



20 November 2013

Vince Kelly
President
Police Federation of Australia

By email: pfa@pfa.org.au

CC: Debbie Martiniello by email: Debbie@pfa.org.au

Dear Mr Kelly,

Re: Financial Report of the Police Federation of Australia for the year ended 30 June 2012 (FR2012/232)

I acknowledge receipt of the financial report of the Police Federation of Australia for the year ended 30 June 2012. The documents were lodged with Fair Work Australia (as the Fair Work Commission was then known) on 23 November 2012. Further information was received by the Commission on 5 March 2013.

I apologise for the delay in processing your financial report. Thank you for your patience.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

1. Superannuation Trustees

I note that the Operating Report, which was supplied to the Commission on 5 March, only contains information on whether there are any officers who must be disclosed under section 254 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

Subsection 254(2)(d) of the RO Act requires details of any *officer or member* of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme.

If no officers or members of the reporting unit is a trustee of a superannuation entity, the preferred wording to satisfy the subsection 254(2)(d) is:

No officer or member of the reporting unit 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 organisation.

Please ensure that the information contained in next year's Operating Report reflects this requirement.

2. Principal Activities

Section 254 of the RO Act also requires an organisation to prepare an Operating Report that provides a review of the reporting unit's principal activities, the result of those activities and any significant changes to those activities.

The description of the principal activities is clearly located within the Operating Report. However the Operating Report provides only a financial result of the principal activities. The financial information is available in the statement and the following notes. Consequently, the Operating Report is requesting a *descriptive* and not a financial result.

Additionally, the Operating Report is required to include a statement as to whether there have been any significant changes to the Principal Activities of the reporting unit during the financial year. This statement is in addition to the significant changes to financial affairs statement and is not present in the Operating Report.

3. Changes to the legislation and Reporting Guidelines

The Committee of Management statement still employs the term 'Registrar'. This should be amended to reflect the change to the General Manager.

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's Reporting Guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. The guidelines are available on the website here:

<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on 03 8661 7974 or by email at catherine.bebbington@fwc.gov.au.

Kind regards,



CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION

Tel: 03 8661 7974

Fax: 03 9655 0410

catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000

GPO Box 1994, Melbourne Victoria 3001

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Police Federation of Australia

The National Voice of Policing

ABN 31 384 184 778

Level 1, 21 Murray Crescent
GRIFFITH ACT 2603

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4 March 2013

Catherine Bebbington
Regulatory Compliance Branch
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

Dear Catherine

Re: Financial Report of the Police Federation of Australia for the year ended 30 June 2012 (FR2012/232)

Thank you for your letter of 19 February 2013 seeking clarification of a number of areas of the financial report of the Police Federation of Australia (PFA) for the year ended 30 June 2012. I have set out below our responses to your queries.

1. Operating Report

When lodging the Financial Statements with the FWC in November, the Operating Report was inadvertently not included. I have attached a copy of the Operating Report to this letter and can confirm that the Operating Report certainly was included in the Financial Statements that were presented to all members on 19 October 2012 as per the information provided in the Designated Officers Certificate. I have further attached the PFA's Annual Report that was presented to members at the PFA Federal Council Meeting on Monday 12 November 2012 and was subsequently placed on the PFA website.

2. Auditor's Report

The Committee of Management Statement included in the Financial Statements was audited as part of the General Purpose Financial Report however, the Auditor's Statement has been dated incorrectly and should read 15 October 2012.

3. Materiality

All amounts of expenditure included under the heading of "Executive Expenses" relate to the holding of Executive and Sub-Committee Meetings

throughout the year, including travel and accommodation expenditure for attendees. This section also includes travel, accommodation and conference registration fees for PFA staff attending conferences and meetings at the direction and on behalf of the PFA Executive. All such expenditure of this nature has been incurred under the parameters of PFA Administration Policy Manual.

I confirm that at no time has any Executive or staff member been paid any amount, apart from out of pocket expenses, and that the Financial Statements correctly state that no related party transactions were paid to key management personnel.

