

Australian Institute of Police Management

**Special Purpose Financial Statements
for the year ended 30 June 2023**

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Statement by the Executive Director

In my opinion:

1. The Australian Institute of Police Management (AIPM) is not a reporting entity and these special purpose financial statements and notes:

- are based on properly maintained financial records and prepared in accordance with the accounting policies outlined in the overview to the financial statements which are appropriate to meet the needs of users;
- present fairly the AIPM's financial position as at 30 June 2023 and its performance for the year ended on that date; and

2. At the date of this statement, there are reasonable grounds to believe that AIPM will be able to pay its debts as and when they become due and payable.



Stuart Bartels
Executive Director

14 September 2023

Statement of comprehensive income

For the year ended 30 June 2023

		2023	2022
	Notes	\$	\$
Revenue			
Revenue from government		5,139,698	5,099,508
Course and events revenue		4,635,192	4,413,881
Total revenue		9,774,890	9,513,389
Expenses			
Employee benefits	1.1	4,355,549	4,030,156
Suppliers	1.2	5,542,431	3,582,043
Grants paid		352,273	350,000
Depreciation and amortisation		122,840	136,681
Total expenses		10,373,093	8,098,880
Deficit attributable to AIPM		(598,203)	1,414,509
Other comprehensive income			
Revaluation of property, plant and equipment		(13,499)	-
Total comprehensive loss attributable to AIPM		(611,702)	1,414,509

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

Statement of financial position

As at 30 June 2023

	Notes	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	2.1	10,825,565	12,088,823
Trade and other receivables	2.2	1,240,605	434,879
Total financial assets		12,066,170	12,523,702
Non-financial assets			
Land and buildings	3	474,007	242,890
Property, plant and equipment	3	298,907	238,121
Inventories		26,613	21,490
Total non-financial assets		799,527	502,501
Total assets		12,865,697	13,026,203
Liabilities			
Supplier payables		276,426	298,376
Unearned income		337,000	230,113
Salaries and wages		109,667	85,585
FBT payable		11,218	3,584
Superannuation payable		15,554	12,358
Other payables		295,172	14,336
Total payables		1,045,037	644,352
Provisions			
Employee provisions - leave		1,196,089	1,145,578
Total provisions		1,196,089	1,145,578
Total liabilities		2,241,126	1,789,930
Net assets		10,624,571	11,236,273
Equity			
Contributed equity		128,040	128,040
Revaluation reserves		142,084	155,583
Retained surplus		10,354,447	10,952,650
Total equity		10,624,571	11,236,273

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

Statement of changes in equity

As at 30 June 2023	Accumulated surplus	Revaluation reserves	Contributed equity	Total equity
	\$	\$	\$	\$
Opening balance 30 June 2022	10,952,650	155,583	128,040	11,236,273
Comprehensive income				
Revaluation of Property, plant and equipment	-	(13,499)	-	(13,499)
Deficit for the period	(598,203)	-	-	(598,203)
Total comprehensive income	(598,203)	(13,499)	-	(611,702)
Closing balance attributable to the Australian Government, 30 June 2023	10,354,447	142,084	128,040	10,624,571
As at 30 June 2022				
	\$	\$	\$	\$
Opening balance 30 June 2021	9,538,141	155,583	128,040	9,821,764
Comprehensive income				
Surplus for the period	1,414,509	-	-	1,414,509
Total comprehensive income	1,414,509	-	-	1,414,509
Closing balance attributable to the Australian Government, 30 June 2022	10,952,650	155,583	128,040	11,236,273

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

Cash flow statement

For the year ended 30 June 2023

	2023	2022
	\$	\$
Operating activities		
Cash received		
Goods and services	3,962,487	3,530,396
Revenue from Government	5,139,698	5,099,508
Net GST received	501,582	236,450
Total cash received	<u>9,603,767</u>	<u>8,866,354</u>
Cash used		
Employees	4,270,126	4,028,700
Suppliers	5,816,386	3,760,401
Grant payments	352,273	350,000
Total cash used	<u>10,438,785</u>	<u>8,139,101</u>
Net cash from operating activities	<u>(835,018)</u>	<u>727,253</u>
Investing activities		
Cash used		
Purchase of property, plant and equipment	179,746	62,187
Purchase of buildings	248,494	26,125
Total cash used	<u>428,240</u>	<u>88,312</u>
Net cash (used by) investing activities	<u>(428,240)</u>	<u>(88,312)</u>
Net increase in cash held	(1,263,258)	638,941
Cash and cash equivalents at the beginning of the reporting period	12,088,823	11,449,882
Cash and cash equivalents at the end of the reporting period	<u>10,825,565</u>	<u>12,088,823</u>

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

Overview

Objectives of Australian Institute of Police Management

The purpose of the Australian Institute of Police Management (AIPM) is to provide quality executive leadership development which supports police, emergency services and public safety organisations to build safer communities. AIPM's vision is to be a global leader in the development of agile and adaptable police, emergency services and public safety leaders.

