

POLICE FEDERATION OF AUSTRALIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Police Federation of Australia
Balance Sheet as at 30th June 2004

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
<u>Accumulated Funds</u>		<u>\$528,138</u>	<u>\$424,342</u>
<u>Represented by</u>			
<u>Current Assets</u>			
PCU Easy Access account	3	31454	86804
PCU Savings accounts	3	134329	79755
PCU membership feese	3	10	10
Sundry debtors	4	0	1457
Amounts due from branches	5	28503	7281
		<u>194296</u>	<u>175307</u>
<u>Non Current Assets</u>			
Property - 21 Murray Crescent			
Griffith ACT - At Cost	6	1016581	1016581
Plant & Equipment		27757	
Less provision for depreciation		<u>14674</u>	3316
Motor vehicle		36275	
Less provision for depreciation		<u>8388</u>	<u>33328</u>
		<u>1057551</u>	<u>1053225</u>
Total Assets		<u>1251847</u>	<u>1228532</u>
<u>Less Current Liabilities</u>			
Trade creditors and accruals	7	29560	47650
PCU loan secured over property		655527	731170
Provision for annual leave	8	13488	8596
Provision for long service leave	9	17167	11135
Provision for GST		7967	5639
Total liabilities		<u>723709</u>	<u>804190</u>
Net assets		<u>\$528,138</u>	<u>\$424,342</u>

Police Federation of Australia
Income & Expenditure account
For the year ended 30th June 2004

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
<u>Income</u>			
Affiliation fees from branches		702608	626082
Interest Received		5395	7055
Rents Received		35423	15101
		<u>\$743,426</u>	<u>\$648,238</u>
<u>Less expenditure</u>			
Audit and accounting fees	10	23630	17200
Annual leave	8	13923	4529
ACTU Affiliation fees		58461	57482
Bank charges and duties		248	77
Computer and Website Design		13991	23258
Delegation expenses	11	189078	178227
Depreciation		6680	5893
FBT		37109	33800
General office expenses	12	42018	20102
Insurances		8640	8796
Legal fees		1450	5750
Long Service Leave	9	6032	4665
Loss on disposal of assets		0	6168
Motor vehicle expenses		6321	6372
National Memorial Expenses	13	7625	0
Property expenses	14	76187	28741
Salary & packaging		122420	97227
Superannuation		16213	17850
Telephone		9604	8057
Total Expenditure		<u>639630</u>	<u>524194</u>
Net Surplus for the year		103796	124044
Accumulated funds at beginning of year		424342	300298
Accumulated funds at end of year		<u>\$528,138</u>	<u>\$424,342</u>

**POLICE FEDERATION OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or except where stated, current valuations of now current assets. 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 economic entity in the preparation of the financial statements.

- (a) **Depreciation**
Depreciation of fixed assets is calculated on the straight line method in order to write off the assets over their useful lives.
- (b) **Employee Entitlements**
Provision 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 are made by the entity to an employee superannuation fund and are charged as expense when incurred.
- (c) **Leases**
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged as expenses in the periods in which they are incurred.
- (d) **Income Tax**
No provision for Income Tax expense has been brought to account as the income of the Federation is exempt from Income Tax under Sections 50-15 of the Income Tax Assessment Act 1997.

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1966, the attention of members is drawn to the provisions of Sub-Sections (1), (2), and (3) of Section 274 which read as follows: -

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under Sub-Section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under Sub-Section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

3. Statement of Cash Flows
For the Year Ended 30 June 2004

	<u>2004</u>	<u>2003</u>
<u>Cash Reconciliation</u>		
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>\$165,793</u>	<u>\$166,569</u>
<u>Cash Flow from Operating Activities</u>		
GST Received	69227	63959
Receipts from Members	684813	618801
Interest Received	4573	7055
Rents Received	36747	11110
Other Refunds	2174	10596
Loans from PCU	0	760000
Total Cash Received	<u>797534</u>	<u>1471521</u>
<u>Less Cash Flow from Investing & Financial Activities</u>		
Payment of GST Express	36851	35393
Payment of Employee's Entitlement	112838	107780
Payment of Loans to PCU	120000	50000
Payment of ACTU Affiliation Fee	58461	57482
Payment of Purchase of Office Equipment	11005	890
Payment of Motor Vehicle	0	36275
Payment of Other Expenses	459155	337681
Payment for Acquisition of Property	0	1013581
Total Expenditure	<u>798310</u>	<u>1639082</u>
Net Increase (Decrease) in Cash Held	-776	-167561
Cash at the Beginning of Financial Year	<u>166569</u>	<u>334130</u>
Cash at the End of the Financial Year	<u>\$165,793</u>	<u>\$166,569</u>

Police Federation of Australia
Notes To and Forming Part of the Account
For the year ended 30th June 2004

	<u>2004</u>	<u>2003</u>
<u>4. Sundry Debtors</u>		
Rental due from tenants	0	\$1,457
<u>5. Amount due from branches</u>		
Police Association of NSW expenses	1549	0
Police Association of Northern Territory	1249	0
Police Association of South Australia	5921	0
Police Association of Victoria	14150	0
Police Association of New Zealand	5634	7281
	<u>\$28,503</u>	<u>\$7,281</u>
<u>6. Property-at cost</u>		
21 Murray Crescent Griffith ACT		
Settled on 24.1.2003	<u>\$1,016,581</u>	<u>\$1,016,581</u>
<u>7. Creditors and accruals</u>		
Staff Superannuation	0	166
PAYG re staff wages	6240	4992
Audit & accounting fees	21395	18150
Various expenses	1925	10367
Website Design	0	13975
	<u>\$29,560</u>	<u>\$47,650</u>
<u>8. Provision for Annual Leave</u>		
Balance as at 1.7.2003	8596	4067
Add additional provision for the year	13923	4529
	22519	8596
Less paid during the year	9031	0
Balance as at 30.6.2004	<u>\$13,488</u>	<u>\$8,596</u>
<u>9. Provision for Long Service Leave</u>		
Balance as at 1.7.2003	11135	6470
Add additional provision for the year	6032	4665
Balance as at 30.6.2004	<u>\$17,167</u>	<u>\$11,135</u>
<u>10. Auditor's Remuneration</u>		
Audit fees	7500	7500
Other services	16130	9700
	<u>\$23,630</u>	<u>\$17,200</u>
<u>11. Delegation Expenses</u>		
Consultancy fees	50182	45185
Conference expenses	43813	53416
Executive expenses	48388	53455
Lobbying expenses	14437	11001
IPC	12940	4893
WAC	13387	447
APPSC/PSITAB	5931	9830
	<u>\$189,078</u>	<u>\$178,227</u>

	<u>2004</u>	<u>2003</u>
<u>12. General Office Expenses</u>		
Australian Defence Association	91	0
CEO relocation expenses	24724	4234
Filing fees -ASIC	375	736
Interest-ATO	167	0
Police Superannuation Administrative fees	837	3076
Printing stationery & postages	8304	6685
Sundry office	7520	5371
	<u>\$42,018</u>	<u>\$20,102</u>
<u>13. National Memorial Expenses</u>		
Funds transfer to open Bank Account	510	0
Graphic Design expenses	1860	0
Executive expenses	1075	0
Legal fees-Mallesons Stephen & Jaqus	4180	0
	<u>\$7,625</u>	<u>\$0</u>
<u>14. Property Expenses</u>		
Borrowing expenses	0	2535
Cleaning & waste disposals	2581	30
Council rates	5140	2227
Insurance -building	1748	0
Interest-PCU	44358	21170
Land tax	5808	1161
Light & power	1473	422
Pest control	164	0
Plant hire	0	68
Rents	0	368
Repairs & maintenances	12993	48
Security	530	132
Water rates	1392	580
	<u>\$76,187</u>	<u>\$28,741</u>