4. Branch fees from New Zealand

The New Zealand Police Association (NZPA), although not a Branch of the Police Federation of Australia, contributes funding on a quarterly basis to the PFA and has done so since 1998. This is a fee for service. The PFA and the NZPA sit on several policing bodies together with Australia and New Zealand Police Commissioners and/or their representatives. The PFA takes a lead role in many of the sub committees flowing from those bodies on behalf of both the PFA and the NZPA and reports back to the NZPA on issues affecting their membership. An NZPA representative attends all PFA meetings as an observer.

5. Membership Income

I confirm in writing that membership income in all future financial reports will be accounted for on an accruals basis only and not a mix of cash and accruals as has been the case in the past.

6. Cash Flow Statement

Attached is an expanded report relating to the Statement of Cash Flows as required and I confirm that all future Financial Statements will include the expanded report.

Please don't hesitate to contact me should you require any additional information.

Yours sincerely



Jon Hunt-Sharman
Vice President



Police Federation of Australia

The National Voice of Policing

ABN 31 384 184 778

Level 1, 21 Murray Crescent
GRIFFITH ACT 2603

Tel: (02) 6239 8900

Fax: (02) 6239 8999


OPERATING REPORT

- a) The PFA's principal activities throughout the year were determined by the 2011 Federal Council Meeting and have been coordinated by the Federal Executive.
 - The key issue was the pursuit of commitments given by the Federal Government in the lead up to the 2010 Federal Election in response to the PFA's pre-election document "Creating a Safer Australia – Police Federation of Australia's Plan 2010-13"
 - That document contained a total of 29 issues that the PFA raised seeking the commitment of all political parties on behalf of members
 - The document and all political responses were published and are available on the PFA website
 - For a full detailed report on the PFA's 2011/12 activities the PFA's Annual Report, in which the PFA's full *financial statement* is also published, is available on the PFA website www.pfa.org.au
- 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 position in relation to Superannuation entities.
- e) Prescribed information as per Regulation 159:
 - i. At the 30 June 2012 the PFA had 45,950 members.
 - ii. At 30 June 2012 the PFA had three (4) employees.

iii. Committee of Management 1/7/11 – 30/6/12

Vince Kelly	(Northern Territory)
Jon Hunt Sharman	(Australian Federal Police)
Brian Rix	(Victoria)
Randolph Wierenga	(Tasmania)
Mark Carroll	(South Australia)
Russell Armstrong	(Western Australia) resigned 18 June 2012
George Tilbury	(Western Australia) appointed 18 June 2012
Scott Weber	(New South Wales)

For Committee of Management:



Vince Kelly
President

Dated this 11th day of October 2012

POLICE FEDERATION OF AUSTRALIA
A B N 31 384 184 778

Statement of Cash Flows

For the Year Ended 30 June 2012

	<u>2012</u>	<u>2011</u>
<u>Cash Flow from Operating Activities</u>		
Receipts from Members	1040617	956023
Interest Received	4996	10392
Rents Received	60318	56714
Research Contributions Received	44000	88000
Reimbursements and other income	58108	44926
Total Cash Received	<u>1208039</u>	<u>1156055</u>
<u>Less Cash Flow from Investing & Financial Activities</u>		
Payment of Employee's Entitlement	377223	355017
Payment of Loans to PCU	57271	84000
Payment of ACTU Affiliation Fee	91316	87073
Payment of Research Sydney University	22000	110000
Payment of Other Expenses	756581	576009
Payment of FBT	18126	18259
Total Expenditure	<u>1322517</u>	<u>1230358</u>
Net Increase (Decrease) in Cash Held	(114478)	(74303)
Cash at the Beginning of Financial Year	<u>321436</u>	<u>395739</u>
Cash at the End of the Financial Year	<u>\$ 206958</u>	<u>\$ 321436</u>

Cash Reconciliation

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

Cash with financial institutions	<u>\$ 206958</u>	<u>\$ 321436</u>
PCU Easy Access Account	78192	57405
PCU Market Linked Account	57151	204949
PCU Savings Plus Account	71579	59071
PCU Membership Fees	10	10
Cash on Hand	26	1
	<u>\$ 206958</u>	<u>\$ 321436</u>

	Fees Received
Australian Federal Police Association	\$67,473
Police Association of New South Wales	\$265,900
Police Association of New Zealand	\$25,971
Police Association of South Australia	\$82,413
Police Association of Tasmania	\$20,832
Northern Territory Police Association	\$22,245
Queensland Police Union	\$158,143
Police Association of Victoria	\$212,970
WA Police Union	\$92,429
Total	\$948,376
Plus GST	\$92,241
Grand Total	\$1,040,617



FAIR WORK
COMMISSION

19 February 2013

Vince Kelly
President
Police Federation of Australia

By email: pfa@pfa.org.au

CC: Debbie Martiniello by email: Debbie@pfa.org.au

Dear Mr Kelly

Re: Financial report of the Police Federation of Australia for the year ended 30 June 2012 (FR2012/232)

I acknowledge receipt of the financial report of the Police Federation of Australia for the year ended 30 June 2012. The documents were lodged with Fair Work Australia on 23 November 2012.

The report has not been filed.

I write to request clarification of the below issues prior to the filing of the General Purpose Financial Report.

1. Operating Report

Under section 254 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) a General Purpose Financial Report must be accompanied by an Operating Report.

No Operating Report was lodged with Fair Work Australia.

Please supply the Fair Work Commission with a copy of the Operating Report and confirm, in writing, that the Operating Report was provided to members with the full report on 19 October 2012 as per the Designated Officer's Certificate.

If an Operating Report was not provided to members please provide one to members as soon as possible and supply the Commission with confirmation, in writing, signed by the relevant officer, stating the date on which it was provided.

2. Auditor's Report

Section 257 of the RO Act requires that the auditor conduct an audit and issue an opinion on the entire General Purpose Financial Report. This includes the Committee of Management Statement.

The Committee of Management Statement was the result of a resolution passed on 11 October 2012 and is signed and dated that same day.

The Auditor's report purports to have audited this statement however it is dated 5 October 2012.

If these dates are correct it would appear that the audit did not include the Committee of Management Statement.

Please confirm the dates of the audit and the Committee of Management Statement. If they are both correct the General Purpose Financial Report will need to be reaudited and then reissued to the membership.

If this is required please provide the Commission with confirmation of the date of provision to members with a new Designated Officer's Certificate.

If the dates are not correct please confirm the correct dates, in writing, as soon as possible.

3. Materiality

AASB101(29) requires that material items are presented separately on the financial statements or notes and that immaterial line items of similar nature may be presented in aggregate.

Note 12 relates to 'Delegation Expenses' which includes 'Executive Expenses' in the amount of \$180,399. This appears to be a material amount and may be an aggregation of a number of expenses that may also be themselves material amounts.

Please provide further details of the "Executive Expenses".

If the 'Executive Expenses' included any amounts paid to key management personnel this may fit the definition of a related party transaction. Please confirm in writing that the financial report correctly states that there were no related party transactions to key management personnel.

4. Branch fees from New Zealand

The rules of the Police Federation of Australia do not contain any information on the relationship between the national office and the New Zealand Police. However the General Purpose Financial Report indicates that the New Zealand Police pay capitation fees to the organisation as if it were a branch.

Please explain the nature of this relationship and in particular whether it is a branch or related party relationship.

5. Membership Income

The notes to the financial report indicate that the membership income is "accounted for on a mix of cash and accrual basis."

The Australian Accounting Standards require that financial statements be prepared on an accruals basis: AASB 101.27.

It would appear that this information is not presented in accordance with the standards. Please provide a written assurance that future reports will be presented on an accruals basis.

6. Cash flow statement

I also note that the report at notes 4 and 9 show capitation fees from the branches that are paid (or owing) to the organisation. However these amounts are not listed within the cash flow page.

The tribunal drew this concern to your attention in your last financial report.

The Reporting Guidelines of the General Manager at 15 require that cash flows to or from other reporting units within the same structure be listed on the cash flows page. While it appears there is a general "Receipts from members" category it is unclear whether this includes the monies from the other organisations.

