

**Australian Institute of Police Management**

**Financial Statements  
for the Year Ended 30 June 2010**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Control of the Australian Institute of Police Management

### Scope

I have audited the accompanying financial statements of the Australian Institute of Police Management (the Institute) for the year ended 30 June 2010, which comprise: a Statement by the Executive Director and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments, and Notes to and forming part of the Financial Statements.

### *The Responsibility of the Board of Control for the Financial Statements*

The Institute's Board of Control is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, which include Australian Accounting Interpretations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Institute's Board of Control, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Independence*

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

**Auditor's Opinion**

In my opinion, the financial statements of the Australian Institute of Police Management;

- (a) have been prepared in accordance with Australian Accounting Standards, which include Australian Accounting Interpretations; and
- (b) give a true and fair view of the Australian Institute of Police Management's financial position as at 30 June 2010 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



G Johnson  
Senior Director  
Delegate of the Auditor-General

Sydney  
16 August 2010

**AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT  
STATEMENT BY THE EXECUTIVE DIRECTOR AND CHIEF FINANCIAL  
OFFICER**

*For the year ended 30 June 2010*

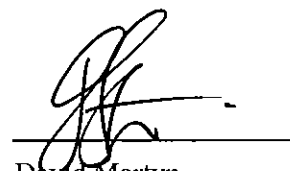
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In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by Australian Accounting Standards (including the Australian Accounting Interpretations).



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Tom Rogers  
Executive Director  
16 August 2010



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David Martyn  
Chief Financial Officer  
16 August 2010

**AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT  
STATEMENT OF COMPREHENSIVE INCOME**

*for the year ended 30 June 2010*

	Notes	2010 \$	2009 \$
<b>INCOME</b>			
<b>Revenue</b>			
Revenue from Government	3A	1,539,530	1,519,023
Sale of goods and rendering of services	3B	5,149,647	6,193,000
Other revenue	3C	819,013	265,514
<b>Total revenue</b>		<u>7,508,190</u>	<u>7,977,537</u>
<b>Gains</b>			
Sale of assets	3D	-	815
<b>Total gains</b>		<u>-</u>	<u>815</u>
<b>Total Income</b>		<u>7,508,190</u>	<u>7,978,352</u>
<b>EXPENSES</b>			
Employee benefits	4A	2,952,674	2,847,909
Suppliers	4B	3,373,305	4,315,015
Depreciation and amortisation	4C	91,511	92,265
<b>Total Expenses</b>		<u>6,417,490</u>	<u>7,255,189</u>
<b>Surplus</b>		<u>1,090,700</u>	<u>723,163</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation reserves		<u>(6,002)</u>	<u>22,270</u>
<b>Total Comprehensive Income</b>		<u>1,084,698</u>	<u>745,433</u>

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

**AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT**  
**BALANCE SHEET**  
*as at 30 June 2010*

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	8,018,860	5,108,009
Trade and other receivables	5B	1,172,396	945,281
Other	5C	-	198,725
<b>Total financial assets</b>		<u>9,191,256</u>	<u>6,252,015</u>
<b>Non-Financial Assets</b>			
Land and buildings	6A	-	24,400
Property, plant and equipment	6B,C	118,625	138,799
Intangibles	6D	47,301	66,754
Inventories	6F	24,317	31,113
Other	6G	22,770	30,263
<b>Total non-financial assets</b>		<u>213,013</u>	<u>291,329</u>
<b>Total Assets</b>		<u>9,404,269</u>	<u>6,543,344</u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	584,009	504,754
Other	7B	2,204,400	530,200
<b>Total payables</b>		<u>2,788,409</u>	<u>1,034,954</u>
<b>Provisions</b>			
Employee provisions	8A	571,699	548,927
<b>Total provisions</b>		<u>571,699</u>	<u>548,927</u>
<b>Total Liabilities</b>		<u>3,360,108</u>	<u>1,583,881</u>
<b>Net Assets</b>		<u>6,044,161</u>	<u>4,959,463</u>
<b>EQUITY</b>			
Contributed equity		128,040	128,040
Reserves		16,268	22,270
Retained surplus		5,899,853	4,809,153
<b>Total Equity</b>		<u>6,044,161</u>	<u>4,959,463</u>