Police Federation of Australia

Depreciation Schedule for the Year Ended 30 June 2004

<u>Items</u>	<u>Original Cost</u>	<u>Opening WDV</u>	<u>Addition Date</u>	<u>Addition Cost</u>	<u>Total Value for Depreciation</u>	<u>Rate %</u>	<u>P.C Method</u>	<u>Closing WDV</u>
Computer Laptop	6073	0						0
Laser printer	918	0						0
Scanner	418	0						0
Filing cabinet	275	11			11	10	11	0
Cupboard	504	50			50	10	50	0
3 door cabinet	250	55			55	10	25	30
Shredder	759	0						0
Photocopier	8890	0						0
Coat cupboard	370	191			191	10	37	154
Banner	1270	732			732	10	127	605
Fax machine	467	78			78	33.3	78	0
Furniture	1640	1333			1333	7.5	123	1210
Desk	520	507			507	7.5	39	468
Chair	370	361			361	7.5	28	333
Computer equipment	795		17.11.03	795	795	25	124	671
Board room chair	1208		10.12.03	1208	1208	7.5	49	1159
Digital camera	888		10.12.03	888	888	15	72	816
Light projector	4800		02.02.04	4800	4800	15	300	4500
Hot Water boiler	830		26.02.04	830	830	20	55	775
TV DVD VRC	1272		26.02.04	1272	1272	25	106	1166
Visitor chair	1212		14.04.04	1212	1212	7.5	15	1197
		3318		11005	14323		1239	13084
Motor vehicle								
Holden Sedan	36275	33328			33328	15	5441	27887
Total		\$36,646		\$11,005	\$47,651		\$6,680	\$40,971

POLICE FEDERATION OF AUSTRALIA

OPERATING REPORT (OPR)

- a) The PFA's principle activities throughout the year have included a range of activities that have been endorsed by the Federal Council in November 2003 and coordinated by the Federal Executive.

Those key activities include the pursuance of an exemption from Superannuation Preservation Age rules for police. A commitment from both sides of politics was forthcoming in the lead up to the federal election to independently review that issue post the election.

We have made submissions and lobbied both then Government and the Opposition on the lack of Federal funding for local law enforcement initiatives as well as the lack of funding and resourcing for the Australia Federal Police. This issue saw both sides make policy statements setting up \$50 million national crime prevention style programs.

Reportable Fringe Benefits Tax issues continue to affect our members and operational policing initiatives. We have been successful in achieving a number of exemptions from RFBT issues for police as well as members attached to the Australian Crime Commission. We are still pursuing a range of RFBT matters to bring us into line with exemptions granted to the Defence Forces.

We have continued to work with the Federal Government and state & territory police jurisdictions towards the development and construction of a National Police Memorial in Canberra to honour the in excess of 700 police who have paid the ultimate sacrifice since 1803.

The PFA continues to represent members nationally on a range of other issues including –

- Submissions to relevant Parliamentary inquiries
- Negotiations in respect to health, safety, welfare and working conditions for members to be deployed overseas as part of the International Deployment Group
- Development of a range of Police Professional issues as a part of the Australasian Police Professional Standards Council (APPSC)
- Submissions into the Federal Government's proposed Federal Anti Corruption Body
- Working with various academics on research issues of relevance to our membership and the police profession
- The development of a range of issues affecting female members through our Women's Advisory Committee
- The development and research into a range of industrial issues through our Industrial Planning Committee


All of the above issues as well as many others are reported on in detail in the PFA's Annual Report.

- b) There have been no significant changes in the financial affairs of the PFA during the past year
- c) A member may resign from membership of the Federation by notice in writing addressed and delivered to the Secretary of the member's Branch, Zone Secretary or Chief Executive Officer, as per PFA Rule 11 (b)
- d) No officers of the PFA hold any positions in relation to Superannuation entities
- e) The West Australian Branch of the Police Federation of Australia was formed and registered on 3 February 2004

f) Prescribed information as per Regulation 159

- i. At the 30 June 2004 the PFA had 34,548 members
- ii. At the 30 June 2004 the PFA had three (3) employees
- iii. Committee of Management 1/7/03 – 30/6/04

Peter Alexander (South Australia)
Jon Hunt Sharman (Australian Federal Police)
Shane Butler (Victoria) (1/7/03 - 4/10/04)
Vince Kelly (Northern Territory)
Ian Ball (New South Wales) (1/7/03 - 23/6/04)
Bob Pritchard (New South Wales) (24/6/04 – 30/6/04)
Randolph Wierenga (Tasmania)
Michael Dean (Western Australia) (7/4/04 – 30/6/04)



For Committee of Management:

Peter Alexander
President

Dated this 11th day of October 2004

POLICE FEDERATION OF AUSTRALIA

ACCOUNTING OFFICER'S CERTIFICATE

I, Mark Burgess , being the Officer responsible for keeping records of the Police Federation of Australia, certify that as at 30 June 2004 the number of members of the Federation was 34548.