The AIPM strategic plan has one outcome: to provide meaningful development experiences, opportunities, networks and partnerships for police and public safety leaders from around the world that significantly contribute to making our world safer. The key objectives the AIPM will focus on to achieve this outcome are:

Objective 1: Create value for jurisdictions, organisations and communities.

Objective 2: Influence the public safety leadership debate.

Objective 3: Foster collaborative and partnership networks.

Objective 4: Build financial sustainability.

The continued existence of AIPM in its present form is dependent on Government policy and on continuing support from the Australian Federal Police (AFP) for AIPM's administration and programs. AIPM staff are employed under the AFP Enterprise Agreement, AFP Executive Level Enterprise Agreement or individual agreement where applicable.

Basis of preparation of the financial statements

The AIPM's accounts form part of the Australian Federal Police (AFP) special account, Services and Other Entities Trust Moneys Account. These financial statements have been prepared as a special purpose financial report.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

These financial statements are presented in Australian dollars and values are rounded to the nearest dollar.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the statement of financial position when it is probable that future economic benefits will flow to the entity or future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

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

Significant accounting judgements and estimates

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

- The liability for long service leave has been estimated using present value techniques. This takes into account expected salary growth through promotion, inflation, attrition and future discount rates.

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

New and Revised Accounting Standards

Adoption of new Australian Accounting Standards requirements

No new or revised standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period have a material effect on AIPM's financial statements.

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

Overview (cont.)

Continued Impact of COVID-19 on AIPM Performance

AIPM business operations across education, site and hospitality functions continued to be adversely affected throughout 2022-23. AIPM continued to honour program credits from prior year for participants who were impacted by travel restrictions and paid offsite accommodation for COVID-19 affected participants who were unable to return to their home jurisdiction. AIPM incurred increased hospitality and cleaning costs to maintain a COVID-19 safe workplace environment for teaching staff and students.

Revenue

Revenue from courses and events is the AIPM's main income source. Income is recognised as revenue by the AIPM at the time the course or event has been provided by the AIPM.

Receivables for courses, events or other services, which have 30 day terms, are recognised at the nominal amounts due, less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Revenues from Government

The AFP is appropriated revenue to fund the core operating activities of the AIPM. This is recognised as revenue by the AIPM to the extent appropriated revenue was received into the AIPM's bank account or entitled to be received by year end.

Grants

AIPM administered a grant scheme. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

Unearned income

Deposits and prepayments for courses yet to be delivered are recognised as a liability at the time of receipt. Revenues are recognised in relation to those items when the service is provided.

Financial instruments

The AIPM's financial instruments are measured on a cost basis. Interest-earning financial assets and liabilities are measured using the effective interest rate method. The carrying amount of all financial instruments in the Statement of financial position approximates fair value. Financial instruments held by the AIPM carry minimal credit, liquidity and market risk.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of financial position but are reported in the relevant 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. The AIPM has no contingent liabilities or contingent assets at 30 June 2023 (2022: nil contingent liabilities or contingent assets).

Taxation

AIPM is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the 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
- for receivables and payables.

Commitments

Assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Assets and liabilities that are unrecognised are reported as commitments. There are no material commitments payable at 30 June 2023 (2022: nil material commitments).

Events after the reporting period

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

Note 1: Expenses

Note 1.1: Employee benefits

	2023	2022
	\$	\$
Wages and salaries	3,401,731	3,145,112
Superannuation:		
Defined contribution plans	351,835	351,835
Defined benefit plans	183,348	189,520
Leave and other entitlements	364,780	332,337
Separation and redundancies	1,348	1,040
Fringe benefit tax	52,507	10,312
Total employee benefits	4,355,549	4,030,156

Employee benefits

Superannuation

Staff of AIPM are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation accumulation plan (PSSap), or a nominated superannuation fund. The CSS and PSS are defined benefit schemes for the Australian Government. All other superannuation funds are accumulation funds.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's schedules and notes.

