



28 April 2015

Mr Mark Carroll
President
Police Federation of Australia
email: pfa@pfa.org.au

Dear Mr Carroll,

**Police Federation of Australia
Financial Report for the year ended 30 June 2014 [FR2014/78]**

I acknowledge receipt of the financial report of the Police Federation of Australia (PFA). The documents were lodged with the Fair Work Commission on 21 November 2014. Additional information was provided by Mr Mark Burgess on 12 February and 27 March 2015.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

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.

Capitation/Affiliation fees

Terminology

Paragraph 14(b) of the Reporting Guidelines requires capitation fees to be disclosed separately in the statement of comprehensive income. The PFA's statement of comprehensive income discloses an amount received as "Affiliation fees from Branches/Capitation fees". Note 13 "Affiliation Fees from Branches" contains a breakdown of this income.

For the purposes of satisfying the Reporting Guidelines, it is important to distinguish between capitation fees and other forms of income, including affiliation fees. The Reporting Guidelines define *capitation fees* as an amount received by another reporting unit of the same organisation in accordance with the organisation's rules for the purpose of ongoing general administrative expenses. *Affiliation fees* are, in this context, understood as fees paid or received with respect to an affiliation with an external entity.

With the exception of the Police Association of NZ, the sources of income listed in note 13 appear to be state or territory entities, rather than other reporting units of the organisation (i.e. PFA Branches). Rule 7 of Part A of the PFA's rules allows capitation fees to be paid by branches or defined state or territory unions. Therefore, it is assumed that most of the income reported as

“Affiliation fees from Branches/Capitation fees” fits the definition of capitation fees, and should be described as such in future.

As the Police Association of NZ is not a Branch of the PFA or a state or territory union, it appears that income from this entity does not fall within the definition of capitation fees. The appropriate terminology should be used in future.

Note 13 discloses income from the Queensland Police Union of \$182,227 for the 2014 financial year and \$171,589 for the 2013 financial year. As the Queensland Police Branch of the PFA was not established until April 2014, this amount does not appear to reflect the capitation fees that would have been due from the Branch in accordance with rule 7 of Part A for the 2013 and 2014 financial years. Therefore, it may be appropriate to describe this income as something other than a capitation fee.

Capitation income from state or territory entities

In a letter dated 12 February 2015, Mr Burgess states that “in relation to Affiliation fees from Branches, the names of the Branches will be changed from the State and Territory Police Associations/Unions to the State Branches to more accurately reflect the source of that income in all future Financial Statements”.

Based on financial statements submitted by other reporting units of the PFA, it appears that in some cases capitation fees are paid by state and territory unions, such as the Police Association of Tasmania. As noted above, the rules of the PFA allow capitation fees to be paid by defined state and territory unions on behalf of the respective Branches. Please ensure in future that the financial statements accurately describe the source of capitation income, whether this is the Branch itself or one of the defined state or territory unions.

Related Parties

Key management personnel

Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17 requires the General Purpose Financial Report to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard *AASB 119: Employee Benefits*. Although the financial statements disclose no employee expenses for holders of office, please note that the definition of key management personnel may capture personnel other than holders of office and that the definitions for key management personnel compensation are broader than the employee expense disclosure requirements under the Reporting Guidelines and may require additional benefits to be included and disclosed.

Statement of comprehensive income & statement of financial position

Disclosure of employee expenses for office holders and other employees

The Reporting Guidelines require reporting units to disclose in the statement of comprehensive income or in the notes to the financial statements employee expenses for holders of office (paragraph 16(f)) and employee expenses for other employees (paragraph 16(g)). The Reporting Guidelines also require these expenses to be separately disclosed as follows:

- wages and salaries;

- superannuation;
- leave and other entitlements;
- separation and redundancies; and
- other employee expenses.

The Reporting Guidelines require that all employee and office holder expenses be detailed separately (see Paragraphs 16(f) and 16(g)).

Note 27 to the financial statements discloses wages and salaries, superannuation and leave and other entitlements separately for office holders and employees, but does not separately disclose other employee expenses for officers and employees. Although note 27 does not refer to separation and redundancies, note 11 states that there has been no payment for separation or redundancy during the year.