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

**AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the year ended 30 June 2010*

	Retained earnings		Asset revaluation reserves		Contributed equity/capital		Total equity	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>								
Balance carried forward from previous period	4,809,153	4,085,989	22,270	-	128,040	128,040	4,959,463	4,214,029
Adjustment for errors	-	1	-	-	-	-	-	1
<b>Adjusted opening balance</b>	<b>4,809,153</b>	<b>4,085,990</b>	<b>22,270</b>	<b>-</b>	<b>128,040</b>	<b>128,040</b>	<b>4,959,463</b>	<b>4,214,030</b>
<b>Comprehensive income</b>								
Surplus (Deficit) for the period	1,090,700	723,163	-	-	-	-	1,090,700	723,163
Revaluation adjustment	-	-	(6,002)	22,270	-	-	(6,002)	22,270
<b>Total comprehensive income</b>	<b>1,090,700</b>	<b>723,163</b>	<b>(6,002)</b>	<b>22,270</b>	<b>-</b>	<b>-</b>	<b>1,084,698</b>	<b>745,433</b>
of which:								
Attributable to the Australian Government	1,090,700	723,163	(6,002)	22,270	-	-	1,084,698	745,433
<b>Closing balance as at 30 June</b>	<b>5,899,853</b>	<b>4,809,153</b>	<b>16,268</b>	<b>22,270</b>	<b>128,040</b>	<b>128,040</b>	<b>6,044,161</b>	<b>4,959,463</b>
<b>Closing balance attributable to the Australian Government</b>	<b>5,899,853</b>	<b>4,809,153</b>	<b>16,268</b>	<b>22,270</b>	<b>128,040</b>	<b>128,040</b>	<b>6,044,161</b>	<b>4,959,463</b>

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

**AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT  
CASH FLOW STATEMENT**

*for the year ended 30 June 2010*

	Notes	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services		7,676,129	6,650,680
Revenue from Government		1,539,530	1,519,023
Net GST received		131,978	166,006
Other		-	-
<b>Total cash received</b>		<u>9,347,637</u>	<u>8,335,709</u>
<b>Cash used</b>			
Employees		2,907,019	2,711,222
Suppliers		<u>3,496,281</u>	<u>4,015,779</u>
<b>Total cash used</b>		<u>6,403,300</u>	<u>6,727,001</u>
<b>Net cash from (used by) operating activities</b>	9	<u>2,944,337</u>	<u>1,608,708</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		-	7,295
<b>Cash used</b>			
Purchase of property, plant and equipment		33,486	20,597
Purchase of intangibles		-	81,554
<b>Total cash used</b>		<u>33,486</u>	<u>102,151</u>
<b>Net cash from (used by) investing activities</b>		<u>(33,486)</u>	<u>(94,856)</u>
<b>Net increase (decrease) in cash held</b>		<u>2,910,851</u>	<u>1,513,852</u>
Cash and cash equivalents at the beginning of the reporting period		<u>5,108,009</u>	<u>3,594,157</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<u>8,018,860</u>	<u>5,108,009</u>

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

**AUSTRALIAN INSTITUTE OF POLICE MANAGEMENT  
SCHEDULE OF COMMITMENTS**

as at 30 June 2010

	2010	2009
	\$	\$
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
GST recoverable on commitments	(14,903)	(19,076)
<b>Total commitments receivable</b>	<u>(14,903)</u>	<u>(19,076)</u>
<b>Other commitments</b>		
Operating leases <sup>1</sup>	142,274	209,838
Project commitments	21,662	-
<b>Total other commitments</b>	<u>163,936</u>	<u>209,838</u>
<b>Net commitments by type</b>	<u>149,033</u>	<u>190,762</u>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Other commitments receivable</b>		
One year or less	(10,387)	(11,327)
From one to five years	(4,516)	(7,749)
Over five years	-	-
<b>Total other commitments receivable</b>	<u>(14,903)</u>	<u>(19,076)</u>
<b>Commitments payable</b>		
<b>Operating lease commitments</b>		
One year or less	92,596	124,601
From one to five years	49,678	85,237
Over five years	-	-
<b>Total operating lease commitments</b>	<u>142,274</u>	<u>209,838</u>
<b>Project commitments</b>		
One year or less	21,662	-
From one to five years	-	-
Over five years	-	-
<b>Total project commitments</b>	<u>21,662</u>	<u>-</u>
<b>Net commitments by maturity</b>	<u>149,033</u>	<u>190,762</u>

NB: Commitments are GST inclusive where relevant.

