

POLICE FEDERATION OF AUSTRALIA

A B N 31 384 184 778

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

COMMITTEE OF MANAGEMENT'S STATEMENT

On the 19th day of September 2011, 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 2011.

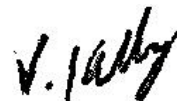
The committee of Management declares in relation to the GPFR that in its opinion:

- (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 2011.

For Committee of Management:



Treasurer Randolph Wierenga



President Vincent Kelly

Date: 19th day of September 2011
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 2011 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 19th day of September 2011

A handwritten signature in black ink, appearing to read 'Loi Kah Tsia', written in a cursive style.

LOI KAH TSIA, B. Com., F.C.A.
Chartered Accountant
Registered Company Auditor
Suite 201, 2nd 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 2011

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 2011, 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 19th day of September 2011.

A handwritten signature in black ink, appearing to read 'Loi Kah Tsia', written in a cursive style.

LOI KAH TSIA, B. Com., F.C.A.
Chartered Accountant
Registered Company Auditor
Suite 201, 2nd 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 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
<u>Accumulated Funds</u>			
Retained Earnings		\$ 989495	\$ 988266
Reserves		153751	153751
		<u>\$ 1143246</u>	<u>\$ 1142017</u>
<u>Represented by</u>			
<u>Current Assets</u>			
PCU Easy Access account		57405	151710
PCU Market Link account		204949	196920
PCU Savings Plus account		59071	47090
PCU membership fees		10	10
Cash on hand	3	1	9
Amounts due from branches	4	32721	-
		<u>354157</u>	<u>395739</u>
<u>Non Current Assets</u>			
Property - 21 Murray Crescent Griffith ACT – At Independent Valuation	5	1150000	1150000
Plant & Equipment		30784	
Less provision for depreciation		<u>17623</u>	15911
Motor vehicle		38690	
Less provision for depreciation		<u>14993</u>	29501
		<u>1186858</u>	<u>1195412</u>
Total Assets		<u>1541015</u>	<u>1591151</u>
<u>Less Current Liabilities</u>			
Trade creditors and accruals	6	61200	49938
PCU loan secured over property	5	205920	274522
Provision for annual leave	7	26848	10975
Provision for long service leave	8	99808	85848
Provision for GST		3993	12883
Receipts in Advance	9	-	14968
Total liabilities		<u>397769</u>	<u>449134</u>
Net Assets		<u>\$ 1143246</u>	<u>\$ 1142017</u>

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Statement of Comprehensive Income
For the Year Ended 30 June 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
<u>Income</u>			
Affiliation fees from branches	10	911025	873560
Interest received		10392	7279
Rents received		51607	32630
Commission received		-	1797
Research contributions		80000	120000
		<u>\$ 1053024</u>	<u>\$ 1035266</u>
<u>Less expenditure</u>			
Audit and accounting fees	11	25700	23450
Annual leave	7	37188	36700
ACTU Affiliation fees	12	79157	73194
Bank charges and duties		142	264
Computer and website design		29921	33101
Delegation expenses	13	247717	239013
Depreciation	14	8554	8427
FBT		22823	18277
General office expenses	15	18096	25770
Industrial Relation Campaign		25723	-
Insurances		14360	11560
Legal fees		12839	2574
Long service leave	8	13960	28693
Loss on disposal of assets		-	704
Motor vehicle expenses		28693	7933
National Memorial expenses	16	11770	7413
Property expenses	17	54858	92851
Research expenses	18	100000	100000
Salary & packaging		189818	152014
Superannuation		119685	88001
Telephone		10791	6881
Total Expenditure		<u>1051795</u>	<u>956820</u>
Net Surplus for the year		1229	78446
Accumulated funds at beginning of year		<u>988266</u>	<u>909820</u>
Accumulated funds at end of year		<u><u>\$ 989495</u></u>	<u><u>\$ 988266</u></u>

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Statement of Changes in Equity
For the Year Ended 30 June 2011

	<u>Retained</u>	Asset	
	<u>Earnings</u>	<u>Revaluation</u>	<u>Total</u>
		<u>Reserve</u>	
Balance as at 30th June 2008	786648	-	786648
Net surplus for the year 2009	123172	-	123172
Balance as at 30th June 2009	909820	-	909820
Net Surplus for the year 2010	78446	-	78446
Revaluation Increments 2010		153751	153751
Balance as at 30th June 2010	988266	153751	1142017
Net Surplus for the year 2011	1229	-	1229
Balance as at 30th June 2011	<u>\$ 989,495</u>	<u>\$ 153,751</u>	<u>\$ 1,143,246</u>

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Statement of Cash Flows
For the Year Ended 30 June 2011

	<u>2011</u>	<u>2010</u>
<u>Cash Flow from Operating Activities</u>		
GST Received	102846	109380
Receipts from Members	869112	905564
Interest Received	10392	7279
Rents Received	51607	40381
Research Contributions Received	80000	120000
Reimbursements and other income	42098	54453
Total Cash Received	<u>1156055</u>	<u>1237057</u>
<u>Less Cash Flow from Investing & Financial Activities</u>		
Payment of GST Expenses on Acquisition	64580	64744
Payment of GST to ATO	48694	39588
Payment of Employee's Entitlement	355017	307048
Payment of Loans to PCU	84000	79100
Payment of ACTU Affiliation Fee	79157	73194
Payment of Purchase of Office Equipment	-	13643
Payment of Research Sydney University	100000	100000
Payment of Other Expenses	480651	438877
Payment of FBT	18259	18277
Total Expenditure	<u>1230358</u>	<u>1134471</u>
Net Increase (Decrease) in Cash Held	(74303)	102586
Cash at the Beginning of Financial Year	<u>395739</u>	<u>293153</u>
Cash at the End of the Financial Year	<u>\$ 321436</u>	<u>\$ 395739</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>\$ 321436</u>	<u>\$ 395739</u>
PCU Easy Access Account	57405	151710
PCU Market Linked Account	204949	196920
PCU Savings Plus Account	59071	47090
PCU Membership Fees	10	10
Cash on Hand	1	9
	<u>\$ 321436</u>	<u>\$ 395739</u>

POLICE FEDERATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

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 the Fair Work (Registered Organisations) Act 2009.

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 is 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 2011

(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:-

Asset Class	Depreciation Rate	Depreciation Method
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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

	<u>2011</u>	<u>2010</u>
Land and Building		
Carrying amount at the beginning of the year	1150000	996249
Independent Valuation 2010	-	153751
Carrying amount at the end of the year	<u>\$ 1150000</u>	<u>\$ 1150000</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	15911	5595
Additions	-	13643
Depreciation	(2750)	(2623)
Write off	-	(704)
Carrying amount at the end of the year	<u>\$ 13161</u>	<u>\$ 15911</u>

Motor vehicle

Carrying amount at the beginning of the year	29501	35305
Depreciation	(5804)	(5804)
Carrying amount at the end of the year	<u>\$ 23697</u>	<u>\$ 29501</u>

POLICE FEDERATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

- (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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

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).

	<u>2011</u>	<u>2010</u>
<u>3. Cash on Hand</u>		
Petty Cash	\$ 1	\$ 9
<u>4. Amount due from branches</u>		
Police Association of South Australia	6819	-
Police Association of Victoria	17442	-
New Zealand Police Association	8460	-
	<u>\$ 32721</u>	<u>\$ 0</u>
<u>5. Property at Independent Valuation</u>		
21 Murray Crescent Griffith ACT		
Settled on 24.1.2003 – cost	996249	996249
Independent Valuation Increment by Herron Todd White on 15.4.2010	<u>153751</u>	<u>153751</u>
	<u>\$ 1150000</u>	<u>\$ 1150000</u>

POLICE FEDERATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

	<u>2011</u>	<u>2010</u>
<u>6. Creditors and accruals</u>		
Staff superannuation	-	4245
PAYG re staff wages	4941	3580
Audit & accounting fees	25850	24200
Various expenses	25845	17913
Fringe Benefit Tax	4564	-
	<u>\$ 612000</u>	<u>\$ 49938</u>
<u>7. Provision for Annual Leave</u>		
Balance as at 1.7.2010	10975	9676
Add additional provision for the year	<u>37188</u>	<u>36700</u>
	48163	46376
Less paid during the year	<u>21315</u>	<u>35401</u>
Balance as at 30.6.2011	<u>\$ 26848</u>	<u>\$ 10975</u>
<u>8. Provision for Long Service Leave</u>		
Balance as at 1.7.2010	85848	57155
Add additional provision for the year	<u>13960</u>	<u>28693</u>
Balance as at 30.6.2011	<u>\$ 99808</u>	<u>\$ 85848</u>
<u>9. Receipts in advance</u>		
Qld Police Union	<u>-</u>	<u>\$ 14968</u>
<u>10. Affiliation Fees from Branches</u>		
Australian Federal Police Union	62777	58988
Police Association of NSW	235641	249547
Police Association of NZ	14351	14758
Police Association of SA	74394	72307
Police Association of Tasmania	20437	20181
Northern Territory Police Union	28399	20634
Queensland Police Union	170657	163436
Police Association of Victoria	211693	182694
Western Australia Police Union	92676	91015
	<u>\$ 911025</u>	<u>\$ 873560</u>

POLICE FEDERATION OF AUSTRALIA

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2011

	<u>2011</u>	<u>2010</u>
<u>11. Auditor's Remuneration</u>		
Audit fees	8500	8500
Other services	17200	14950
	<u>\$ 25700</u>	<u>\$ 23450</u>
<u>12. ACTU Affiliation Fees</u>		
Normal affiliation fee	<u>\$ 79157</u>	<u>\$ 73194</u>
<u>13. Delegation Expenses</u>		
Consultancy fees	6279	10774
Conference expenses	25707	49161
Executive expenses	117054	89168
IPC	24453	19100
WAC	15931	17203
APPSC/PSITAB	10868	3077
Federal Council	47425	50530
	<u>\$ 247717</u>	<u>\$ 239013</u>
Delegates are not paid any fees or allowances to attend conferences or executive meetings		
<u>14. Depreciation</u>		
Plant and Equipment	2750	2623
Motor Vehicle	5804	5804
	<u>\$ 8554</u>	<u>\$ 8427</u>
<u>15. General Office Expenses</u>		
Filing fees	259	817
Police Superannuation Administrative fees	400	291
Printing, stationery & postage	9707	10458
Sundry office	6530	10399
Storage	-	1080
Welfare assistance	1200	1200
Commissions - PANSW	-	1525
	<u>\$ 18096</u>	<u>\$ 25770</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

	<u>2011</u>	<u>2010</u>
<u>16. National Police Memorial Expenses</u>		
Graphic design website expenses	-	2053
Executive expenses	11770	4225
Administration Fees	-	943
Courier Fees	-	192
	<u>\$ 11770</u>	<u>\$ 7413</u>
<u>17. Property Expenses</u>		
Cleaning & waste disposals	3000	3110
Council rates	9997	9842
Insurance	2081	1929
Interest - PCU	15399	19505
Land tax	11580	11405
Light & power	2946	2654
Repairs & maintenance	8144	40492
Security	-	541
Water rates	1711	1600
Valuation fee	-	1773
	<u>\$ 54858</u>	<u>\$ 92851</u>
<u>18. Research Expenses</u>		
Paid to University of Sydney	<u>\$ 100000</u>	<u>\$ 100000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

	<u>2011</u>	<u>2010</u>
<u>19. Employees Benefits</u>		
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	189818	152014
Annual leave paid to employees (see note 9)	21315	35401
Annual leave provision (see note 9)	37188	36700
Long service leave paid	-	-
Long service leave provision (see note 10)	13960	28693
Superannuation	119685	88001