Please note that Reporting Guideline 17 states that if the activities identified in Paragraph 16 have not occurred in the reporting period, a statement to this effect must be included in the GPFR.

Disclosure of employee provisions to office holders and other employees

The Reporting Guidelines also require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (Paragraphs 20(c) and 20 (d)). The Reporting Guidelines also require these provisions to be separately disclosed as follows:

- annual leave;
- long service leave;
- separation and redundancies; and
- other employee provisions.

Notes 9, 10, 11 and 27 disclose these liabilities but the notes do not separately disclose whether there are any other employee provisions.

Please note that Reporting Guideline 21 states that if the activities identified in Paragraph 20 have not occurred in the reporting period, a statement to this effect must be included in the GPFR.

Reporting requirements

A number of factsheets in relation to the financial reporting process and associated timelines are available on the FWC website. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

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 7942 or by email at rebecca.lee@fwc.gov.au.

Yours sincerely,



Rebecca Lee
Regulatory Compliance Branch



**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

27 March 2015

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Pfeiffer

Police Federation of Australia Financial Statements for Year Ended 30 June 2014

Further to my letter of 12 February 2015, a subsequent email from Rebecca Lee on 13 February 2015 and following further advice from our Auditor, I am writing to confirm that the accounting method adopted by the Police Federation of Australia is on an accruals basis.

Further, our Auditor has undertaken to amend Note 1 (d) in the Financial Statements to read as follows:

Revenue is recognised upon the issue of invoices rendered to all branches of the Federation. Membership incomes have been accounted for on an 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 recognized as income in the next financial year. These are shown as receipt in advance on the financial report.

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

Yours sincerely

Mark Burgess
Chief Executive Officer

From: LEE, Rebecca
To: ["debbie@pfa.org.au"](mailto:debbie@pfa.org.au)
Subject: RE: FR2014/78 PFA Police Federation of Australia Financial Statements for year ended 30 June 2014
Date: Friday, 13 February 2015 3:55:00 PM
Attachments: [image001.jpg](#)

Dear Debbie,

Thank you for your assistance with my queries regarding the organisation's financial report.

With regards to item 2 in Mr Burgess' letter, the statement "The financial report has been prepared on an accruals basis" is not necessarily consistent with note 1(d) to the financial report.

Australian Accounting Standard AASB 101 Presentation of Financial Statements paragraph 117 and AASB 118: Revenue paragraph 35(a) require that the entity disclose the measurement basis or bases used in recognising revenue. The statements show that the PFA's primary source of income is "affiliation fees from branches/capitation fees". Note 1(d) states that "Revenue is recognised upon receipt of funds deposited into the bank account in relation to invoices rendered to all branches of the Federation". It appears from this statement that revenue received from branches is not recognised until it is received, i.e. recognised on a cash basis. However, note 1(d) also states that "Membership incomes have been accounted for on an accrual basis..." As the PFA does not directly receive membership fees, it is assumed that this statement refers to income received from branches, i.e. capitation fees. Therefore, it is not clear from note 1(d) whether the revenue item "affiliation fees from branches/capitation fees" is recorded on an accruals basis or a cash basis.

It may be assumed from Mr Burgess' letter that this item of revenue is recorded on an accruals basis. It would be appreciated if you could confirm that this is the case.

Please don't hesitate to contact me if you would like to discuss this issue further.

Kind regards,

REBECCA LEE
Regulatory Compliance Branch

Fair Work Commission
Tel: 03 8661 7942
Fax: 03 9655 0410
rebecca.lee@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000
GPO Box 1994, Melbourne Victoria 3001

www.fwc.gov.au

From: Debbie Martiniello [mailto:debbie@pfa.org.au]
Sent: Thursday, 12 February 2015 2:24 PM

To: Orgs

Subject: FR2014/78 PFA Police Federation of Australia Financial Statements for year ended 30 June 2014

Please find letter attached.

