

**POLICE FEDERATION OF AUSTRALIA**

**A B N 31 384 184 778**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**POLICE FEDERATION OF AUSTRALIA**  
**ABN 31 384 184 778**

**COMMITTEE OF MANAGEMENT'S STATEMENT**

On the 20th day of September 2010, the Committee of Management of the Police Federation of Australia passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2010.

The committee of Management declares in relation to the GPFR that in its opinion:

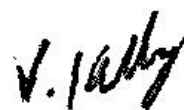
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the Federation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the Federation including the rules of the branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the Federation; and
  - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member of Registrar; and
  - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
- (f) In relation to the recovery of wages activity
  - (i) There were no recovery of wages activity for the Police Federation of Australia for the year ended 30th June 2010.

For Committee of Management:



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Treasurer Randolph Wierenga  
Date: 20th day of September 2010



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President Vincent Kelly

**Police Federation of Australia**  
**A B N 31 384 184 778**

## **INDEPENDENT AUDIT REPORT**

To the members of the Police Federation of Australia

### **Report on the Financial Statement**

I have audited the accompanying financial report of the Police Federation of Australia for the year ended 30th June 2010 which comprises the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows, a summary of significant accounting policies and other explanatory notes and the Committee of Management statement.

### **Committee of Management's Responsibility for the Financial Report**

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is 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 report based on my audit. I have conducted my audit in accordance with 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial report.

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

## **Independence**

In conducting my audit, I have complied with the applicable independence requirements of the Australian professional ethical pronouncements.

## **Audit Opinion**

In my opinion, the general purpose financial report of the Police Federation of Australia is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

SIGNED AT CANBERRA this 20th day of September 2010

A handwritten signature in black ink, appearing to read 'Loi Kah Tsia', with a long horizontal flourish extending to the right.

LOI KAH TSIA, B. Com., F.C.A.  
Chartered Accountant  
Registered Company Auditor  
Suite 201, 2<sup>nd</sup> Floor  
309 Pitt Street  
SYDNEY NSW 2000

**Police Federation of Australia**  
**A B N 31 384 184 778**

**Recovery of Wages Activity Statement**  
**Financial Year ended 30th June 2010**

Based on representations made to me by my client, the Police Federation of Australia, and my audit work undertaken for the year ended 30 June 2010, it appears that there were no recovery of wages activity for the Police federation of Australia for the year then ended.

SIGNED AT CANBERRA this 20th day of September 2010.

A handwritten signature in black ink, appearing to read 'Loi Kah Tsia', with a long horizontal flourish extending to the right.

LOI KAH TSIA, B. Com., F.C.A.  
Chartered Accountant  
Registered Company Auditor  
Suite 201, 2<sup>nd</sup> Floor  
309 Pitt Street  
Sydney NSW 2000

**Police Federation of Australia**  
**A B N 31 384 184 778**  
**Statement of Financial Position**  
**As at 30 June 2010**

	<b><u>Notes</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>Accumulated Funds</u></b>			
Retained Earnings		\$ 988266	\$ 909820
Reserves		153751	-
		<u>\$ 1142017</u>	<u>\$ 909820</u>
<b><u>Represented by</u></b>			
<b><u>Current Assets</u></b>			
PCU Easy Access account		151710	103619
PCU Market Link account		196920	153607
PCU Savings Plus account		47090	35917
PCU membership fees		10	10
Cash on hand	3	9	69
Other Debtor	5	0	9562
Amounts due from branches	4	0	20238
		<u>395739</u>	<u>323022</u>
<b><u>Non Current Assets</u></b>			
Property - 21 Murray Crescent Griffith ACT – At Independent Valuation	6	1150000	996249
Plant & Equipment		30784	
Less provision for depreciation		<u>14873</u>	5595
Motor vehicle		38690	
Less provision for depreciation		<u>9189</u>	<u>35305</u>
		<u>1195412</u>	<u>1037149</u>
<b>Total Assets</b>		<u>1591151</u>	<u>1360171</u>
<b><u>Less Current Liabilities</u></b>			
Trade creditors and accruals	7	49938	38498
PCU loan secured over property	6	274522	334117
Provision for annual leave	8	10975	9676
Provision for long service leave	9	85848	57155
Provision for GST		12883	10905
Receipts in Advance	10	14968	
<b>Total liabilities</b>		<u>449134</u>	<u>450351</u>
<b>Net Assets</b>		<u>\$ 1142017</u>	<u>\$ 909820</u>