Please provide information on the cash flows to or from the other reporting units, signed by a relevant officer.

Summary

Accordingly, in order to secure compliance with your obligations under the RO Act, please:

- lodge a copy of the Operating Report and confirm that it was provided to members with the full report. If it was not, please provide a copy to the members.
- confirm in writing the dates of the Committee of Management Statement and the Auditor's Report. If the dates are correctly stated, the General Purpose Financial Report, including the Committee of Management Statement, will need to be reaudited and the entire report reissued to the membership.
- provide further details on the 'executive expenses' including any items that were aggregated together that may be material in nature.
- provide a written confirmation that there were no related party transactions involving key management personnel.
- provide information on the nature of the relationship with the New Zealand Police.
- provide a written assurance that membership fees will be presented in an accruals manner in future General Purpose Financial Reports as required.
- provide information on the cash flows to or from the other reporting units.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on 03 8661 7974 or by email at catherine.bebbington@fwc.gov.au.

Yours sincerely



CATHERINE BEBBINGTON

Regulatory Compliance Branch

Fair Work Commission

Tel: 03 8661 7974

Fax: 03 9655 0410

catherine.bebbington@fwc.gov.au

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of Australia

The National Voice of Policing

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GRIFFITH ACT 2603

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23 November 2012

Kevin Donnellan
Tribunal Services and Organisations
Fair Work Australia
Level 35, Nauru House
80 Collins Street
MELBOURNE VIC 3001

Dear Mr Donnellan

Designated Officer's Certificate
s268 Fair Work (Registered Organisations) Act 2009

I, Vince Kelly, being the President of the Police Federation of Australia, certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members on 19 October 2012; and
- that the full report was presented to the annual meeting of the Police Federation of Australia Federal Council held in Adelaide on 12 & 13 November 2012, in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Yours sincerely

Vince Kelly
President

POLICE FEDERATION OF AUSTRALIA

A B N 31 384 184 778

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778


COMMITTEE OF MANAGEMENT'S STATEMENT

On the 11th day of October 2012, the Committee of Management of the Police Federation of Australia passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012.


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 Manager, Fair Work Australia;
- (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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009 (the 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 Fair Work (Registered Organisations) Act 2009 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 Fair Work (Registered Organisations) Act 2009.
- (f) In relation to the recovery of wages activity
 - (i) There were no recovery of wages activity for the Police Federation of Australia for the year ended 30th June 2012.

For Committee of Management:



Treasurer Randolph Wierenga



President Vincent Kelly

Date: 11th day of October 2012

Police Federation of Australia
A B N 31 384 184 778

INDEPENDENT AUDIT REPORT

To the members of the Police Federation of Australia

Report on the Financial Statement

I have audited the accompanying financial report of the Police Federation of Australia for the year ended 30th June 2012 which comprises the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows, a summary of significant accounting policies and other explanatory notes and the Committee of Management statement.

Committee of Management's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial report.

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

Police Federation of Australia
A B N 31 384 184 778

INDEPENDENT AUDIT REPORT (continued)

Independence

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

Audit Opinion

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

SIGNED AT CANBERRA this 5th day of October 2012



LOI KAH TSIA, B. Com., F.C.A.

Chartered Accountant

Registered Company Auditor

Suite 201, 2nd Floor

309 Pitt Street

SYDNEY NSW 2000

Police Federation of Australia

A B N 31 384 184 778

Recovery of Wages Activity Statement

Financial Year ended 30th June 2012

Based on representations made to me by my client, the Police Federation of Australia, and my audit work undertaken for the year ended 30 June 2012, it appears that there were no recovery of wages activity for the Police federation of Australia for the year then ended.

SIGNED AT CANBERRA this 5th day of October 2012.



LOIKAH TSIA, B. Com., F.C.A.

Chartered Accountant

Registered Company Auditor

Suite 201, 2nd Floor

309 Pitt Street

Sydney NSW 2000

Police Federation of Australia
A B N 31 384 184 778
Statement of Financial Position
As at 30 June 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
<u>Accumulated Funds</u>			
Retained Earnings		\$ 1040306	\$ 989495
Reserves		<u>153751</u>	<u>153751</u>
		<u>\$ 1194057</u>	<u>\$ 1143246</u>
<u>Represented by</u>			
<u>Current Assets</u>			
PCU Easy Access account		78192	57405
PCU Market Link account		57151	204949
PCU Savings Plus account		71579	59071
PCU membership fees		10	10
Cash on hand	3	26	1
Amounts due from branches	4	<u>22610</u>	<u>32721</u>
		<u>229568</u>	<u>354157</u>
<u>Non Current Assets</u>			
Property - 21 Murray Crescent Griffith ACT – At Independent Valuation	5	1150000	1150000
Plant & Equipment		30784	
Less provision for depreciation		<u>20175</u>	13161
Motor vehicle		38690	
Less provision for depreciation		<u>20797</u>	<u>23697</u>
		<u>1178502</u>	<u>1186858</u>
Total Assets		<u>1408070</u>	<u>1541015</u>
<u>Less Current Liabilities</u>			
Trade creditors and accruals	6	69847	61200
PCU loan		-	205920
Provision for annual leave	7	15514	26848
Provision for long service leave	8	119760	99808
Provision for GST		8892	3993
Total liabilities		<u>214013</u>	<u>397769</u>
Net Assets		<u>\$ 1194057</u>	<u>\$ 1143246</u>

Police Federation of Australia
A B N 31 384 184 778

Statement of Comprehensive Income
For the Year Ended 30 June 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
<u>Income</u>			
Affiliation fees from branches	9	939041	911025
Interest received		4996	10392
Rents received		54835	51607
Research contributions		40000	80000
		<u>\$ 1038872</u>	<u>\$ 1053024</u>
<u>Less expenditure</u>			
Audit and accounting fees	10	24200	25700
Annual leave	7	15785	37188
ACTU Affiliation fees	11	83015	79157
Bank charges and duties		763	142
Computer and website design		27528	29921
Delegation expenses	12	306495	247717
Depreciation	13	8356	8554
FBT		18093	22823
General office expenses	14	24165	18096
Industrial Relation Campaign		-	25723
Insurances		9244	14360
Legal fees		1501	12839
Long service leave	8	19952	13960
Motor vehicle expenses		8525	28693
National Memorial expenses	15	11177	11770
Property expenses	16	51589	54858
Research expenses	17	20000	100000
Salary & packaging		242831	189818
Superannuation		109856	119685
Telephone		4986	10791
Total Expenditure		<u>988061</u>	<u>1051795</u>
Net Surplus for the year		50811	1229
Accumulated funds at beginning of year		<u>989495</u>	<u>988266</u>
Accumulated funds at end of year		<u><u>\$ 1040306</u></u>	<u><u>\$ 989495</u></u>

Police Federation of Australia

A B N 31 384 184 778

Statement of Changes in Equity

For the Year Ended 30 June 2012

	<u>Retained</u>	Asset	
	<u>Earnings</u>	Revaluation	<u>Total</u>
		<u>Reserve</u>	
Balance as at 30th June 2009	909820	-	909820
Net Surplus for the year 2010	78446	-	78446
Revaluation Increments 2010		153751	153751
Balance as at 30th June 2010	988266	153751	1142017
Net Surplus for the year 2011	1229	-	1229
Balance as at 30th June 2011	989495	153,751	1143246
Net Surplus for the year 2012	50811	-	50811
Balance as at 30th June 2012	<u>\$ 1040306</u>	<u>153751</u>	<u>\$ 1194057</u>