Kind regards

Debbie

Debbie Martiniello

Office Manager

pfa email signature block





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

12 February 2015

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Pfeiffer

Police Federation of Australia Financial Statements for Year Ended 30 June 2014

Further to a telephone call from your office on 10 February 2015 with respect to a number of areas of our financial statements that require further clarification, we have consulted with our Auditor and provide the following information:

1. Statement of Comprehensive Income – Income: Affiliation fees from branches / capitation fees (note 13)
 - a) in relation to Affiliation fees from Branches, the names of the Branches will be changed from the State and Territory Police Associations / Unions to the State Branches to more accurately reflect the source of that income in all future Financial Statements;
 - b) further, a new Note will be added to reflect the income received from the New Zealand Police Association which is not a branch of the PFA; and
 - c) further, since the Police Federation of Australia does not directly receive income from Membership Subscriptions, a statement will be included in future Financial Statements reflecting that more clearly.
2. In relation to the accounting method adopted by the Police Federation of Australia, Note 1 currently states "*The financial report has been prepared on an accruals basis ...*" – if this statement is not sufficient, I would be grateful if you could please advise a replacement statement.

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

Yours sincerely

Mark Burgess
Chief Executive Officer



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

21 November 2014

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

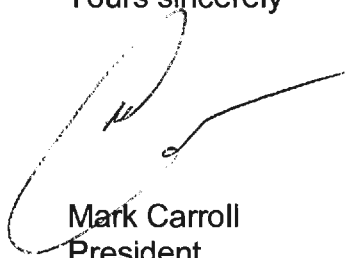
Dear Mr Pfeiffer

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

I, Mark Carroll, 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 8 October 2014; and
- that the full report was presented to the annual meeting of the Police Federation of Australia Federal Council held in Darwin on 10 & 11 November 2014, in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Yours sincerely



Mark Carroll
President

POLICE FEDERATION OF AUSTRALIA

A B N 31 384 184 778

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, Scott Weber, being the Treasurer of the Police Federation of Australia, certify:

- (a) that the documents lodged herewith are copies of the full report of the Police Federation of Australia for the year ended 30th of June 2014 referred to in S268 of the Fair Work (Registered Organisations) Act 2009; and
- (b) that the full report was provided to members on the 8th of October 2014; and
- (c) that the full report was presented to a general meeting of members and meeting of the committee of management on the 8th of October 2014 in accordance with S266 of the Fair Work (Registered Organisations) Act 2009.



Scott Weber
Treasurer

Date: 8th day of October 2014

COMMITTEE OF MANAGEMENT'S STATEMENT

On the 8th day of October 2014, 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 2014.

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 General Manager;
- (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 R O Act; 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 General Manager duly made under section 272 of the R O Act has been furnished to the member of General Manager; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the R O Act.
- (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 2014.

For Committee of Management:



Treasurer Scott Weber



President Vincent Kelly

Date: 8th day of October 2014

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 2014 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.

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 8th day of October 2014

A handwritten signature in black ink, appearing to read 'Loi Kah Tsia', with a long horizontal line extending to the right.

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

AUDITOR'S STATEMENT

- (a) In my opinion, the GPFR of the Police Federation of Australia is presented fairly in accordance with the Australian Accounting Standards; and
- (b) In relation to recovery of wages activity and based on representations made to me by the Police Federation of Australia and my audit work undertaken for the year ended 30th June 2014, it appears that there were no recovery of wages activity for the year then ended; and
- (c) That as part of the audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the reporting entity's financial statements is appropriate; and
- (d) Also declared that:
 - (i) I am an approved auditor registered as company auditor with ASIC. My auditor registration number is 3245;
 - (ii) I am a member of my firm L K Tsia Chartered Accountant;
 - (iii) I am a member of The Institute of Chartered Accountants in Australia, FCA with the registration number 17835; and
 - (iv) I hold a current practising certificate issued to me by The Institute of Chartered Accountants in Australia.

SIGNED AT CANBERRA this 8th day of October 2014.