<sup>1</sup> Operating leases included are effectively non-cancellable.

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

## **Notes to and forming part of the Financial Statements**

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### **Note 1: Summary of Significant Accounting Policies**

#### **1.1 Objectives of Australian Institute of Police Management**

The mission of the Australian Institute of Police Management ("AIPM") is: Developing and uniting police leaders.

Its vision is: To be the centre of excellence for police executive and leadership development in Australasia.

The AIPM strategic plan has one outcome: Improved police and emergency services leadership in Australasia. The key objectives the AIPM will focus on towards achieving this outcome are:

Objective 1: Our program participants grow as leaders.

Objective 2: Our staff are encouraged, challenged and rewarded.

Objective 3: Our partners' and stakeholders' interests are supported.

Objective 4: Our business systems are effective and continually improve.

Objective 5: Our infrastructure can meet current and future business needs.

The continued existence of AIPM in its present form, and with its present programs, is dependent on Government policy and on continuing support from the Australian Federal Police ("AFP") for the Institute's administration and programs. AIPM staff are employed under the AFP Collective Agreement.

#### **1.2 Basis of Preparation of the Financial Report**

The financial statements are a general purpose financial report.

The financial statements and notes have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period. The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the income statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

## Notes to and forming part of the Financial Statements

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### 1.3 Significant Accounting Judgement and Estimates

In the process of applying the accounting policies listed in this note, AIPM has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, AIPM buildings are purpose built and may in fact realise more or less in the market.

No accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to carrying amount of assets and liabilities within the next accounting period.

### 1.4 Changes in Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

No new accounting standards issued prior to the signing of the statement by the Executive Director and Chief Financial Officer applicable to the current reporting period had a significant financial impact on AIPM.

#### Future Australian Accounting Standard Requirements

No accounting standards issued prior to the signing of the statement by the Executive Director and the Chief Financial Officer that are applicable to future reporting periods have a significant financial impact on AIPM.

### 1.5 Revenue

#### Revenues from Government

Revenues from the Government via the AFP are revenues relating to the core operating activities of the AIPM and are recognised as revenue to the extent they have been received into the AIPM's bank account or are entitled to be received by the AIPM at year end.

#### Other Types of Revenue

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, 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 collectability of the debt is no longer probable.

## Notes to and forming part of the Financial Statements

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### 1.6 Gains

#### Other Resources Received Free of Charge

Resources received free of charge are recognised as gains 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.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

#### Sale of Assets

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

### 1.7 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

#### Leave

The liability for employee benefits includes provision 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 in future years by employees of AIPM is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including AIPM's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

#### Superannuation

Staff of AIPM are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulated plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

AIPM makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the AIPM's employees. AIPM accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

## **Notes to and forming part of the Financial Statements**

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### **1.8 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

### **1.9 Cash**

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

### **1.10 Financial Assets**

The AIPM classifies its financial assets as 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

#### **Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. AIPM does not accrue interest on bank deposits and does not charge interest to trade debtors.

#### **Impairment of Financial Assets**

Financial assets are assessed for impairment at each balance date.

### **1.11 Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities were recognised and derecognised upon 'trade date'.

#### **Other Financial Liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The loan from AFP is interest-free.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **1.12 Contingent Liabilities and Contingent Assets**

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## **Notes to and forming part of the Financial Statements**

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As at 30 June 2010 the AIPM did not have any contingent assets or liabilities.

### **1.13 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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.

### **1.14 Property, Plant and Equipment**

#### **Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, 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).

#### **Revaluations**

Fair values for each class of asset are determined as shown below.

<b>Asset class</b>	<b>Fair value measured at:</b>
Leasehold improvements	Depreciated replacement cost
Property, plant & equipment	Market appraisal and depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through profit and loss. Revaluation decrements for a class of assets are recognised directly through profit and loss except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### **Depreciation**

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to AIPM using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

## Notes to and forming part of the Financial Statements

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

	<u>2010</u>	<u>2009</u>
Leasehold improvements	1 to 10 years	1 to 10 years
Plant and equipment	3 to 10 years	3 to 10 years

### Impairment

All assets were assessed for impairment at 30 June 2010. No indicators of impairment were found.

### 1.15 Intangibles

AIPM's intangibles comprise internally developed and externally acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. No indicators of impairment existed at 30 June 2010.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of AIPM's software is 3 to 5 years (2007-08 ~ 3 to 5 years).