AIPM makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the 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 2023 represents outstanding contributions for the final fortnight of the year.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period 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.

Employee provisions which are expected to be settled beyond 12 months (commonly long service leave), are discounted to present value using market yields on the 10-year government bond rate.

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 as 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 will be 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.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2022. The estimate of the present liability takes into account expected salary growth through promotion, inflation and attrition. A full review by an actuary is conducted every 3 years.

Note 1.2: Suppliers

	2023	2022
	\$	\$
<i>Goods and services</i>		
Communication and IT	293,143	300,107
Consultants and contractors	1,898,831	1,136,966
General and office	739,995	443,005
Course expenses	980,847	1,266,217
Buildings and site maintenance	205,643	200,122
Travel	1,350,182	141,778
Other expenses	15,584	17,994
Total goods and services	5,484,225	3,506,189
<i>Other supplier expenses</i>		
Short term and low value leases	1,298	21,148
Workers compensation expenses	56,908	54,706
Total other supplier expenses	58,206	75,854
Total supplier expenses	5,542,431	3,582,043

Note 2: Financial assets

Note 2.1: Cash and cash equivalents

	2023	2022
	\$	\$
Cash on hand	2,000	2,000
Cash at bank	1,823,565	3,086,823
Cash - held by the OPA ¹	9,000,000	9,000,000
Total cash and cash equivalents	10,825,565	12,088,823

¹ Special account funds held by the OPA are reported as cash.

Note 2.2: Trade and other receivables

	2023	2022
	\$	\$
Goods and services	1,206,861	409,866
Total goods and services receivable	1,206,861	409,866
Other receivables:		
GST receivable from the Australian Taxation Office	33,744	25,013
Total other receivables	33,744	25,013
Total receivables for goods and services	1,240,605	434,879
Total trade and other receivables	1,240,605	434,879

AIPM assesses its receivables for impairment annually. At 30 June 2023 and 30 June 2022 no indications of impairment were found.

Credit terms are net 30 days (2022: 30 days).

Note 3: Property, Plant, Equipment and Intangibles

Property, plant, equipment and intangibles reconciliation of opening and closing balance 30 June 2023

	Plant and equipment	Land and Buildings	Intangibles	Total
	\$	\$	\$	\$
As at 1 July 2022				
Gross book value	474,697	274,877	113,652	863,226
Accumulated depreciation/amortisation and impairment	(236,576)	(31,987)	(113,652)	(382,215)
Net book value 1 July 2022	238,121	242,890	-	481,011
Additions:				
By purchase	179,747	248,495	-	428,242
Revaluations and impairments recognised in other comprehensive income	(24,474)	10,975	-	(13,499)
Depreciation/amortisation expense	(94,487)	(28,353)	-	(122,840)
Net book value 30 June 2023	298,907	474,007	-	772,914

Net book value as of 30 June 2023 represented by:

Gross book value	394,116	475,530	19,800	889,446
Accumulated depreciation/amortisation and impairment	(95,209)	(1,523)	(19,800)	(116,532)
Net book value 30 June 2023	298,907	474,007	-	772,914

No indicators of impairment were found for intangibles.

AIPM's intangibles comprise of externally acquired software for internal use.

Asset recognition threshold

Purchases of property, plant, equipment and intangibles 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. Where assets less than \$2,000 form part of a group of similar items which are significant in total, they are recognised as assets. Externally purchased software which is greater than \$10,000 is recognised as an asset.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Fair value for each class of assets are determined as shown below:

Asset class	Valuation technique
Property, plant and equipment	Depreciated Replacement Cost
Leasehold Improvements	Depreciated Replacement Cost

Following initial recognition at cost, property plant and equipment are carried at market 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 differ 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.

The AIPM has adopted a 3 year valuation cycle. The AIPM tests the valuation model as an internal management review at least every 12 months to ensure there are no material differences. The last formal valuation by JLL Public Sector Valuations occurred at 30 June 2023.

Property, plant, equipment and intangibles (cont.)

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 in the Statement of comprehensive income. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit 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 and Amortisation

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

Depreciation / amortisation 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.

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

Asset class

Property, plant and equipment	3 to 13 years
Intangibles	3 to 5 years
Leasehold improvements	15 years or lease term

Impairment

All assets are assessed for impairment at 30 June 2023. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if AIPM were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal.