



Australian Government
Registered Organisations Commission

11 July 2022

Kevin Morton
President
Police Federation of Australia-New South Wales Police Branch

Sent via email: info.centre@pansw.org.au

Dear Kevin Morton,

Section 269 application for certificate stating financial affairs of reporting unit are encompassed by financial affairs of associated State body for year ended 31 December 2021 (FR2021/268)

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009* in respect of the Police Federation of Australia-New South Wales Police Branch for the financial year ended 31 December 2021. The application was lodged with the Registered Organisations Commission on 1 July 2022.

I have granted the application. The certificate is attached.

If you wish to discuss this matter, please contact Madeleine Hurrell (03) 9603 0988 or by email at Madeleine.Hurrell@roc.gov.au.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'CE', with a small dash at the end.

Chris Enright
Executive Director
Registered Organisations Commission



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

s.269(2)(a)—Reporting unit's financial affairs encompassed by associated State body

Police Federation of Australia-New South Wales Police Branch
(FR2021/268)

MR ENRIGHT

MELBOURNE, 11 JULY 2022

Reporting unit's financial affairs encompassed by associated State body

[1] On 1 July 2022 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the Police Federation of Australia-New South Wales Police Branch (the reporting unit) for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of Police Association of NSW (the Association), an associated State body, in respect of the financial year ending 31 December 2021.

[2] On 1 July 2022, the reporting unit lodged a copy of the audited accounts of the Association with the Registered Organisations Commission.

[3] I am satisfied that the Association:

- is registered under the Industrial Relations Act 1996 (NSW), a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the reporting unit; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the reporting unit; and
- is an associated State body.

[4] I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the accounts with the relevant State authority;
- any members of the reporting unit who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the reporting unit who are members of the Association; and
- a report under s.254 of the Act has been prepared in respect of those activities of the reporting unit and has been provided to the members of the reporting unit with copies of the accounts.

[5] I am satisfied that the financial affairs of the reporting unit in respect of the financial year ending 31 December 2021, are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



DELEGATE OF THE COMMISSIONER

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Application for a certificate under s.269 – Reduced reporting requirements

Section 269 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)*

Purpose of this form

This form is for use by reporting units which are seeking a certificate from the Registered Organisations Commissioner (**the Commissioner**) stating that a reporting unit's financial affairs are encompassed by an associated State Body.

Your answers to the following questions will help the Commissioner to make an informed decision on whether the reporting unit satisfies the requirements under Part 3 Chapter 8 of the RO Act. Part 3 of Chapter 8 sets out the requirements in relation to financial records, accounting, and auditing.

Eligibility

This form can be completed by a reporting unit where:

- the financial affairs of the reporting unit are encompassed by an associated State body; and
- the associated State body of the reporting unit is registered or recognised under a prescribed State Act; and
- the members of the reporting unit and the associated State body are substantially the same; and
- the officers of the associated State body are substantially the same as the designated officers of the reporting unit.



Before granting the certificate, the Commissioner must be satisfied that the reporting unit's financial affairs were encompassed by the financial affairs of the associated State body in a financial year. A certificate only applies to a financial year and if applicable, a new application must be made for any subsequent years.

Instructions for completing this form

Please read each part of the application carefully, fully answer all the questions, sign where indicated and attach the required documentation.



You must complete and submit:

- **Part A:** Reporting unit details
- **Part B:** Grounds, reasons and requirements for application
- **Part C:** Declaration and signature

Help filling in this form

The fact sheet [Reduced reporting requirements under Part 3 of Chapter 8](#) may help you interpret the eligibility criteria set out in the RO Act. Please note that the fact sheet does not constitute legal advice. Reporting units are encouraged to seek independent advice on how the relevant legislation applies to their particular circumstances.

The terms used in this application form are further defined in the [RO Act](#) and the [Regulations](#). The legislation can be found at www.legislation.gov.au.

If you require assistance or have any questions regarding this application process, please contact the Registered Organisations Commission general enquiries line on **1300 341 665** or email regorgs@roc.gov.au



Part A: Reporting unit details

1. Details of the reporting unit making the application

Reporting unit	Police Federation of Australia, NSW Police Branch	
Financial year ending	31/12/21	
Name of authorised person signing on behalf of the reporting unit	Kevin Morton	
Position of authorised person	Branch President	
Contact person	Pat Gooley (Branch Administrator)	
Contact details	Pat.gooley@pansw.org.au	0413 078 303

Part B: Grounds, reasons, and requirements for application

2. Does the reporting unit have an industrial association (the associated State body)?

No	<input type="checkbox"/>	Reporting unit is unable to apply for a s.269 certificate
Yes	<input checked="" type="checkbox"/>	Provide name of the associated State body in the textbox below

Name of the associated State body	Police Association of NSW
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3. Is the associated State body registered or recognised as such an association under a prescribed State Act?

No	<input type="checkbox"/>	Reporting unit is unable to apply for a s.269 certificate
Yes	<input checked="" type="checkbox"/>	Identify the applicable prescribed State Act below

Prescribed State Act	Industrial Relations Act 1996 (NSW)
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4. Is the associated State body composed of substantially the same members as the reporting unit?

No	<input type="checkbox"/>	Reporting unit is unable to apply for a s.269 certificate
Yes	<input checked="" type="checkbox"/>	

5. Are the associated State body's officers substantially the same as designated officers in relation to the reporting unit?

No	<input type="checkbox"/>	Reporting unit is unable to apply for a s.269 certificate
Yes	<input checked="" type="checkbox"/>	

6. Has the associated State body:

Prepared accounts in accordance with prescribed State Legislation?	Yes
Had those accounts audited?	Yes
Provided a copy of the audited accounts to its members?	Yes
Provided a copy of the audited accounts to any members of the reporting unit who are not also members of the associated State body?	NA
Lodged the accounts with the relevant State authority?	Yes

- ⚠ A copy of the associated State body's audited accounts must be lodged with this application form.**

7. Has the reporting unit

Prepared an Operating report under s.254 of the RO Act?	Yes
Provided a copy of the Operating report to members?	Yes

- ⚠ A copy of the Operating report must be lodged with this application form.**



Part C: Declaration and signature

Under the Act, the Commissioner can only grant a certificate when satisfied that the reporting unit's financial affairs are encompassed by the financial affairs of the associated State body in a financial year.

Declaration

In submitting this application on behalf of the reporting unit mentioned in Part A, I declare:

- that the financial affairs of the reporting unit are encompassed by the financial affairs of the above-mentioned associated State body.
- I am a designated officer of the reporting unit as per s.243 of the RO Act.
- the information that I have supplied in this application is complete and correct.
- I am aware that giving false or misleading information is a serious offence. A person who:
 - knowingly or recklessly makes a false or misleading statement in an application for registration; or
 - knowingly gives false or misleading information in an application for registration

is guilty of an offence, the punishment for which is imprisonment for up to 12 months (if a statement is made or information is provided knowingly) or up to 6 months (if a statement is made recklessly) – see Part 7.4, section 136 and 137.1 of the *Criminal Code*.

Printed name of designated officer	Kevin Morton
Signature	
Signature date	1 July 2022



Please lodge the completed form (including the documents referred to in Part B) with the Registered Organisations Commission by email to: regorgs@roc.gov.au.

Police Association of NSW

ABN: 86 047 021 267

State Registered Trade Union

Financial Statements

For the Year Ended 31 December 2021

Police Association of NSW

ABN: 86 047 021 267

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For the Year Ended 31 December 2021

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Police Association of NSW

ABN: 86 047 021 267

Operating Report

31 December 2021

The Executive, being the Committee of Management for the purposes of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act"), present their Operating Report of Police Association of NSW, incorporating the Police Federation of Australia - New South Wales Police Branch (as per S269 of the RO Act), for the financial year ended 31 December 2021.

Information on Committee of Management Members

The names of each person who has been a member during the year and to the date of this report are:

Name	Position	Period of office
Tony King	President	1 January - 31 December 2021
Kevin Morton	Vice President	1 January - 31 December 2021
Craig Partridge	Treasurer	1 January - 31 December 2021
Ian Allwood	Member - Northern 1	1 January - 31 December 2021
Oliver Behrens	Member - Central Metro 1	1 January - 31 December 2021
Jeff Budd	Member - Commissioned Officers	1 January - 31 December 2021
Mick Buko	Member - Non LAC 4	1 January - 27 March 2021
Peter Foran	Member - Non LAC 4	11 November - 31 December 2021
Roger Campton	Member - Southern 1	1 January - 31 December 2021
Alison Dixon	Member - North West Metro 2	1 January - 31 December 2021
Peter Gurr	Member - Non LAC 3	10 February - 31 December 2021
Brett Henderson-Smith	Member - Northern 2	1 January - 14 May 2021
Darren McCaughey	Member - Northern 2	23 September - 31 December 2021
Simon Henry	Member - Non LAC 2	1 January - 29 October 2021
Jason Hogan	Member - Southern	1 January - 31 December 2021
Stephen McDonald	Member - Non LAC 1	1 January - 31 December 2021
Anthony Roberts	Member - South West Metro 1	1 January - 31 December 2021
Matt Thompson	Member - South West Metro 2	8 February - 31 December 2021
Aaron Rynehart	Member - North West Metro 1	1 January - 31 December 2021
Graham Condon	Member - Central Metro 2	1 January - 31 December 2021
Chris Jordan	Member - Western	1 January - 31 December 2021

Members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Association is a professional and industrial organisation, registered under the *Fair Work (Registered Organisations) Act 2009* ("the RO Act"), having substantial common members between the State and Federally registered bodies.

The principal activities of the Association is representing the professional and industrial interests of its members, covering all ranks of sworn police officers in New South Wales.

Police Association of NSW

ABN: 86 047 021 267

Operating Report

31 December 2021

Significant changes in financial affairs

There have been no significant changes in the state of affairs of the Association during the year.

Review of operations

A review of the operations and the results of the Association is performed at regular meetings of the Executive. The Executive believe that they have furthered the interests of their members throughout the year through the conduct of the Association's principal activities.

Right of members to resign

All members of the Association have the right to resign, in accordance with Rule 17 of the Association Rules and section 174 of the *Fair Work (Registered Organisations) Act 2009*.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

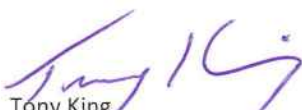
No officer or member of the Association holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of the Association.