### 1.16 Inventories

Inventories consist of catering stock to be utilised in the provision of hospitality, valued at the lower of cost or net realisable value.

### 1.17 Taxation

AIPM is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

### Note 2: Events After the Balance Sheet Date

No significant events have occurred since the reporting date requiring disclosure in the financial statements.

**Notes to and forming part of the Financial Statements**

	2010	2009
	\$	\$
<b>Note 3: Income</b>		
<b>REVENUE FROM GOVERNMENT</b>		
<b>Note 3A: Revenue from Government</b>		
Commonwealth funding	<u>1,539,530</u>	<u>1,519,023</u>
<b>Total revenue from Government</b>	<u>1,539,530</u>	<u>1,519,023</u>
<b>REVENUE</b>		
<b>Note 3B: Sale of goods and rendering of services</b>		
Rendering of services - related entities	2,190,131	3,335,705
Rendering of services - external parties	<u>2,959,516</u>	<u>2,857,295</u>
<b>Total sale of goods and rendering of services</b>	<u>5,149,647</u>	<u>6,193,000</u>
<b>Note 3C: Other revenue</b>		
Rental income	646,121	-
Other	<u>172,892</u>	<u>265,514</u>
<b>Total other revenue</b>	<u>819,013</u>	<u>265,514</u>
<b>GAINS</b>		
<b>Note 3D: Sale of assets</b>		
Property, plant and equipment:		
Proceeds from sale	-	7,295
Carrying value of assets sold	-	(6,480)
<b>Net gain from sale of assets</b>	<u>-</u>	<u>815</u>

**Notes to and forming part of the Financial Statements**

	2010	2009
	\$	\$
<b>Note 4: Expenses</b>		
<b><u>Note 4A: Employee benefits</u></b>		
Wages and salaries	2,328,149	2,017,054
Superannuation:		
Defined contribution plans	177,885	128,785
Defined benefit plans	210,418	160,709
Leave and other entitlements	236,222	384,566
Other employee expenses	-	156,795
<b>Total employee benefits</b>	<u>2,952,674</u>	<u>2,847,909</u>
<b><u>Note 4B: Suppliers</u></b>		
<b>Goods and services</b>		
Communications and IT	119,995	96,731
Consultants and contractors	251,646	276,625
General and office	1,967,316	2,523,755
Travel	247,378	601,626
<b>Total goods and services</b>	<u>2,586,335</u>	<u>3,498,737</u>
Goods and services are made up of:		
Provision of goods - external parties	90,434	120,718
Rendering of services - related entities	56,196	23,066
Rendering of services - external parties	2,439,705	3,354,953
<b>Total goods and services</b>	<u>2,586,335</u>	<u>3,498,737</u>
<b>Other supplier expenses</b>		
Operating lease rentals - related entities:		
Minimum lease payments	766,445	810,278
Workers compensation premiums	20,525	6,000
<b>Total other supplier expenses</b>	<u>786,970</u>	<u>816,278</u>
<b>Total supplier expenses</b>	<u>3,373,305</u>	<u>4,315,015</u>
<b><u>Note 4C: Depreciation and amortisation</u></b>		
Depreciation:		
Property, plant and equipment	53,661	58,503
<b>Total depreciation</b>	<u>53,661</u>	<u>58,503</u>
Amortisation:		
Leaschold improvements	18,397	14,954
Intangibles:		
Computer software	19,453	18,808
<b>Total amortisation</b>	<u>37,850</u>	<u>33,762</u>
<b>Total depreciation and amortisation</b>	<u>91,511</u>	<u>92,265</u>

## Notes to and forming part of the Financial Statements

	2010	2009
	\$	\$
<b>Note 5: Financial Assets</b>		
<b><u>Note 5A: Cash and Cash Equivalents</u></b>		
Cash on hand or on deposit	4,018,860	1,108,009
Other	4,000,000	4,000,000
<b>Total cash and cash equivalents</b>	<b>8,018,860</b>	<b>5,108,009</b>

All cash recognised is a current asset.

