Equipment	Computer software - Total intangibles	TOTAL
	\$	\$	\$	\$	\$	\$
Gross value as at 1 July 2000	144,000	324,000	468,000	2,994,739	402,114	3,864,853
Additions: Purchase of assets	-	-	-	311,884	-	311,884
Revaluations: write-ups/(write-downs)	6,000	142,000	148,000	1,976,698	60,335	2,185,033
Assets transferred in/(out)	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-
Disposals	(48,000)	(107,000)	(155,000)	(91,784)	-	(246,784)
Gross value as at 30 June 2001	102,000	359,000	461,000	5,191,537	462,449	6,114,986
Accumulated Depreciation / Amortisation as at 1 July 2000	n/a	37,932	37,932	933,139	238,797	1,209,868
Disposals	n/a	(14,093)	(14,093)	(58,774)	-	(72,867)
Depreciation/amortisation charge for the year	n/a	14,268	14,268	530,825	74,538	619,631
Revaluations: write ups/(write downs)	n/a	65,893	65,893	1,325,817	(50,072)	1,341,638
Assets transferred in/ (out)	n/a	-	-	-	-	-
Write-offs	n/a	-	-	-	-	-
Accumulated Depreciation / Amortisation as at 30 June 2001	n/a	104,000	104,000	2,731,007	263,263	3,098,270
Net book value as at 30 June 2001	102,000	255,000	357,000	2,460,530	199,186	3,016,716
Net book value as at 1 July 2000	144,000	286,068	430,068	2,061,600	163,317	2,654,985

TABLE B
Summary of balances of assets at valuation as at 30 June 2001

Item	Land	Buildings	Total Land and Buildings	Plant & Equipment	Computer software - Total intangibles	TOTAL
	\$	\$	\$	\$	\$	\$
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
As at 30 June 2000						
Gross value	144,000	324,000	468,000	943,511	178,500	1,590,011
Accumulated Depreciation / amortisation	n/a	37,932	37,932	381,288	178,500	597,720
Net book value	144,000	286,068	430,068	562,223	-	992,291

FINANCIAL STATEMENTS

	2000/01	1999/2000
	\$	\$
6E. Inventories		
Inventories not held for sale	273,841	635,090
Less: Provision for obsolete stock	<u>(28,231)</u>	<u>(321,767)</u>
Total	<u>245,610</u>	<u>313,323</u>
6F. Other Non-Financial Assets		
Prepayments	<u>49,078</u>	<u>284,358</u>
	<u>49,078</u>	<u>284,358</u>
(7) Payables		
7A. Suppliers		
Trade creditors	838,205	2,044,342
GST payable (net)	527,498	-
Operating lease rentals	<u>123,763</u>	<u>47,164</u>
	<u>1,489,466</u>	<u>2,091,506</u>
7B. Competitive Neutrality		
Payroll & Corporate Tax	3,110,164	2,848,640
Dividend payable	<u>986,246</u>	<u>466,734</u>
	<u>4,096,410</u>	<u>3,315,374</u>
(8) Provisions		
Employees Provisions		
Salary & wages	1,612,344	1,796,710
Superannuation	120,649	78,934
Leave	<u>8,776,546</u>	<u>8,640,777</u>
Total	<u>10,509,539</u>	<u>10,516,421</u>
Current	6,563,583	6,282,231
Non-current	3,945,956	4,234,190

(9) Equity

Item	Accumulated Results		Asset Revaluation Reserve		Capital Profit Reserve		Other General Reserve		Total Reserves			Capital			TOTAL EQUITY	
	2000-01	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01	2000-01	1999-00	2000-01	2000-01	1999-00	2000-01	1999-00
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance 1 July 2000	(381,455)	(948,190)	54,671	84,615	229,604	199,660	-	100,000	284,275	384,275	3,872,055	3,872,055	3,774,875	3,308,140		
Net surplus/(deficit)	1,972,492	933,469	-	-	-	-	-	-	-	-	-	-	1,972,492	933,469		
Dividends	(986,246)	(466,734)	-	-	-	-	-	-	-	-	-	-	(986,246)	(466,734)		
Net revaluation increments	-	-	843,395	-	-	-	-	-	843,395	-	-	-	843,395	-		
Transfer (to)/from reserves	(460,655)	100,000	(9,741)	(29,944)	(229,604)	29,944	700,000	(100,000)	460,655	(100,000)	-	-	-	-		
Balance 30 June 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		

A general reserve has been created for the purpose of acquiring a new version of the SAP system for the APS.