Number of members

The number of financial members at 31 December 2021 was 17,174 (2020: 16,851).

Number of employees

The number of full time equivalent employees at 31 December 2021 was 53 (2020: 52).


Tony King
President


Craig Partridge
Treasurer

Dated: 3 May 2022

Police Association of NSW

ABN: 86 047 021 267

Executive Certificate

We, the undersigned, being two members of the Executive of the Police Association of NSW ("the Association"), hereby certify in respect of the financial year ended 31 December 2021, that:

- i) In the opinion of the Executive, the attached financial statements show a true and fair view of the financial affairs of the Association as at 31 December 2021;
- ii) In the opinion of the Executive, meetings of the Executive were held during the year ended 31 December 2021 in accordance with the Rules of the Association;
- iii) To the knowledge of any member of the Executive, there have been no instances where records of the Association or other documents [not being documents containing information made available to a member of the Association under subsection 512(2) of the *Industrial Relations Act 1991 (NSW)* ("the 1991 Act"), as applied by subsection 282(3) of the *Industrial Relations Act 1996 (NSW)*] or copies of those records or documents, or copies of the rules of the Association, have not been furnished, or made available to members in accordance with the *Industrial Relations Act 1996 (NSW)*, the Regulations thereto, or the Rules of the Association as the case may be; and
- iv) In relation to the report prepared in accordance with section 514 of the 1991 Act, as applied by section 282(3) of the *Industrial Relations Act 1996 (NSW)*, by the auditor of the organisation in respect of the financial year immediately preceding the financial year to which the accounts relate [i.e the second most recently concluded financial year] and in relation to any accounts and statements prepared in accordance with section 510(1) of the 1991 Act to which that report relates, the organisation has complied with section 517(1) of the 1991 Act and whichever of subsections (5) and (6) of that section of that Act is applicable.

This certificate is in accordance with a resolution passed by the Executive of the Association in relation to the matters to be stated in the certificate and is signed on behalf of the Executive by the undersigned:



Tony King
President



Craig Partridge
Treasurer

Dated: 3 May 2022

Police Association of NSW

ABN: 86 047 021 267

Certificate by Accounting Officer

I, Tony King, the Accounting Officer of the Police Association of New South Wales ("the Association"), hereby certify to the best of my knowledge and belief that there were 17,174 persons that were full members of the Association as at the end of the financial year ended 31 December 2021, and in my opinion;

- i. The attached financial statements show a true and fair view of the financial affairs of the Association as at 31 December 2021;
- ii. A record has been kept of all monies paid by, or collected from members of the Association, and all monies so paid or collected have been credited to the bank account or accounts to which those monies are to be credited, in accordance with the Rules of the Association;
- iii. Before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the Rules of the Association;
- iv. No payment was made out of a fund referred to in clause 57(b)(xiii) or (xv) of the *Industrial Relations Regulation Act 1992* for a purpose other than the purpose for which the fund was operated and only when approved in accordance with the Rules of the Association;
- v. Any loans or financial benefits granted to persons holding office in the Association were authorised in accordance with the Rules of the Association; and
- vi. The register of members of the Association was maintained in accordance with the *Industrial Relations Act 1996 [NSW]*.



Tony King

Accounting Officer

Dated: 3 May 2022

Police Association of NSW

ABN: 86 047 021 267

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	4	18,984,877	18,283,015
Other income	4	4,191,307	1,591,450
		<u>23,176,184</u>	<u>19,874,465</u>
Affiliation fees		(511,062)	(511,344)
Branch organising, visits, forums		(248,632)	(283,732)
Computer systems expenses		(678,505)	(412,925)
Conference expenses		(397,108)	(60,541)
Consulting, accounting and audit fees		(232,795)	(264,911)
Depreciation, amortisation and impairment expense		(385,265)	(1,105,102)
Employee benefits expense		(9,716,998)	(9,468,906)
Executive expenses		(100,882)	(151,874)
Finance expenses	10	(5,397)	(7,737)
Legal assistance		(2,817,144)	(2,922,129)
Member benefits expense		(987,612)	(1,083,146)
Motor vehicle expenses		(136,122)	(133,398)
Property maintenance costs		(405,941)	(367,445)
Sponsorships and donations		(304,724)	(232,040)
Training and education expenses		(70,971)	(22,011)
Travel expenses		(57,227)	(57,148)
Other expenses		(385,341)	(345,238)
		<u>(17,441,726)</u>	<u>(17,429,627)</u>
Surplus for the year		<u>5,734,458</u>	<u>2,444,838</u>
Remeasurements of net defined benefit obligations		72,033	33,249
Fair value movement in land and buildings		-	(20,000)
Other comprehensive income for the year		<u>72,033</u>	<u>13,249</u>
Total comprehensive income for the year		<u>5,806,491</u>	<u>2,458,087</u>