In my opinion:

- i) The attached accounts show a true and fair view of the financial affairs of the Federation as at 30 June 2004.
- ii) A record has been kept of all the monies paid by, or collected from members and all monies paid or collected have been credited to the bank account to which those monies are to be credited, in accordance with the rules of the Federation.
- iii) Before any expenditure was incurred by the Federation, approval of the incurring of the expenditure was obtained in accordance with the rules of the Federation.
- iv) With regard to funds of the Federation raised by compulsory levies or voluntary contributions from members, or funds other than the general fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.
- v) No loans or other financial benefits, other than remuneration in respect of their full time employment with the Federation, were made to persons holding office in the Federation.
- vi) The register of the Federation was maintained in accordance with the Workplace Relations Act, 1996.
- vii) The attached Accounts have been prepared in accordance with applicable Australian Accounting Standards.

SIGNED AT SYDNEY this 11th day of October, 2004.

m A Burgess

MARK BURGESS

Police Federation of Australia

Committee of Management's Certificate

On the 14th day of October 2004, 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 30th June 2004.

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 or 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: Vince Kelly

Treasurer


VINCE KELLY

Date: 14th day of October 2004

POLICE FEDERATION OF AUSTRALIA INDEPENDENT AUDIT REPORT

To the members of the Police Federation of Australia.

SCOPE

I have audited the financial statements of the Police Federation of Australia for the year ended 30 June 2004. The Federation's Committee of Management is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Federation.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and The Workplace Relations Act 1996 so as to present a view of the Federation which is consistent with my understanding of its financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

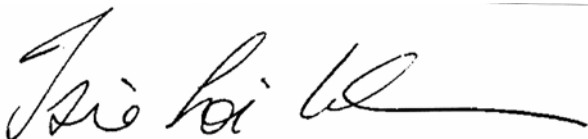
AUDIT OPINION

In my opinion:

- (i) There were kept by the Federation in respect of the year, satisfactory accounting records detailing the sources and nature of income of the Federation [including income from members] and the nature and purposes of expenditure; and
- (ii) The accompanying accounts and statements being the Statement of Income and Expenditure, Balance sheet, Statement of Cash Flows, Notes to and Forming Part of the Accounts, Accounting Officers Certificate and Committee of Managements certificate have been prepared in accordance with Section 273 of the Workplace Relations Act 1996 and are properly drawn up so as to fairly present:
 - [a] The state of affairs of the Federation as at 30 June 2004; and
 - [b] The income and expenditure and surplus of the Federation for the year ended on that date;
- (iii) The accounts have been prepared in accordance with applicable Accounting Standards.

Where necessary, I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my Audit.

SIGNED AT SYDNEY this 11th day of October, 2004.



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



Australian Government

Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Mr Peter Alexander
President
Police Federation of Australia
Level 1,
21 Murray Crescent
GRIFFITH ACT 2603

Dear Mr Alexander

Re: Financial Report for year ended 30 June 2004 - FR 2004/308

I have received the financial report of the Police Federation of Australia for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 16 November 2004.

I note that the financial report was circulated to members on 14 October 2004. I also note that the financial report was presented to the meeting of Federal Council held on 8 and 9 November 2004.

As you know section 266 of the RAO Schedule makes provision for the methods by which a reporting entity may satisfy its obligation to present the full report to members. The purpose of the financial reporting provisions generally is to ensure disclosure to members and, to offer those members an opportunity to raise any matter that concerns them regarding material disclosed in that information. The vehicle for members to achieve this are either at a general meeting of members or at a meeting of the committee of management. The latter option is only available if the precondition in subsection 266(3), that is the 5% rule, is satisfied. The rules of the organisation do not make such provision.

In these circumstances, the alternatives require the presentation of the relevant documents to a general meeting of members (the rules currently make no provision for such a meeting), or at a series of meetings at different locations (again, this alternative is only available if the rules make provision for such meetings, they do not).

On several occasions over the past 18 months, for example, in correspondence from the Industrial Registrar of 8 May 2004 and 13 November 2004, you have been advised of issues arising from the operation of the RAO Schedule your organisation may need to attend to. I strongly recommend that the organisation take immediate steps to alter its rules to incorporate the 5% rule referred to previously. You may wish to ensure each reporting entity within the organisation passes a similar alteration to avoid similar difficulties. In the interim the organisation is required to make its best endeavours to fully meet its obligations as set out in the RAO Schedule with respect to its financial reporting obligations. In this regard you may wish to contact me on (03) 8661 7774 (Mon-Thurs) to discuss how the organisation may achieve this objective.

Yours sincerely

Iain Stewart
Statutory Services Branch
9 December 2004