### **Note 5B: Trade and Other Receivables**

<b>Goods and services - related entities:</b>		
Goods and services - related entities	15,914	33,633
Goods and services - external parties	1,139,411	896,978
<b>Total receivables for goods and services</b>	<b>1,155,325</b>	<b>930,611</b>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	12,897	14,670
Other debtors	4,174	-
<b>Total other receivables</b>	<b>17,071</b>	<b>14,670</b>
<b>Total trade and other receivables (gross)</b>	<b>1,172,396</b>	<b>945,281</b>
<b>Less: impairment allowance account:</b>		
Goods and services	-	-
<b>Total trade and other receivables (net)</b>	<b>1,172,396</b>	<b>945,281</b>

All receivables are current assets.

Credit terms are net 30 days (2009: 30 days).

Receivables are aged as follows:

Not overdue	833,011	376,213
Overdue by:		
0 to 30 days	170,540	453,154
31 to 60 days	46,454	32,887
61 to 90 days	37,770	64,330
More than 90 days	84,621	18,697
<b>Total receivables (gross)</b>	<b>1,172,396</b>	<b>945,281</b>

### **Note 5C: Other Financial Assets**

Accrued revenue	-	198,725
<b>Total other financial assets</b>	<b>-</b>	<b>198,725</b>

All accrued revenue recognised is a current asset.

**Notes to and forming part of the Financial Statements**

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	2010	2009
	\$	\$
<b>Note 6: Non-Financial Assets</b>		
<b><u>Note 6A: Land and buildings</u></b>		
Leasehold improvements:		
Fair value	18,398	24,400
Accumulated depreciation	(18,398)	-
<b>Total leasehold improvements</b>	<u>-</u>	<u>24,400</u>
<b>Total land and buildings</b>	<u>-</u>	<u>24,400</u>

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. In June 2010 as independent valuer, CB Richard Ellis conducted revaluations.

CB Richard Ellis found no requirement for revaluation in 2010 for leasehold improvements. Adjustments were made in the 2009-10 financial statements of \$6,002 which related to the 2008-09 revaluation.

No indicators of impairment were found for land and buildings.

**Note 6B: Property, plant and equipment**

Property, plant and equipment:		
Gross carrying value (at fair value)	403,348	384,508
Accumulated depreciation	<u>(284,723)</u>	<u>(245,709)</u>
<b>Total property, plant and equipment</b>	<u>118,625</u>	<u>138,799</u>

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

No indicators of impairment were found for property, plant and equipment.

## Notes to and forming part of the Financial Statements

### Note 6C: Reconciliation of the opening and closing balances of property, plant and equipment (2009-10)

	Buildings - leasehold improvements	Other property, plant & equipment	Total
	\$	\$	\$
<b>As at 1 July 2009</b>			
Gross book value	24,400	384,508	408,908
Accumulated depreciation/amortisation and impairment	-	(245,709)	(245,709)
<b>Net book value 1 July 2009</b>	<b>24,400</b>	<b>138,799</b>	<b>163,199</b>
Additions:			
By purchase	-	33,487	33,487
Revaluations and impairments recognised in other comprehensive income	(6,002)	-	(6,002)
Depreciation/amortisation expense	(18,398)	(53,661)	(72,059)
<b>Net book value 30 June 2010</b>	<b>-</b>	<b>118,625</b>	<b>118,625</b>
<b>Net book value as of 30 June 2010 represented by:</b>			
Gross book value	18,398	403,348	421,746
Accumulated depreciation/amortisation	(18,398)	(284,723)	(303,121)
	<b>-</b>	<b>118,625</b>	<b>118,625</b>

### Note 6C (Cont'd): Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Buildings - leasehold improvements	Other property, plant & equipment	Total
	\$	\$	\$
<b>As at 1 July 2008</b>			
Gross book value	573,288	393,921	967,209
Accumulated depreciation/amortisation and impairment	(556,204)	(210,737)	(766,941)
<b>Net book value 1 July 2008</b>	<b>17,084</b>	<b>183,184</b>	<b>200,268</b>
Additions:			
By purchase	-	20,598	20,598
Revaluations and impairments recognised in other comprehensive income	22,270	-	22,270
Depreciation/amortisation expense	(14,954)	(58,503)	(73,457)
Disposals:			
Disposals - gross book value	-	(30,011)	(30,011)
Disposals - accumulated depreciation	-	23,531	23,531
<b>Net book value 30 June 2009</b>	<b>24,400</b>	<b>138,799</b>	<b>163,199</b>
<b>Net book value as of 30 June 2009 represented by:</b>			
Gross book value	24,400	384,508	408,908
Accumulated depreciation/amortisation	-	(245,709)	(245,709)
	<b>24,400</b>	<b>138,799</b>	<b>163,199</b>

## Notes to and forming part of the Financial Statements

2010	2009
\$	\$

### Note 6D: Intangibles

Computer software at cost::		
Externally acquired	89,166	89,166
<b>Total computer software (gross)</b>	<b>89,166</b>	<b>89,166</b>
Accumulated amortisation	(41,865)	(22,412)
<b>Total computer software (net)</b>	<b>47,301</b>	<b>66,754</b>
<b>Total intangibles</b>	<b>47,301</b>	<b>66,754</b>

No indicators of impairment were found for intangible assets.