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Balance Sheet

As At 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,994,638	2,543,914
Trade and other receivables	7	623,059	625,881
Financial assets	8	4,067,455	550,000
Other assets	9	388,986	315,831
TOTAL CURRENT ASSETS		8,074,138	4,035,626
NON-CURRENT ASSETS			
Financial assets	8	39,570,579	39,901,433
Right-of-use assets	10	78,035	134,088
Property, plant and equipment	11	14,906,101	12,619,171
Investment property	12	2,692,500	2,730,000
Employee benefits	15	221,019	212,467
TOTAL NON-CURRENT ASSETS		57,468,234	55,597,159
TOTAL ASSETS		65,542,372	59,632,785
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,378,394	2,614,197
Lease liabilities	10	38,356	55,656
Employee benefits	14	3,192,663	2,777,940
TOTAL CURRENT LIABILITIES		5,609,413	5,447,793
NON-CURRENT LIABILITIES			
Lease liabilities	10	43,051	81,407
Employee benefits	14	44,301	64,469
TOTAL NON-CURRENT LIABILITIES		87,352	145,876
TOTAL LIABILITIES		5,696,765	5,593,669
NET ASSETS		59,845,607	54,039,116
EQUITY			
Reserves	16	6,690,906	6,690,906
Retained earnings		53,154,701	47,348,210
TOTAL EQUITY		59,845,607	54,039,116

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Statement of Changes in Equity

For the Year Ended 31 December 2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2021	47,348,210	6,690,906	54,039,116
Result for the year	5,734,458	-	5,734,458
Remeasurement of defined benefit obligations	72,033	-	72,033
Balance at 31 December 2021	53,154,701	6,690,906	59,845,607
Balance at 1 January 2020	44,870,123	6,710,906	51,581,029
Result for the year	2,444,838	-	2,444,838
Remeasurement of defined benefit obligations	33,249	-	33,249
Fair value movement in land and buildings	-	(20,000)	(20,000)
Balance at 31 December 2020	47,348,210	6,690,906	54,039,116

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	20,122,408	19,555,734
Receipts from other income	1,208,314	583,022
Payments to suppliers and employees	(18,761,302)	(17,044,373)
Interest income	5,567	7,737
Net cash provided by operating activities	22 <u>2,574,987</u>	<u>3,102,120</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of financial assets	(824,659)	(6,604,825)
Purchase of property, plant and equipment	(2,945,830)	(254,744)
Proceeds from sale of plant and equipment	424,175	115,723
Dividends and distributions received	843,785	866,326
Interest received	233,481	251,455
Rental income from investment properties	205,838	198,000
Net cash used by investing activities	<u>(2,063,210)</u>	<u>(5,428,065)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(61,053)	(51,765)
Net cash used by financing activities	<u>(61,053)</u>	<u>(51,765)</u>
Net decrease in cash and cash equivalents held	450,724	(2,377,710)
Cash and cash equivalents at beginning of year	2,543,914	4,921,624
Cash and cash equivalents at end of financial year	6 <u>2,994,638</u>	<u>2,543,914</u>

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers Police Association of NSW ("the Association") as an individual entity. Police Association of NSW is a not-for-profit Association which is an organisation of employees registered under the *Industrial Relations Act 1996 [NSW]* ("the Act"). In accordance with the Act, the Association is a body corporate with perpetual succession.

The functional and presentation currency of the Association is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Industrial Relations Act 1996 [NSW]*. For the purpose of preparing the general purpose financial statements, the Association is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Association are:

Membership income

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Association.

There is only one distinct membership service promised in the arrangement. Accordingly, the Association recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Association's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Association has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Association at their standalone selling price, the Association accounts for those sales as a separate contract with a customer.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Investment revenue

Dividends are recognised when the Association's right to receive payment is established.

Distributions from managed funds are recognised as income when earned and are reinvested or received as cash distributions.

Rental income

Rental income is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Government COVID-19 stimulus income

Income is recognised in the period it is earned. This is generally consistent with when payment is received.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to surplus or deficit.

(b) Leases

At inception of a contract, the Association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Right-of-use asset

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(b) Leases

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

(c) Income Tax

No provision for income tax is necessary, as the Association (being a registered Industrial Trade Union) is exempt from tax under s.50(15) of the *Income Tax Assessment Act 1997*.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through surplus or deficit where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

The Association classifies its financial assets into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through surplus or deficit); and
- those to be measured at amortised cost.

The classification depends on the Association's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in surplus or deficit. Gain or loss on derecognition is recognised in surplus or deficit.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets through surplus or deficit

For assets measured at fair value, gains and losses can either be recorded in surplus or deficit or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Association has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

All financial assets not classified as measured at amortised cost or fair value through surplus or deficit.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment, including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in bad debt expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in surplus or deficit.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise of trade and other payables and lease liabilities.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in surplus or deficit.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Investment property

Investment property is held to generate long-term rental yields and capital growth and are not occupied by the Association. Investment property is carried at fair value, reviewed annually, with reference to independent valuations. Changes to fair value are recorded in the statement of surplus or deficit and other comprehensive income as other income/expenses.

(i) Property, plant and equipment

Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Under the cost model, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Police Association of NSW

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(i) Property, plant and equipment

Land and buildings

Land and buildings are measured using the revaluation model.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model or on a biennial basis, which comes first.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Office equipment	5 - 40%
Motor vehicles	15 - 25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Police Association of NSW

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(j) Employee benefits

Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in surplus or deficit.

The obligations are presented as current liabilities in the balance sheet if the Association does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined benefit superannuation schemes

The Pooled Fund holds in trust the investments of the following relevant closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS);
- Police Superannuation Scheme (PSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Regulatory Framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.*

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth *Superannuation Industry (Supervision) Act 1993 (SIS)*. The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(j) Employee benefits

Defined benefit superannuation schemes (continued)

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed as at 30 June 2024.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of Risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- *Investment risk* - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- *Longevity risk* – The risk that pensioners live longer than assumed, increasing future pensions.
- *Pension indexation risk* – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- *Salary growth risk* - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- *Legislative risk* - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(j) Employee benefits

Defined benefit superannuation schemes (continued)

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in surplus or deficit in the periods in which services are provided by employees.

(k) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time during the year, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

(l) Future Australian Accounting Standards

Certain new accounting standards have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Association. These standards are not expected to have a material impact on the Association in the current or future reporting periods and on foreseeable future transactions.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Key estimates - property held at fair value

Independent valuations of property (land & buildings and investment property) carried at fair value were obtained effective 31 December 2020. The Executive have reviewed these valuations and consider them to remain appropriate for reflecting the fair values of the properties as at the current balance date. The valuations are an estimation which would only be realised if the properties are sold. Note 11 and 12 provide information on the valuations obtained.

Key estimates - useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - employee entitlements

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made after taking into account a range of possible outcomes, probabilities and assumptions and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - land and buildings classification

The Association holds property which are rented out to earn rental income. These properties whilst currently surplus to the associations current requirements, are predominately held for strategic and future operational requirements, and hence are considered to be more appropriately classified as *Property, Plant and Equipment*, rather than *Investment Property*.

Police Association of NSW

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Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue

	Note	2021 \$	2020 \$
Revenue from contract with customers			
- Membership fees		18,311,261	17,657,896
- Rental income		673,617	625,119
		<u>18,984,878</u>	<u>18,283,015</u>
Other income			
- Fair value movement of financial assets		2,423,620	80,553
- Investment income		843,785	785,773
- Interest income		239,048	269,100
- Government COVID-19 stimulus income		-	100,000
- Other income		684,853	356,024
		<u>4,191,306</u>	<u>1,591,450</u>
Total Revenue		<u>23,176,184</u>	<u>19,874,465</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated; the following table shows this breakdown:

Timing of revenue recognition

- Over time		18,984,878	18,283,015
- At a point in time		-	-
Revenue from contracts with customers		<u>18,984,878</u>	<u>18,283,015</u>

5 Result for the Year

The result for the year includes the following specific expenses/(income):

Cost of goods sold		133,577	112,880
Superannuation contributions		860,370	818,573
Impairment of investment property	12	-	800,052
Profit on sale of non-current assets		(56,987)	(181)

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Notes to the Financial Statements

For the Year Ended 31 December 2021

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash on hand	100	306
Cash at bank	2,994,538	2,543,608
	<u>2,994,638</u>	<u>2,543,914</u>

7 Trade and Other Receivables

Trade receivables	555,728	543,849
Other receivables	67,331	82,032
	<u>623,059</u>	<u>625,881</u>

8 Financial assets

CURRENT

Financial assets at amortised cost

Term deposits	<u>4,067,455</u>	<u>550,000</u>
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NON-CURRENT

Financial assets at amortised cost

Term deposits	5,000,000	12,921,623
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Financial assets at fair value through surplus and deficit

Listed investments	<u>34,570,579</u>	<u>26,979,810</u>
	<u>39,570,579</u>	<u>39,901,433</u>

9 Other Assets

Prepayments	240,037	164,648
Other	148,949	151,183
	<u>388,986</u>	<u>315,831</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Leases

Association as a lessee

The Association has leases over office equipment assets.

The leases for office equipment are for between 4 to 5 years with no option to renew. The lease payments are fixed within the term.

Office Equipment

	2021	2020
	\$	\$
Year ended 31 December 2021		
Balance at beginning of year	134,088	59,486
Additions	-	120,417
Depreciation	(56,053)	(45,815)
Balance at end of year	78,035	134,088

Lease liabilities

Current lease liabilities	38,356	55,656
Non-current lease liabilities	43,051	81,407
	81,407	137,063

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Balance Sheet
	\$	\$	\$	\$
2021				
Lease liabilities	41,421	53,496	94,917	81,407
2020				
Lease liabilities	61,053	94,917	155,970	137,063

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Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Leases

Statement of Surplus or Deficit and Other Comprehensive Income

The amounts recognised in the statement of surplus or deficit and other comprehensive income relating to leases where the Association is a lessee are shown below:

	2021	2020
	\$	\$
Depreciation of right-of-use assets	56,053	45,815
Lease interest expenses	5,397	7,737
	<u>61,450</u>	<u>53,552</u>

Statement of Cash Flows

Total cash outflow for leases	<u>61,053</u>	<u>51,765</u>
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11 Property, plant and equipment

LAND AND BUILDINGS

At fair value	14,196,358	12,000,000
Accumulated depreciation	(87,500)	-
	<u>14,108,858</u>	<u>12,000,000</u>

MOTOR VEHICLES

At cost	792,298	716,625
Accumulated depreciation	(167,127)	(186,671)
	<u>625,171</u>	<u>529,954</u>