POLICE FEDERATION OF AUSTRALIA
A B N 31 384 184 778

Statement of Cash Flows
For the Year Ended 30 June 2012

	<u>2012</u>	<u>2011</u>
<u>Cash Flow from Operating Activities</u>		
Receipts from Members	1040617	956023
Interest Received	4996	10392
Rents Received	60318	56714
Research Contributions Received	44000	88000
Reimbursements and other income	58108	44926
Total Cash Received	<u>1208039</u>	<u>1156055</u>
<u>Less Cash Flow from Investing & Financial Activities</u>		
Payment of Employee's Entitlement	377223	355017
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Payment of ACTU Affiliation Fee	91316	87073
Payment of Research Sydney University	22000	110000
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Total Expenditure	<u>1322517</u>	<u>1230358</u>
Net Increase (Decrease) in Cash Held	(114478)	(74303)
Cash at the Beginning of Financial Year	<u>321436</u>	<u>395739</u>
Cash at the End of the Financial Year	<u>\$ 206958</u>	<u>\$ 321436</u>

Cash Reconciliation

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

Cash with financial institutions	<u>\$ 206958</u>	<u>\$ 321436</u>
PCU Easy Access Account	78192	57405
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PCU Savings Plus Account	71579	59071
PCU Membership Fees	10	10
Cash on Hand	26	1
	<u>\$ 206958</u>	<u>\$ 321436</u>

POLICE FEDERATION OF AUSTRALIA
A B N 31 384 184 778

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose report that has been prepared in accordance with Australian Accounting Standards, Accounting interpretations, other authoritative pronouncements of the Australian Accounting Board and the Fair Work (Registered Organisations) Act 2009.

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

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

Accounting Policies

- (a) **Income Tax**
The Federation, being a trade union, is exempt from income tax including capital gains tax, by virtue of the provision of section 50-5 of the Income Tax Assessment Act 1997.
- (b) **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with the Police Credit Union.
- (c) **Investment Property**
Investment property comprising land and building is held primarily for its own use as an office. All tenant leases are held on an arm's length basis. Investment property is carried at fair value, determined annually by the Committee of Management based on prices in an active market for similar property in the same location.
- (d) **Revenue**
Revenue is recognised upon receipt of funds deposited into the bank account in relation to invoices rendered to all branches of the Federation. Membership incomes have been accounted for on a mix of cash and accrual basis. Membership fees outstanding at balance sheet date have been brought into account as amount due from branches. Membership fees relating to the unexpired part of the membership year are deferred and recognised as income in the next financial year. These are shown as receipt in advance on the financial report.

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

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FOR THE YEAR ENDED 30 June 2012

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

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

Property

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

Plant and Equipment

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

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

Depreciation

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

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

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

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

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

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	<u>2012</u>	<u>2011</u>
Land and Building		
Carrying amount at the beginning of the year	<u>1150000</u>	<u>1150000</u>
Carrying amount at the end of the year	<u>\$ 1150000</u>	<u>\$ 1150000</u>
Plant and equipment		
Carrying amount at the beginning of the year	13161	15911
Additions	-	-
Depreciation	(2552)	(2750)
Write off	-	-
Carrying amount at the end of the year	<u>\$ 10609</u>	<u>\$ 13161</u>
Motor vehicle		
Carrying amount at the beginning of the year	23697	29501
Depreciation	<u>(5804)</u>	<u>(5804)</u>
Carrying amount at the end of the year	<u>\$ 17893</u>	<u>\$ 23697</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
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2. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

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

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

	<u>2012</u>	<u>2011</u>
<u>3. Cash on Hand</u>		
Petty Cash	<u>\$ 26</u>	<u>\$ 1</u>
<u>4. Amount due from branches</u>		
Police Association of South Australia	316	6819
Police Association of Victoria	-	17442
New Zealand Police Association	6480	8460
QLD Police Union	<u>15814</u>	<u>-</u>
	<u>\$ 22610</u>	<u>\$ 32721</u>
<u>5. Property at Independent Valuation</u>		
21 Murray Crescent Griffith ACT Settled on 24.1.2003 – cost	996249	996249
Independent Valuation Increment by Herron Todd White on 15.4.2010	<u>153751</u>	<u>153751</u>
	<u>\$ 1150000</u>	<u>\$ 1150000</u>