### Note 6E: Reconciliation of the opening and closing balances of intangibles (2009-10)

	Computer software purchased \$	Total \$
<b>As at 1 July 2009</b>		
Gross book value	89,166	89,166
Accumulated amortisation and impairment	(22,412)	(22,412)
<b>Net book value 1 July 2009</b>	<b>66,754</b>	<b>66,754</b>
Additions:		
By purchase or internally developed	-	-
Impairments recognised in the operating result	-	-
Amortisation	(19,453)	(19,453)
<b>Net book value 30 June 2010</b>	<b>47,301</b>	<b>47,301</b>
<b>Net book value as at 30 June 2010 represented by:</b>		
Gross book value	89,166	89,166
Accumulated depreciation/amortisation	(41,865)	(41,865)
	<b>47,301</b>	<b>47,301</b>

### Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles (2008-09)

	Computer software purchased \$	Total \$
<b>As at 1 July 2008</b>		
Gross book value	7,612	7,612
Accumulated amortisation and impairment	(3,604)	(3,604)
<b>Net book value 1 July 2008</b>	<b>4,008</b>	<b>4,008</b>
Additions		
By purchase or internally developed	81,554	81,554
Impairments recognised in the operating result	-	-
Amortisation	(18,808)	(18,808)
<b>Net book value 30 June 2009</b>	<b>66,754</b>	<b>66,754</b>
<b>Net book value as of 30 June 2009 represented by:</b>		
Gross book value	89,166	89,166
Accumulated depreciation / amortisation and impairment	(22,412)	(22,412)
	<b>66,754</b>	<b>66,754</b>

**Notes to and forming part of the Financial Statements**

	2010	2009
	\$	\$
<b>Note 6F: Inventories</b>		
Inventories held for sale:		
Other inventories	24,317	31,113
<b>Total inventories</b>	<b>24,317</b>	<b>31,113</b>

All inventories are current assets.

<b>Note 6G: Other Non-Financial Assets</b>		
Prepayments	22,770	30,263
<b>Total other non-financial assets</b>	<b>22,770</b>	<b>30,263</b>

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

**Note 7: Payables**

<b>Note 7A: Suppliers</b>		
Trade creditors	584,009	504,754
<b>Total supplier payables</b>	<b>584,009</b>	<b>504,754</b>

Supplier payables expected to be settled within 12 months:

Related entities	152,316	48,049
External parties	431,693	456,705
<b>Total</b>	<b>584,009</b>	<b>504,754</b>
<b>Total supplier payables</b>	<b>584,009</b>	<b>504,754</b>

Settlement is usually made within 30 days.

<b>Note 7B: Other payables</b>		
Prepayments received/unearned income	1,894,797	144,268
Salaries and wages	148,873	108,409
Other payables	2,425	122,162
Superannuation	8,305	5,361
Loan from Government	150,000	150,000
<b>Total other payables</b>	<b>2,204,400</b>	<b>530,200</b>

All other payables are current liabilities.

**Note 8: Provisions**

<b>Note 8A: Employee provisions</b>		
Leave	571,699	548,927
<b>Total employee provisions</b>	<b>571,699</b>	<b>548,927</b>

Employee provisions are expected to be settled in:

No more than 12 months	466,522	432,289
More than 12 months	105,177	116,638
<b>Total employee provisions</b>	<b>571,699</b>	<b>548,927</b>

**Notes to and forming part of the Financial Statements**

	2010	2009
	\$	\$
<b>Note 9: Cash flow reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b>		
<b>Cash and cash equivalent as per:</b>		
Cash flow statement	8,018,860	5,108,009
Balance sheet	<u>8,018,860</u>	<u>5,108,009</u>
Difference	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(448,830)	(795,860)
Add revenue from Government	1,539,530	1,519,023
<b>Adjustments for non-cash items</b>		
Depreciation /amortisation	91,511	92,265
Gain on disposal of assets	-	(815)
<b>Change in assets / liabilities</b>		
(Increase) / decrease in net receivables	(28,390)	803,533
(Increase) / decrease in inventories	6,796	22,832
(Increase) / decrease in prepayments	7,493	(10,379)
Increase / (decrease) in employee provisions	22,772	136,911
Increase / (decrease) in supplier payables	79,255	331,626
Increase / (decrease) in other payables	(76,329)	122,938
Increase / (decrease) in unearned income	<u>1,750,529</u>	<u>(613,366)</u>
Net cash from / (used by) operating activities	<u>2,944,337</u>	<u>1,608,708</u>

**Note 10: Remuneration of Auditors**

	2010	2009
	\$	\$
The cost of financial statement audit services provided to the Australian Institute of Police Management were:	<u>39,500</u>	<u>37,500</u>
	<u>39,500</u>	<u>37,500</u>

No other services are provided by the Auditor-General.

## **Notes to and forming part of the Financial Statements**

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### **Note 11: Financial instruments**

#### **Note 11A: Categories of financial instruments**

##### **Financial Assets**

##### **Loans and receivables:**

Cash & cash equivalents	8,018,860	5,108,009
Trade receivables	<u>1,159,499</u>	<u>930,611</u>
<b>Total</b>	<b><u>9,178,359</u></b>	<b><u>6,038,620</u></b>

<b>Carrying amount of financial assets</b>	<b><u>9,178,359</u></b>	<b><u>6,038,620</u></b>
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##### **Financial Liabilities**

##### **At amortised cost:**

Trade creditors	584,009	504,754
Other payables	2,425	122,162
Loan from Government	<u>150,000</u>	<u>150,000</u>
<b>Total</b>	<b><u>736,434</u></b>	<b><u>776,916</u></b>

<b>Carrying amount of financial liabilities</b>	<b><u>736,434</u></b>	<b><u>776,916</u></b>
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#### **Note 11B: Net income and expense from financial assets**

AIPM does not accrue interest on bank deposits and does not charge interest to trade debtors.

#### **Note 11C: Net income and expense from financial liabilities**

AIPM is not charged interest by trade creditors. The loan from Government is interest free.

#### **Note 11D: Fair value of financial instruments**

The carrying value of all financial instruments in the balance sheet approximates fair value.

## Notes to and forming part of the Financial Statements

### Note 11E: Credit risk

AIPM's is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2010: \$1,159,499 and 2009: \$930,611). The AIPM has assessed the risk of the default on payment and has allocated nil to the impairment allowance account (2009: Nil). The AIPM manages its credit risk by primarily dealing with Government clients. In addition, the AIPM has policies and procedures in place that guide employees debt recovery techniques that are to be applied.

The AIPM holds no collateral to mitigate against credit risk.

#### Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2010 \$'000	Not past due nor impaired 2009 \$'000	Past due or impaired 2010 \$'000	Past due or impaired 2009 \$'000
Trade receivables	820,114	361,543	339,385	569,068
<b>Total</b>	<b>820,114</b>	<b>361,543</b>	<b>339,385</b>	<b>569,068</b>

#### Ageing of financial assets that are past due but not impaired for 2010

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade receivables	170,540	46,454	37,770	84,621	339,385
<b>Total</b>	<b>170,540</b>	<b>46,454</b>	<b>37,770</b>	<b>84,621</b>	<b>339,385</b>

#### Ageing of financial assets that are past due but not impaired for 2009

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade receivables	453,154	32,887	64,330	18,697	569,068
<b>Total</b>	<b>453,154</b>	<b>32,887</b>	<b>64,330</b>	<b>18,697</b>	<b>569,068</b>

### Note 11F: Liquidity risk

The exposure to liquidity risk is based on the notion that the AIPM will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to the it's healthy net equity position, government funding and internal policies and procedures already in place to ensure that there are appropriate resources to meet its financial obligations.

### Note 11G: Market risk

AIPM holds only basic financial instruments that do not expose the AIPM to certain market risks. The AIPM is not exposed to 'Currency risk' or 'Other price risk'.

#### Interest Rate Risk

There are no interest-bearing items on the balance sheet. The 'Loan from Government' is interest free from the AFP.