OFFICE EQUIPMENT

At cost	1,119,299	953,703
Accumulated depreciation	(947,227)	(864,486)
	<u>172,072</u>	<u>89,217</u>
	<u>14,906,101</u>	<u>12,619,171</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	12,000,000	529,954	89,217	12,619,171
Additions	2,206,317	314,743	165,595	2,686,655
Disposals	-	(108,013)	-	(108,013)
Depreciation expense	(97,459)	(111,513)	(82,740)	(291,712)
Balance at the end of the year	14,108,858	625,171	172,072	14,906,101

(b) Revaluation

Land and buildings are recognised at fair value based on periodic, but at least biennial, valuations by external independent valuers, less subsequent depreciation for buildings. The most recent formal valuation was effective 31 December 2020. A revaluation surplus is credited to the asset revaluation reserve in equity [refer note 16]. All other property, plant and equipment is recognised at historical cost less depreciation.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Investment Property

	2021	2020
	\$	\$
Investment property	<u>2,692,500</u>	<u>2,730,000</u>
Opening balance - at fair value	2,730,000	3,530,052
Depreciation	(37,500)	-
Impairment	-	(800,052)
	<u>2,692,500</u>	<u>2,730,000</u>

(a) Measuring investment property at fair value

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Association. They are carried at fair value. Changes in fair values are presented in surplus or deficit.

(b) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for all contracts include CPI and/or market value increases, but there are no other variable lease payments that depend on an index or rate. Expectations about the future residual values are reflected in the fair value of the properties. Minimum lease payments receivable on leases of investment properties are reflected below:

The future minimum lease payments under non-cancellable leases are:

- no later than 1 year	356,789	421,328
- between 1 year and 5 years	465,793	138,062
Total minimum lease payments receivable	<u>822,582</u>	<u>559,390</u>

13 Trade and Other Payables

Legal fees payable	1,361,522	1,658,039
Trade and other payables	807,805	732,961
Income in advance	209,067	223,197
	<u>2,378,394</u>	<u>2,614,197</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2021

14 Employee Benefits

	2021	2020
	\$	\$
CURRENT LIABILITIES		
Provision for long service leave	1,755,330	1,577,345
Provision for annual leave	1,159,708	954,465
Other	277,625	246,130
	<u>3,192,663</u>	<u>2,777,940</u>
NON-CURRENT LIABILITIES		
Provision for long service leave	<u>44,301</u>	64,469

15 Employee Benefits - Defined Benefit Fund Plan

NON-CURRENT ASSETS		
Defined benefit plan	<u>221,019</u>	212,467

(a) Reconciliations

	Reconciliation of the fair value of fund assets	Present value of the defined benefit obligation	Effect of the asset ceiling	Defined benefit asset/liability
	\$	\$	\$	\$
2021				
Opening balance	2,058,700	(1,846,233)	-	212,467
Current service cost	-	(68,517)	-	(68,517)
Net interest	48,967	(43,931)	-	5,036
Actual return on Fund assets less Interest income	226,909	-	-	226,909
Contributions by participants	10,466	(10,466)	-	-
Actuarial (gains)/losses from changes in demographic assumptions	-	(29,327)	-	(29,327)
Actuarial (gains)/losses from changes in financial assumptions	-	174,370	-	174,370
Actuarial (gains)/losses arising from liability experience	-	(210,590)	-	(210,590)
Taxes, premiums and expenses paid	4,410	(4,410)	-	-
Adjustment for effect of asset ceiling	-	-	89,329	(89,329)
Closing balance	<u>2,349,452</u>	<u>(2,039,104)</u>	<u>89,329</u>	<u>221,019</u>

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Employee Benefits - Defined Benefit Fund Plan

(b) Actuarial assumptions

	2021	2020
	%	%
Discount rate	3.31 %	2.37 %
Rate of CPI increase	2.25 - 2.75%	1 - 2.5%
Future salary increases	2.74 %	1.70 %

Pensioner mortality

The pensioner mortality assumptions are those used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report on the trustee's website. The report shows the pension mortality rates for each age.

(c) Plan assets

The fair value of total plan assets comprises the following classes of assets:

Class of asset	2021		2020	
	Total \$'000	% of total	Total \$'000	% of total
Short term securities	5,961,645	14.3	3,863,057	9.5
Australian fixed interest	689,736	1.8	784,698	1.9
International fixed interest	1,641,922	3.9	1,880,465	4.6
Australian equities	7,758,778	18.5	8,106,675	19.9
International equities	14,841,351	35.4	13,160,259	32.3
Property	2,654,407	6.3	3,371,713	8.3
Alternatives	8,293,623	19.8	9,581,689	23.5
Total	41,841,462	100.0	40,748,556	100.0

16 Reserves

Asset revaluation reserve

The asset revaluation reserve records fair value movements on land and buildings held under the revaluation model.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

17 Financial Risk Management

The main risks the Association is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	6	2,994,638	2,543,914
Trade and other receivables	7	623,059	625,881
Financial assets - FVTPL	8	34,570,579	26,979,810
Financial assets - at amortised cost	8	9,067,455	13,471,623
Total financial assets		47,255,731	43,621,228
Financial Liabilities			
Trade and other payables		1,761,938	2,023,978
Lease liability	10	81,407	137,063
Total financial liabilities		1,843,345	2,161,041

18 Fair Value Measurement

Net Fair Values

The fair values of financial assets and financial liabilities are materially consistent with their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated.