**Police Federation of Australia**  
**A B N 31 384 184 778**

**Statement of Comprehensive Income**  
**For the Year Ended 30 June 2010**

	<b><u>Notes</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>Income</u></b>			
Affiliation fees from branches		873560	838543
Interest received		7279	6442
Rents received		32630	38632
Other Income		1797	1791
Research contributions		120000	40000
		<u>\$ 1035266</u>	<u>\$ 925408</u>
<b><u>Less expenditure</u></b>			
Audit and accounting fees	11	23450	21200
Annual leave	8	36700	21167
ACTU Affiliation fees	12	73194	68634
Bank charges and duties		264	217
Computer and website design		33101	38548
Delegation expenses	13	239013	170484
Depreciation	14	8427	28020
FBT		18277	16701
General office expenses	15	25770	20763
Insurances		11560	10405
Legal fees		2574	3255
Long service leave	9	28693	8608
Loss on disposal of assets		704	13583
Motor vehicle expenses		7933	7465
National Memorial expenses	16	7413	9712
Property expenses	17	92851	60757
Research expenses	18	100000	60000
Salary & packaging		152014	148569
Superannuation		88001	86017
Telephone		6881	8131
<b>Total Expenditure</b>		<u>956820</u>	<u>802236</u>
Net Surplus for the year		78446	123172
Accumulated funds at beginning of year		<u>909820</u>	<u>786648</u>
<b>Accumulated funds at end of year</b>		<u><u>\$ 988266</u></u>	<u><u>\$ 909820</u></u>

**Police Federation of Australia**  
**A B N 31 384 184 778**

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2010**

	<b><u>Retained</u></b> <b><u>Earnings</u></b>	<b>Asset</b> <b><u>Revaluation</u></b> <b><u>Reserve</u></b>	<b><u>Total</u></b>
Balance as at 1st July 2007	738793	-	738793
Net surplus for the year	<u>47855</u>	<u>-</u>	<u>47855</u>
Balance as at 30th June 2008	786648	-	786648
Net surplus for the year	<u>123172</u>	<u>-</u>	<u>123172</u>
Balance as at 30th June 2009	<u>909820</u>	<u>-</u>	<u>909820</u>
Net Surplus for the year	78446	-	78446
Revaluation Increments		153751	153751
Balance as at 30th June 2010	<u><u>\$ 988,266</u></u>	<u><u>\$ 153,751</u></u>	<u><u>\$ 1,142,017</u></u>

**POLICE FEDERATION OF AUSTRALIA**  
**A B N 31 384 184 778**

**Statement of Cash Flows**

**For the Year Ended 30 June 2010**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>Cash Flow from Operating Activities</u></b>		
GST Received	109380	93076
Receipts from Members	905564	825363
Interest Received	7279	6442
Rents Received	40381	32375
FBT Refund ATO	-	2471
Research Contributions Received	120000	40000
Reimbursements and other income	54453	57743
Total Cash Received	<u>1237057</u>	<u>1057470</u>
<b><u>Less Cash Flow from Investing &amp; Financial Activities</u></b>		
Payment of GST Expenses on Acquisition	64744	51251
Payment of GST to ATO	39588	42529
Payment of Employee's Entitlement	307048	259248
Payment of Loans to PCU	79100	78000
Payment of ACTU Affiliation Fee	73194	68634
Payment of Purchase of Office Equipment	13643	-
Payment of Motor Vehicle	-	38690
Payment of Other Expenses	538877	434892
Payment of FBT	18277	19172
Total Expenditure	<u>1134471</u>	<u>992416</u>
Net Increase in Cash Held	102586	65054
Cash at the Beginning of Financial Year	<u>293153</u>	<u>228099</u>
Cash at the End of the Financial Year	<u>\$ 395739</u>	<u>\$ 293153</u>

**Cash Reconciliation**

For the purpose of the Statement of Cash Flows, cash at the end of the financial year is reconciled to the following items in the Statement of Financial Position.

Cash with financial institutions	<u>\$ 395739</u>	<u>\$ 293153</u>
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**POLICE FEDERATION OF AUSTRALIA**  
**A B N 31 384 184 778**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose report that has been prepared in accordance with Australian Accounting Standards, Accounting interpretations, other authoritative pronouncements of the Australian Accounting Board and Section 253 and Section 270 of The Workplace Relations Legislation Amendment (Registration and Accountability of Organisations) Act 2002.