FINANCIAL STATEMENTS

(10) Cash Flow Reconciliation	2000/01	1999/2000
	\$	\$
Reconciliation of Cash per Statement of Financial Positions to Statement of Cash Flows		
. Cash at year end per Statement of Cash Flows	7,668,371	11,272,184
. Statement of Financial Position items comprising above cash:		
' Financial Asset - Cash'	7,668,371	11,272,184
Reconciliation of operating surplus to net cash provided by operating activities:		
Net surplus/(deficit)	1,972,492	933,469
Gain on sale of non-current assets	(15,166)	(26,758)
Loss on sale of non-current assets	32,226	-
Depreciation/Amortisation	619,631	583,514
Write down of assets	109,110	-
Decrease/(increase) in receivables	(5,439,065)	3,591,171
Decrease/(increase) in inventories	67,713	302,383
Decrease/(increase) in prepayments	235,281	(5,250)
(Decrease)/increase in employee liabilities	(6,882)	(50,567)
(Decrease)/increase in suppliers liability	(1,129,538)	413,285
(Decrease)/increase in other liabilities	527,498	(6,456,132)
Net Cash provided/ (used) by operating activities	<u>(3,026,700)</u>	<u>(714,885)</u>

(11) Remuneration of Auditors

Financial statements audit services are provided to the APS by the Auditor-General
The fair value of the services provided was:

47,000	47,000
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No other services were provided by the Auditor-General.

(12) Remuneration of Executive

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	1
\$110,001 - \$120,000	-	1
\$130,001 - \$140,000	-	1
\$150,001 - \$160,000	1	-
\$180,001 - \$190,000	-	1
	<u>2</u>	<u>4</u>

The aggregate amount of total remuneration of Executives shown above.

\$ 260,968	\$ 528,248
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The aggregate amount of separation and redundancy payments during the year to Executives shown above.

Nil	\$ 131,166
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(13) Average Staffing Levels

The average staffing levels for the APS during the year were:

Number	Number
<u>689</u>	<u>713</u>

(14) Superannuation

Staff of the Australian Protective Service contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer including Employer Superannuation Productivity Benefit contributions amounting to \$4,016,926 (1999-2000: \$4,339,270) 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 Comm

(15) Related Party Transactions

There are no related party transactions during the year.

(16) Financial Instruments*(a) 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	5A	Deposits are recognised at cost. 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 (1999-00: 4.18%). Interest is paid at month end and end of the term.
Receivables for services	5B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. 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 (1999-00:30days).
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	7A	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 net 30 days.

(16) Financial Instruments (contd)

(b) Interest Rate Risk: AFS

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate			
		00-01	99-00	1 year or less	1 to 2 years	2 to 5 years	> 5 years	00-01	99-00	00-01	99-00	00-01	99-00	00-01	99-00		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Financial Assets																	
Cash at Bank		7,657,940	4,262,544	-	-	-	-	-	-	-	-	-	-	7,657,940	11,262,544	2 - 5.79	4.18 - 5.39
Receivables for goods and services	5B	-	-	-	-	-	-	-	-	-	-	-	-	10,657,901	5,101,553	n/a	n/a
Total Financial Assets (Recognised)		7,657,940	4,262,544	-	-	-	-	-	-	-	-	-	-	18,315,841	16,364,096		
Total Assets														21,699,931	19,698,176		
Financial Liabilities																	
Trade creditors	7A	-	-	-	-	-	-	-	-	-	-	-	-	838,205	2,044,342	n/a	n/a
Total Financial Liabilities (Recognised)		-	-	-	-	-	-	-	-	-	-	-	-	838,205	2,044,342		
Total liabilities														16,095,415	15,923,301		

(16) Financial Instruments (contd)**(c) Net Fair Values of Financial Assets and liabilities**

		2000-01		1999-2000	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
Financial Assets		\$	\$	\$	\$
Cash at bank	5A	7,657,940	7,657,940	11,262,544	11,262,544
Cash on hand	5A	10,431	10,431	9,640	9,640
Receivable for services	5B	10,657,901	10,657,901	5,101,553	5,101,553
Total Financial Assets		18,326,272	18,326,272	16,373,737	16,373,737
Financial Liabilities (Recognised)					
Trade creditors	7A	838,205	838,205	2,044,342	2,044,342
Total Financial Liabilities (Recognised)		838,205	838,205	2,044,342	2,044,342

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.

(d) 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.