The Association does not hold any assets or liabilities measured at fair value, other than the financial assets recorded in note 8, land and buildings in note 11 and investment property in note 12.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

19 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of Police Association of NSW during the year was \$1,978,936 (2020: \$1,869,238).

Key Management Personnel are any persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including any member of the Executive.

20 Related Parties

The Association provided office space to the NSW Police Legacy. Payments of \$33,211 were received (2020: \$56,243). The market value of rental income for this space is estimated at \$240,000 per annum and the difference has been recognised against a deemed donation/sponsorship (2020: \$234,000).

During the year the Association paid \$10,550 to Police Legacy for various sponsorships.

21 Contingencies

(a) Contingent liabilities

As a benefit of membership, the Association provides legal assistance to eligible members, whereby a commitment is made to fund certain legal costs of members. The Association's external legal advisers have estimated the Association's potential constructive obligation for approved legal assistance for matters in the hands of solicitors and barristers as at 31 December 2021 to be \$1.4 million (2020: \$1.6 million).

Given the nature of the matters and the stages of completion, this is an estimate only and cannot be measured reliably. Accordingly, whilst constructive obligations exist which require an outflow of resources, due to the variability of the estimates and the work required to bring them to completion, dictates that liabilities cannot be recognised.

Additionally, the death benefit scheme and trust fund has a potential financial exposure. This arises pursuant to the death of a member or their spouse where an amount of \$15,000 is paid and \$12,000 for each dependent child under the age of 18. The number of expected member deaths cannot be ascertained at any given time and hence this contingent liability cannot be measured reliably.

Contingent liabilities are unsecured.

(b) Contingent assets

Where the Association has provided legal assistance to members and costs are awarded in favour of the member, the Association is reimbursed for a portion of its costs incurred, given the warranty associated with such reimbursements, they cannot be measured reliably.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

22 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2021	2020
	\$	\$
Surplus for the year	5,734,458	2,444,838
Adjustments for:		
- depreciation and amortisation	385,265	311,160
- impairment of property, plant and equipment	-	800,052
- interest on lease liability	5,397	7,737
- net (gain) on disposal of plant and equipment	(56,987)	(181)
- dividends and interest classified as investing activities	(1,077,266)	(1,135,426)
- fair value gain on financial assets (net of fees)	(2,361,942)	(80,553)
- defined benefit fund service costs and interest	63,481	-
- rental income classified as investing activities	(205,838)	(198,000)
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	2,822	(27,204)
- (increase)/decrease in prepayments	(73,155)	(63,530)
- increase/(decrease) in trade and other payables	(235,803)	603,532
- increase/(decrease) in employee benefits	394,555	439,695
Cashflows from operations	<u>2,574,987</u>	<u>3,102,120</u>

23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 3 May 2022 by the Executive.

Subsequent to year end, the Association has exchanged contracts for the purchase of further properties for a total outlay of \$6.6M

Other than the above, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial periods.

Police Association of NSW

ABN: 86 047 021 267

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Information to be provided to Members or Registrar

In accordance with the requirements of the *Industrial Relations Act, 1991 [NSW]* the attention of members is drawn to the provisions of Subsections (1) and (2) of Section 512 which read as follows:

1. A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.
2. An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

25 Additional disclosures

	2021	2020
	\$	\$
Income		
Levies and voluntary contributions	-	-
Amount of donations or grants	-	-
Expenses		
Levies	-	-
Remuneration of employees	9,716,998	9,543,983
Amount of donations or grants	242,500	263,300
Auditor's remuneration - audit services	28,400	27,650
Auditor's remuneration - other services *	2,100	2,000
Penalties under Industrial Relations Acts or Regulations	-	-
Assets		
Investments in Government, municipal and other public debentures, stock or bonds	-	-

**Other services include extended audit procedures requested by the Association, assistance with the preparation of the general purpose financial report.*

It is confirmed that:

1. The Association's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit;
2. The Association has not agreed and does not have an agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern; and
3. The Association has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.

Independent Audit Report to the members of Police Association of NSW

Opinion

We have audited the financial report of Police Association of NSW ("the Association"), which comprises the balance sheet as at 31 December 2021, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Executive Certificate.

We report that we have inspected and audited the accounting records of the Police Association of NSW in relation to the financial year ended 31 December 2021 and report that in our opinion:

- (a) Satisfactory accounting records have been kept by the Association, so far as appears from our examination of these books, including:
 - (i) records of the sources and nature of the income of the Association (including income from members); and
 - (ii) records of the nature and purpose of the expenditure of the Association.

In our opinion, the financial statements and other statements prepared under Section 510 of the *Industrial Relations Act 1991 (NSW)* have been properly drawn up so as to give a true and fair view of:

- (b)
 - (i) the financial affairs of the Association as at 31 December 2021;
 - (ii) the income and expenditure, results and cash flows of the Association for the year ended on that date;
 - (iii) all information, being information which was reasonably wanted for the purpose of this audit, which was required and sought by us or by any person authorised for the purpose of the audit, was provided.
- (c) The financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Audit Report to the members of Police Association of NSW

Responsibilities of the Executive for the Financial Report

The Executive of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced disclosure requirements and the *Industrial Relations Act 1996 [NSW]* and for such internal control as the Executive determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.