The financial report covers the Police Federation of Australia (the Federation) as an individual entity. The financial report has been prepared on an accruals basis and is based on historical costs and do not take into account changing money values or except where stated. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Federation in the preparation of the financial report.

**Accounting Policies**

**(a) Income Tax**

The Federation, being a trade union, is exempt from income tax including capital gains tax, by virtue of the provision of section 50-5 of the Income Tax Assessment Act 1997.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with the Police Credit Union.

**(c) Investment Property**

Investment property comprising land and building is held primarily for its own use as an office. All tenant leases are held on an arm's length basis. Investment property are carried at fair value, determined annually by the Committee of Management based on prices in an active market for similar property in the same location.

**(d) Revenue**

Revenue is recognised upon receipt of funds deposited into the bank account in relation to invoices rendered to all branches of the Federation. Membership incomes have been accounted for on a mix of cash and accrual basis. Membership fees outstanding at balance sheet date have been brought into account as amount due from branches. Membership fees relating to the unexpired part of the membership year are deferred and recognised as income in the next financial year. These are shown as receipt in advance on the financial report.

Interest revenue is recognised when received and credited to the bank account. Rental revenue is recognised in the period to which it relates. All revenue is stated net of the amount of goods and services tax (GST).

**POLICE FEDERATION OF AUSTRALIA**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**(e) Property, Plant and Equipment**

Each class of property and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Property*

Land and building is carried at independent valuation. The carrying amount is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

*Plant and Equipment*

All other items of plant and equipment are recorded at cost less depreciation and impairment losses

The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present value in determining recoverable amounts

*Depreciation*

The depreciation rates and method are based on their estimated useful lives commencing from the time it is held ready for use. The depreciation rates and method used for each class of depreciable assets are:-

<b>Asset Class</b>	<b>Depreciation Rate</b>	<b>Depreciation Method</b>
Office Plant and Equipment	7.5%-20%	Straight Line
Motor vehicles	15%	Straight Line

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Income Statement.

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Land and Building</b>		
Carrying amount at the beginning of the year	996249	1016581
Independent Valuation 2010	153751	
Depreciation		(20332)
Carrying amount at the end of the year	<u>\$ 1150000</u>	<u>\$ 996249</u>

The land and building is valued on the 15.4.2010 by the independent valuer Herron Todd White. Valuation was made on the basis of open market value. The revaluation surplus was credited to an asset revaluation reserve in accumulated fund.

**Plant and equipment**

Carrying amount at the beginning of the year	5595	7224
Additions	13643	
Depreciation	(2623)	(1629)
Write off	(704)	
Carrying amount at the end of the year	<u>\$ 15911</u>	<u>\$ 5595</u>

**Motor vehicle**

Carrying amount at the beginning of the year	35305	32621
Additions		38690
Sales proceeds		(16364)
Loss on sales		(13583)
Depreciation	(5804)	(6059)
Carrying amount at the end of the year	<u>\$ 29501</u>	<u>\$ 35305</u>

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

- (f) **Employee Entitlements**  
Provisions for employee benefits in the form of Long Service Leave and Accrued Annual Leave have been made for the estimated accrued entitlements of all employees on the basis of their terms of employment. Long Service Leave has been calculated with reference to period of service and current salary rates. Contributions made by the Federation to an employee superannuation fund are charged as expense in the statement of comprehensive income when paid.
- (g) **Leases**  
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged as expenses in the statement of comprehensive income in the periods in which they are incurred.
- (h) **Goods and Services Tax (GST)**  
All incomes, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.
- (i) **Reserves**  
The Asset Revaluation Reserve records revaluation of non current assets – land and building. The revaluation surplus was transferred to the Asset Revaluation Reserve.
- (j) **Trade and other payables**  
Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Federation during the reporting period which remain unpaid. The balance is recognised as current liability with the amount normally paid within 30 days of recognition of the liability.
- (k) **Comparative information**  
When required by Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

**POLICE FEDERATION OF AUSTRALIA**  
**A B N 31 384 184 778**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**2. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-Sections (1), (2) and (3) of Section 272 which read as follows:

- (1) A member of a reporting unit, or the general manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>3. Cash on Hand</u></b>		
Petty Cash	\$ 9	\$ 69
	<u>          </u>	<u>          </u>
<b><u>4. Amount due from branches</u></b>		
Police Association of South Australia	-	6162
Queensland Police Union	-	14076
	<u>          </u>	<u>          </u>
	\$ 0	\$ 20238
	<u>          </u>	<u>          </u>
<b><u>5. Other Debtor</u></b>		
Rental Debtor – by tenant	-	8525
National Police Memorial	-	1037
	<u>          </u>	<u>          </u>
	\$ 0	\$ 9562
	<u>          </u>	<u>          </u>
<b><u>6. Property-at-cost</u></b>		
21 Murray Crescent Griffith ACT		
Settled on 24.1.2003	996249	1016581
Less Accumulated Depreciation	-	20332
Independent Valuation Increment by		
Herron Todd White on 15.4.2010	153751	-
	<u>          </u>	<u>          </u>
	\$ 1150000	\$ 996249
	<u>          </u>	<u>          </u>

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>7. Creditors and accruals</u></b>		
Staff superannuation	4245	-
PAYG re staff wages	3580	3294
Audit & accounting fees	24200	22550
Various expenses	17913	12654
	<u>\$ 49938</u>	<u>\$ 38498</u>
<b><u>8. Provision for Annual Leave</u></b>		
Balance as at 1.7.2009	9676	11008
Add additional provision for the year	36700	21167
	<u>46376</u>	<u>32175</u>
Less paid during the year	35401	22499
Balance as at 30.6.2010	<u>\$ 10975</u>	<u>\$ 9676</u>
<b><u>9. Provision for Long Service Leave</u></b>		
Balance as at 1.7.2009	57155	48547
Add additional provision for the year	28693	8608
Balance as at 30.6.2010	<u>\$ 85848</u>	<u>\$ 57155</u>
<b><u>10. Receipts in advance</u></b>		
Qld Police Union	<u>\$ 14968</u>	<u>\$ 0</u>
<b><u>11. Auditor's Remuneration</u></b>		
Audit fees	8500	8000
Other services	14950	13200
	<u>\$ 23450</u>	<u>\$ 21200</u>
<b><u>12. ACTU Affiliation Fees</u></b>		
Normal affiliation fee	<u>\$ 73194</u>	<u>\$ 68634</u>

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>13. Delegation Expenses</u></b>		
Consultancy fees	10774	-
Conference expenses	49161	49323
Executive expenses	89168	74734
IPC	19100	11575
WAC	17203	6796
APPSC/PSITAB	3077	3648
Federal Council	50530	24408
	<u>\$ 239013</u>	<u>\$ 170484</u>
Delegates are not paid any fees or allowances to attend conferences or executive meetings	-	-
<b><u>14. Depreciation</u></b>		
Building	-	20332
Plant and Equipment	2623	1629
Motor Vehicle	5804	6059
	<u>\$ 8427</u>	<u>\$ 28020</u>
<b><u>15. General Office Expenses</u></b>		
Filing fees	817	817
Police Superannuation Administrative fees	291	299
Printing, stationery & postage	10458	8677
Sundry office	10399	6407
Storage	1080	1983
Welfare assistance	1200	2000
Commissions - PANSW	1525	580
	<u>\$ 25770</u>	<u>\$ 20763</u>

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>16. National Police Memorial Expenses</u></b>		
Ties & other	-	7011
Graphic design website expenses	2053	1775
Executive expenses	4225	-
Administration Fees	943	865
Courier Fees	192	61
	<u>\$ 7413</u>	<u>\$ 9712</u>
<b><u>17. Property Expenses</u></b>		
Cleaning & waste disposals	3110	3000
Council rates	9842	9732
Insurance	1929	1840
Interest - PCU	19505	23089
Land tax	11405	10667
Light & power	2654	2495
Repairs & maintenance	40492	7258
Lease Expenses – Stamp Duties, Searches	-	646
Security	541	541
Water rates	1600	1489
Valuation fee	1773	-
	<u>\$ 92851</u>	<u>\$ 60757</u>
<b><u>18. Research Expenses</u></b>		
Paid to University of Sydney	<u>\$ 100000</u>	<u>\$ 60000</u>

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>19. Employees Benefits</u></b>		
Employees benefit to holders of office		
Wage and salary	-	-
Annual leave paid to employees	-	-
Annual leave provision	-	-
Long service leave paid	-	-
Long service leave provision	-	-
Superannuation	-	-
Employees benefit to employees (other than holders of office)		
Wage and salary	152014	148569
Annual leave paid to employees (see note 9)	35401	22499
Annual leave provision (see note 9)	36700	21167
Long service leave paid	-	-
Long service leave provision (see note 10)	28693	8608
Superannuation	88001	86017