

**POLICE FEDERATION OF AUSTRALIA**

**A B N 31 384 184 778**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

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

**COMMITTEE OF MANAGEMENT'S CERTIFICATE**

On the 7th day of September 2009, 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 2009.

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.

For Committee of Management: Randolph Wierenga

Treasurer



Signature:

Date: 7th day of September 2009

**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 2009 which comprises the balance sheet, the income statement, statement of changes in equity, statement of cash flow, 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 Workplace Relation Act 1996. 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, including those of the Institute of Chartered Accountants in Australia.

## **Audit Opinion**

In my opinion, the financial report of the Police Federation of Australia is in accordance with the Workplace Relation Act 1996 including:

- (i) Giving a true and fair view of the Federation's financial position as at 30 June 2009 and of its performance for the year ended on that date and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996.

SIGNED AT CANBERRA this 7th day of September 2009

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**  
**Balance Sheet as at 30 June 2009**

|   | <b><u>Notes</u></b> | <b><u>2009</u></b>     | <b><u>2008</u></b>     |
|---|---------------------|------------------------|------------------------|
| <b><u>Accumulated Funds</u></b>               |                     | <b><u>\$909820</u></b> | <b><u>\$786648</u></b> |
| <b><u>Represented by</u></b>                  |                     |                        |                        |
| <b><u>Current Assets</u></b>                  |                     |                        |                        |
| PCU Easy Access account                       | 3                   | \$103619               | \$94595                |
| PCU Market Link account                       | 3                   | 153607                 | 108458                 |
| PCU Savings Plus account                      | 3                   | 35917                  | 25036                  |
| PCU membership fees                           | 3                   | 10                     | 10                     |
| Cash on hand                                  | 4                   | 69                     | 14                     |
| Other Debtor                                  | 6                   | 9562                   | 1643                   |
| Amounts due from branches                     | 5                   | 20238                  | 5740                   |
|   |                     | <u>323022</u>          | <u>235496</u>          |
| <b><u>Non Current Assets</u></b>              |                     |                        |                        |
| Property - 21 Murray Crescent<br>Griffith ACT | 7                   | 996249                 | 1016581                |
| Plant & Equipment                             |                     | 19621                  |                        |
| Less provision for depreciation               |                     | <u>14026</u>           | 7224                   |
| Motor vehicle                                 |                     | 38690                  |                        |
| Less provision for depreciation               |                     | <u>3385</u>            | 32621                  |
|   |                     | <u>1037149</u>         | <u>1056426</u>         |
| <b>Total Assets</b>                           |                     | <b><u>1360171</u></b>  | <b><u>1291922</u></b>  |
| <b><u>Less Current Liabilities</u></b>        |                     |                        |                        |
| Trade creditors and accruals                  | 8                   | 38498                  | 49400                  |
| PCU loan secured over property                | 7                   | 334117                 | 389027                 |
| Provision for annual leave                    | 9                   | 9676                   | 11008                  |
| Provision for long service leave              | 10                  | 57155                  | 48547                  |
| Provision for GST                             |                     | 10905                  | 7292                   |
| <b>Total liabilities</b>                      |                     | <b><u>450351</u></b>   | <b><u>505274</u></b>   |
| <b>Net Assets</b>                             |                     | <b><u>\$909820</u></b> | <b><u>\$786648</u></b> |

**Police Federation of Australia**  
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**Income Statement**  
**For the Year Ended 30 June 2009**

|   | <u>Notes</u> | <u>2009</u>             | <u>2008</u>             |
|---|--------------|-------------------------|-------------------------|
| <b><u>Income</u></b>                    |              |                         |                         |
| Campaign funds                          |              | -                       | 128615                  |
| Affiliation fees from branches          |              | 838543                  | 779703                  |
| Interest received                       |              | 6442                    | 6632                    |
| Rents received                          |              | 38632                   | 39574                   |
| Other Income                            |              | 1791                    | -                       |
| Research contributions                  |              | 40000                   | 87304                   |
|   |              | <u>\$ 925408</u>        | <u>\$ 1041828</u>       |
| <b><u>Less expenditure</u></b>          |              |                         |                         |
| Audit and accounting fees               | 11           | 21200                   | 20700                   |
| Annual leave                            | 9            | 21167                   | 22295                   |
| ACTU Affiliation fees                   | 12           | 68634                   | 68638                   |
| Bank charges and duties                 |              | 217                     | 156                     |
| Computer and website design             |              | 38548                   | 35288                   |
| Delegation expenses                     | 13           | 170484                  | 201838                  |
| Depreciation                            | 14           | 28020                   | 8431                    |
| FBT                                     |              | 16701                   | 19463                   |
| General office expenses                 | 15           | 20763                   | 18700                   |
| Industrial relations campaign           |              | -                       | 128615                  |
| Insurances                              |              | 10405                   | 10309                   |
| Legal fees                              |              | 3255                    | 11575                   |
| Long service leave                      | 10           | 8608                    | 11121                   |
| Loss on disposal of assets              |              | 13583                   | -                       |
| Motor vehicle expenses                  |              | 7465                    | 9716                    |
| National Memorial expenses              | 16           | 9712                    | 1245                    |
| Property expenses                       | 17           | 60757                   | 58048                   |
| Research expenses                       | 18           | 60000                   | 140000                  |
| Salary & packaging                      |              | 148569                  | 151452                  |
| Superannuation                          |              | 86017                   | 68389                   |
| Telephone                               |              | 8131                    | 7994                    |
| <b>Total Expenditure</b>                |              | <u>802236</u>           | <u>993973</u>           |
| Net Surplus for the year                |              | 123172                  | 47855                   |
| Accumulated funds at beginning of year  |              | 786648                  | 738793                  |
| <b>Accumulated funds at end of year</b> |              | <u><u>\$ 909820</u></u> | <u><u>\$ 786648</u></u> |

**Police Federation of Australia**  
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**Statement of Changes in Equity**  
**For the Year Ended 30 June 2009**

|                              | <b><u>Retained Earnings</u></b> | <b><u>Total</u></b>     |
|------------------------------|---------------------------------|-------------------------|
| Balance as at 1st July 2007  | 738793                          | 738793                  |
| Net surplus for the year     | 47855                           | 47855                   |
| Balance as at 30th June 2008 | <u>786648</u>                   | <u>786648</u>           |
| Net surplus for the year     | 123172                          | 123172                  |
| Balance as at 30th June 2009 | <u><u>\$ 909820</u></u>         | <u><u>\$ 909820</u></u> |

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

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 requirements of the Workplace Relations ACT 1996.

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 is registered under the Workplace Relations Act 1996 and is considered to be exempt from income tax including capital gains tax, by virtue of the provision of section 50-15 of the Income Tax Assessment Act.
- (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.

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

(d) **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 cost. 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 also 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> |
|----------------------------|--------------------------|----------------------------|
| Buildings and renovations  | 2%                       | Straight Line              |
| 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 AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**(e) 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 income statement when incurred.

**(f) Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged as expenses in the Income Statement in the periods in which they are incurred.

**(g) Goods and Services Tax (GST)**

All incomes, expenses and assets are recognised net of the amount of GST. All debtors and creditors in the balance sheet are shown inclusive of GST.

**2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Workplace Relations Act 1996, 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 a Registrar, 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).

**POLICE FEDERATION OF AUSTRALIA**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**3. Statement of Cash Flows**

**For the Year Ended 30 June 2009**

|  | <u>2009</u>      | <u>2008</u>      |
|--|------------------|------------------|
| <b><u>Cash Reconciliation</u></b>  |                  |                  |
| 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 Balance Sheet. |                  |                  |
| Cash with financial institutions   | <u>\$ 293153</u> | <u>\$ 228099</u> |
| <b><u>Cash Flow from Operating Activities</u></b>  |                  |                  |
| GST Received   | 93076            | 101813           |
| Receipts from Members  | 825363           | 774485           |
| Interest Received  | 6442             | 6632             |
| Rents Received   | 32375            | 38080            |
| FBT Refund ATO   | 2471             | -                |
| Campaign Funds Received  | -                | 128615           |
| Research Contributions Received  | 40000            | 87304            |
| Reimbursements and other income  | <u>57743</u>     | <u>14202</u>     |
| Total Cash Received  | <u>1057470</u>   | <u>1151131</u>   |
| <b><u>Less Cash Flow from Investing &amp; Financial Activities</u></b>   |                  |                  |
| Payment of GST Expenses on Acquisition   | 51251            | 63752            |
| Payment of GST to ATO  | 42529            | 44710            |
| Payment of Industrial Relations Campaign Funds   | -                | 128615           |
| Payment of Employee's Entitlement  | 259248           | 233637           |
| Payment of Loans to PCU  | 78000            | 78000            |
| Payment of ACTU Affiliation Fee  | 68634            | 68638            |
| Payment of Purchase of Office Equipment  | -                | 1335             |
| Payment of Motor Vehicle   | 38690            | -                |
| Payment of Other Expenses  | 434892           | 489713           |
| Payment of FBT   | <u>19172</u>     | <u>19463</u>     |
| Total Expenditure  | <u>992416</u>    | <u>1127863</u>   |
| Net Increase in Cash Held  | 65054            | 23268            |
| Cash at the Beginning of Financial Year  | <u>228099</u>    | <u>204831</u>    |
| Cash at the End of the Financial Year  | <u>\$ 293153</u> | <u>\$ 228099</u> |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|   | <b><u>2009</u></b> | <b><u>2008</u></b> |
|---|--------------------|--------------------|
| <b><u>4. Cash on Hand</u></b>                           |                    |                    |
| Petty Cash  | \$ 69              | \$ 14              |
| <b><u>5. Amount due from branches</u></b>               |                    |                    |
| Police Association of South Australia                   | 6162               | 5740               |
| Queensland Police Union                                 | 14076              | -                  |
|   | <u>\$ 20238</u>    | <u>\$ 5740</u>     |
| <b><u>6. Other Debtor</u></b>                           |                    |                    |
| Rental Debtor – by tenant                               | 8525               | 1643               |
| National Police Memorial                                | 1037               | -                  |
|   | <u>\$ 9562</u>     | <u>\$ 1643</u>     |
| <b><u>7. Property-at-cost</u></b>                       |                    |                    |
| 21 Murray Crescent Griffith ACT<br>Settled on 24.1.2003 | 1016581            | 1016581            |
| Less Accumulated Depreciation                           | 20332              | -                  |
|   | <u>\$ 996249</u>   | <u>\$ 1016581</u>  |
| <b><u>8. Creditors and accruals</u></b>                 |                    |                    |
| Staff superannuation                                    | -                  | 2013               |
| PAYG re staff wages                                     | 3294               | 3445               |
| Audit & accounting fees                                 | 22550              | 22000              |
| Various expenses  | 12654              | 21942              |
|   | <u>\$ 38498</u>    | <u>\$ 49400</u>    |
| <b><u>9. Provision for Annual Leave</u></b>             |                    |                    |
| Balance as at 1.7.2008                                  | 11008              | 7966               |
| Add additional provision for the year                   | 21167              | 22295              |
|   | 32175              | 30261              |
| Less paid during the year                               | 22499              | 19253              |
| Balance as at 30.6.2009                                 | <u>\$ 9676</u>     | <u>\$ 11008</u>    |
| <b><u>10. Provision for Long Service Leave</u></b>      |                    |                    |
| Balance as at 1.7.2008                                  | 48547              | 37426              |
| Add additional provision for the year                   | 8608               | 11121              |
| Balance as at 30.6.2009                                 | <u>\$ 57155</u>    | <u>\$ 48547</u>    |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|  | <b><u>2009</u></b> | <b><u>2008</u></b> |
|--|--------------------|--------------------|
| <b><u>11. Auditor's Remuneration</u></b>   |                    |                    |
| Audit fees   | 8000               | 7500               |
| Other services   | 13200              | 13200              |
|  | <u>\$ 21200</u>    | <u>\$ 20700</u>    |
| <b><u>12. ACTU Affiliation Fees</u></b>  |                    |                    |
| Normal affiliation fee   | <u>\$ 68634</u>    | <u>\$ 68638</u>    |
| <b><u>13. Delegation Expenses</u></b>  |                    |                    |
| Consultancy fees   | -                  | 26380              |
| Conference expenses  | 49323              | 39659              |
| Executive expenses   | 74734              | 78289              |
| IPC  | 11575              | 10807              |
| WAC  | 6796               | 11296              |
| APPSC/PSITAB   | 3648               | 8426               |
| Federal Council  | 24408              | 26981              |
|  | <u>\$ 170484</u>   | <u>\$ 201838</u>   |
| Delegates are not paid any fees or allowances<br>to attend conferences or executive meetings | -                  | -                  |
| <b><u>14. Depreciation</u></b>   |                    |                    |
| Building   | 20332              | -                  |
| Plant and Equipment  | 1629               | 2014               |
| Motor Vehicle  | 6059               | 6417               |
|  | <u>\$ 28020</u>    | <u>\$ 8431</u>     |
| <b><u>15. General Office Expenses</u></b>  |                    |                    |
| Filing fees  | 817                | 1159               |
| Police Superannuation Administrative fees  | 299                | 244                |
| Printing, stationery & postage   | 8677               | 6692               |
| Sundry office  | 6407               | 6620               |
| Storage  | 1983               | 1485               |
| Welfare assistance   | 2000               | 2500               |
| Commissions - PANSW  | 580                | -                  |
|  | <u>\$ 20763</u>    | <u>\$ 18700</u>    |

**POLICE FEDERATION OF AUSTRALIA**

**A B N 31 384 184 778**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|   | <u>2009</u>    | <u>2008</u>     |
|---|----------------|-----------------|
| <b><u>16. National Police Memorial Expenses</u></b> |                |                 |
| Ties & other  | 7011           | -               |
| Graphic design website expenses                     | 1775           | 145             |
| Executive expenses                                  | -              | 1100            |
| Administration Fees                                 | 865            | -               |
| Courier Fees  | 61             | -               |
|   | <u>\$9712</u>  | <u>\$1245</u>   |
| <b><u>17. Property Expenses</u></b>                 |                |                 |
| Cleaning & waste disposals                          | 3000           | 2500            |
| Council rates                                       | 9732           | 9504            |
| Insurance   | 1840           | 1712            |
| Interest - PCU                                      | 23089          | 26547           |
| Land tax  | 10667          | 9242            |
| Light & power                                       | 2495           | 2379            |
| Repairs & maintenance                               | 7258           | 4031            |
| Lease Expenses – Stamp Duties, Searches             | 646            | -               |
| Security  | 541            | 541             |
| Water rates   | 1489           | 1592            |
|   | <u>\$60757</u> | <u>\$58048</u>  |
| <b><u>18. Research Expenses</u></b>                 |                |                 |
| Paid to University of Sydney                        | <u>\$60000</u> | <u>\$140000</u> |

**POLICE FEDERATION OF AUSTRALIA**

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|   | <b><u>2009</u></b> | <b><u>2008</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  | -                  | -                  |
| <br>  |                    |                    |
| Employees benefit to employees (other than holders of office) |                    |                    |
| Wage and salary   | 148569             | 151452             |
| Annual leave paid to employees (see note 9)                   | 22499              | 19253              |
| Annual leave provision (see note 9)                           | 11008              | 22295              |
| Long service leave paid                                       | -                  | -                  |
| Long service leave provision (see note 10)                    | 8608               | 11121              |
| Superannuation  | 86017              | 68389              |