Daley Audit


Michael Mupdt
Partner

Wollongong
Dated: 3 May 2022

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Disclaimer

The additional financial information presented on pages 37 - 40 is in accordance with the books and records of the Police Association of NSW has been subjected to the audited procedures applied in our audit of the Association for the year ended 31 December 2021. It will be appreciated that our audit did not cover all the details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty or accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the Association) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

Daley & Co.
Daley & Co

Wollongong

Dated: 3 May 2022

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Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2021

	2021	2020
	\$	\$
Income		
Membership fees received - Full membership	18,311,261	17,657,896
Investment income	843,785	785,773
Rental income	673,617	625,119
Interest income	239,048	269,100
Gain on fair value of financial assets	2,423,620	80,553
Government COVID stimulus income	-	100,000
Other income	684,853	356,024
	23,176,184	19,874,465
Affiliation fees		
Police Federation of Australia	(313,205)	(333,097)
Unions NSW	(64,894)	(66,565)
Others	(132,963)	(111,682)
	(511,062)	(511,344)
Biennial conference		
Conference expenses	(397,108)	(60,541)
Branch organising, visits, forums		
Branch forums/focus	(134,381)	(170,008)
Branch visits	(87,103)	(103,469)
Representation/promotion	(27,148)	(10,255)
	(248,632)	(283,732)
Computer systems expenses		
Computer systems expenses	(678,505)	(412,925)
Consulting, accounting and audit fees		
Consulting fees	(120,305)	(125,000)
Accounting services	(59,774)	(56,585)
Legal fees	(20,716)	(45,476)
Audit fees	(32,000)	(37,850)
	(232,795)	(264,911)

Refer to accompanying Disclaimer Report

Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2021

	2021	2020
	\$	\$
Depreciation and amortisation expense		
Depreciation, amortisation and impairment expense	(385,265)	(1,105,102)
Employee costs (salary, leave, superannuation, on costs, etc)		
Salaries, allowances & packaging - Association	(7,260,582)	(7,326,592)
Superannuation contributions	(860,370)	(818,573)
Secondment	(514,921)	(461,110)
Fringe Benefits	(343,523)	(390,143)
Payroll tax	(298,058)	(278,924)
Leave provisions	(376,064)	(161,203)
Other employee costs	(63,480)	(32,361)
	(9,716,998)	(9,468,906)
Executive expenses		
Executive meeting and representation	(84,033)	(70,332)
Committee meeting expenses	(15,963)	(19,297)
Travel and motor vehicle expenses	-	(26,464)
Branch visits and airfares	-	(4,075)
Telephone and dry cleaning	(886)	(22,647)
Training and education expenses	-	(9,059)
	(100,882)	(151,874)
Legal assistance		
Legal fees - Solicitor	(1,526,870)	(1,735,797)
Legal fees - Counsel	(1,413,362)	(1,154,665)
Legal reimbursements	235,501	32,322
Disbursements	(112,413)	(63,989)
	(2,817,144)	(2,922,129)

Refer to accompanying Disclaimer Report

Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2021

	2021	2020
	\$	\$
Member benefits (death benefit, welfare and scholarship schemes)		
Death benefit scheme	(227,913)	(311,313)
Retirement gifts and Association merchandise	(144,447)	(222,197)
Welfare assistance scheme	(257,745)	(162,966)
Trust payments	(214,909)	(144,000)
Scholarships	(82,000)	(101,273)
Pocket diary	(25,944)	(82,490)
Police News	(13,979)	(21,470)
Other expenses	(20,675)	(37,437)
	<u>(987,612)</u>	<u>(1,083,146)</u>
Motor vehicle expenses		
Motor vehicle expenses	<u>(136,122)</u>	<u>(133,398)</u>
Property maintenance costs		
Elizabeth St, Sydney	(351,176)	(349,765)
Holt St, Sydney	(54,765)	(17,680)
	<u>(405,941)</u>	<u>(367,445)</u>
Sponsorships and donations		
Sponsorships and donations	<u>(304,724)</u>	<u>(232,040)</u>
Training and education expenses		
Training and education expenses	<u>(70,971)</u>	<u>(22,011)</u>
Travel expenses		
Travel expenses	<u>(57,227)</u>	<u>(57,148)</u>
Finance Expense		
Finance expense	<u>(5,397)</u>	<u>(7,737)</u>

Refer to accompanying Disclaimer Report

Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2021

	2021	2020
	\$	\$
Other expenses		
Printing and stationery expense	(120,712)	(72,289)
Insurance expense	(90,084)	(82,529)
Investment management costs	(61,679)	(59,761)
Magazines, journals and periodicals expense	(33,258)	(22,590)
Telephone and fax expense	(21,010)	(21,799)
Repairs and maintenance expense	(16,898)	(19,627)
Courier charges	(6,692)	(7,308)
Bank charges	(548)	(469)
Staff amenities	(5,436)	(9,167)
Sundry expenses	(29,024)	(49,699)
	<u>(385,341)</u>	<u>(345,238)</u>
Total expenses	<u>(17,441,726)</u>	<u>(17,429,627)</u>
Surplus for the year	<u>5,734,458</u>	<u>2,444,838</u>

Refer to accompanying Disclaimer Report