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	<u>2012</u>	<u>2011</u>
<u>6. Creditors and accruals</u>		
PAYG re staff wages	7524	4941
Audit & accounting fees	25850	25850
Various expenses	31942	25845
Fringe Benefit Tax	4531	4564
	<u>\$ 69847</u>	<u>\$ 61200</u>
<u>7. Provision for Annual Leave</u>		
Balance as at 1.7.2011	26848	10975
Add additional provision for the year	15785	37188
	<u>42633</u>	<u>48163</u>
Less paid during the year	27119	21315
Balance as at 30.6.2012	<u>15514</u>	<u>\$ 26848</u>
<u>8. Provision for Long Service Leave</u>		
Balance as at 1.7.2011	99808	85848
Add additional provision for the year	19952	13960
Balance as at 30.6.2012	<u>119760</u>	<u>\$ 99808</u>
<u>9. Affiliation Fees from Branches</u>		
Australian Federal Police Union	67473	62777
Police Association of NSW	265900	235641
Police Association of NZ	24314	14351
Police Association of SA	76214	74394
Police Association of Tasmania	20832	20437
Northern Territory Police Union	22245	28399
Queensland Police Union	172520	170657
Police Association of Victoria	197114	211693
Western Australia Police Union	92429	92676
	<u>\$ 939041</u>	<u>\$ 911025</u>

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	<u>2012</u>	<u>2011</u>
<u>10. Auditor's Remuneration</u>		
Audit fees	8500	8500
Other services	15700	17200
	<u>\$ 24200</u>	<u>\$ 25700</u>
<u>11. ACTU Affiliation Fees</u>		
Normal affiliation fee	<u>\$ 83015</u>	<u>\$ 79157</u>
<u>12. Delegation Expenses</u>		
Consultancy fees	19746	6279
Conference expenses	34295	25707
Executive expenses	180399	117054
IPC	25155	24453
WAC	12554	15931
APPSC/PSITAB	10172	10868
Federal Council	24174	47425
	<u>\$ 306495</u>	<u>\$ 247717</u>
Delegates are not paid any fees or allowances to attend conferences or executive meetings		
<u>13. Depreciation</u>		
Plant and Equipment	2552	2750
Motor Vehicle	5804	5804
	<u>\$ 8356</u>	<u>\$ 8554</u>
<u>14. General Office Expenses</u>		
Filing fees	491	259
Police Superannuation Administrative fees	346	400
Printing, stationery & postage	7526	9707
Sundry office	13052	6530
Welfare assistance	2750	1200
	<u>\$ 24165</u>	<u>\$ 18096</u>

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	<u>2012</u>	<u>2011</u>
<u>15. National Police Memorial Expenses</u>		
Executive expenses	<u>\$ 11177</u>	<u>\$ 11770</u>
<u>16. Property Expenses</u>		
Cleaning & waste disposals	3300	3000
Council rates	10287	9997
Insurance	3068	2081
Interest - PCU	1351	15399
Land tax	11110	11580
Light & power	2948	2946
Repairs & maintenance	17662	8144
Water rates	1863	1711
	<u>\$ 51589</u>	<u>\$ 54858</u>
<u>17. Research Expenses</u>		
Paid to University of Sydney	<u>\$ 20000</u>	<u>\$ 100000</u>
<u>18. Employees Benefits</u>		
Employees benefit to holders of office		
Wage and salary	-	-
Annual leave paid to employees	-	-
Annual leave provision	-	-
Long service leave paid	-	-
Long service leave provision	-	-
Superannuation	-	-
Employees benefit to employees (other than holders of office)		
Wage and salary	242831	189818
Annual leave paid to employees (see note 9)	27119	21315
Annual leave provision (see note 9)	15785	37188
Long service leave paid	-	-
Long service leave provision (see note 10)	19952	13960
Superannuation	109856	119685

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19. EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, there are no known events financial or otherwise that would impact materially on the financial statements of the entity as at 30th June 2012.

20. CONTINGENT LIABILITIES

The Committee of management is not aware of any contingent liabilities during the year.

21. RELATED PARTIES TRANSACTIONS

There are no related parties transactions during the year.