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
ABN 31 384 184 778

STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>Accumulated Funds</u>			
Retained Earnings		\$ 980,746	\$ 1,048,241
Reserves		153,751	153,751
		<u>\$ 1,134,497</u>	<u>\$ 1,201,992</u>
 <u>Represented by</u>			
<u>Current Assets</u>			
Police Bank Easy Access account		23,529	67,310
Police Bank Market Link account		6,704	58,936
Police Bank Savings Plus account		96,138	83,792
Police Bank membership fees		10	10
Cash on hand	3	4	49
Amounts due from branches	4	-	7,322
		<u>126,385</u>	<u>217,419</u>
<u>Non-Current Assets</u>			
Property - 21 Murray Crescent			
Griffith ACT – At Independent Valuation	5	1,150,000	1,150,000
Plant, Equipment & Furniture	6	57,863	
Less provision for depreciation		26,753	31,110
Motor vehicle	7	37,124	
Less provision for depreciation		9,280	27,844
		<u>1,208,954</u>	<u>1,191,497</u>
Total Assets		<u>1,335,339</u>	<u>1,408,916</u>
 <u>Less Current Liabilities</u>			
Trade creditors and accruals	8	28,514	38,102
Provision for annual leave	9	16,212	14,095
Provision for long service leave	10	135,884	135,884
Other payables	12	20,232	18,842
Total liabilities		<u>200,842</u>	<u>206,923</u>
Net Assets		<u>\$ 1,134,497</u>	<u>\$ 1,201,993</u>

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>Income</u>			
Trust distributions received	16	12004	-
Compulsory and voluntary levies		-	-
Grants and donations		-	-
Affiliation fees from branches / capitation fees	13	974,924	930,769
Interest received	14	3,216	4,146
Rents received	15	18,918	59,988
Profits from sale of motor vehicle	17	-	5,860
		<u>\$ 1,009,062</u>	<u>\$ 1,000,763</u>
<u>Less expenditure</u>			
Audit and accounting fees	18	24,300	24,200
Annual leave	9	25,231	32,405
ACTU affiliation fees	19	102,035	86,523
ACTU membership industrial campaign		51,446	51,656
Bank charges and duties		250	170
Capitation fees		-	-
Compulsory levies		-	-
Computer and website design		46,284	36,416
Consideration to employers payroll deduction		-	-
Delegation expenses	20	273,916	238,792
Depreciation	21	9,622	8,171
FBT		16,372	18,889
Fees / allowance - conference and meeting		-	-
General office expenses	22	33,062	35,128
Grants and donations		-	-
Insurances		13,711	12,061
Legal fees	23	2,175	7,731
Long service leave	10	-	16,124
Motor vehicle expenses		9,366	10,206
National Memorial expenses	24	9,287	5,169
Penalties via R O Act or R O Regulations		-	-
Property expenses	25	67,394	43,971
Research & training expenses	26	2,860	1,000
Salary & packaging		336,866	291,741
Superannuation		44,972	66,062
Telephone		7,409	6,412
Total Expenditure		<u>\$ 1,076,558</u>	<u>\$ 992,827</u>
Net Surplus for the year		(67,496)	7,936
Accumulated funds at beginning of year		1,048,242	1,040,306
Accumulated funds at end of year		<u>\$ 980,746</u>	<u>\$ 1,048,242</u>

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2014

	<u>Retained</u>	<u>Asset</u>	<u>Total</u>
	<u>Earnings</u>	<u>Revaluation</u>	
		<u>Reserve</u>	
Balance as at 30th June 2011	989,495	153,751	1,143,246
Net Surplus for the year 2012	50811	-	50,811
Balance as at 30th June 2012	1,040,306	153,751	1,194,057
Net Surplus for the year 2013	7,936	-	7,936
Balance as at 30th June 2013	1,048,242	153,751	1,201,993
Net Deficit for the year 2014	(67,496)	-	(67,496)
Balance as at 30th June 2014	\$ 980,746	\$ 153,751	\$ 1,134,497

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2014

	<u>2014</u>	<u>2013</u>
<u>Cash from Operating Activities</u>		
Receipts from members	1,070,175	1,021,850
Interest received	3,216	4,146
Receipts from rentals	20,810	65,986
Profit from sale of motor vehicles	-	5,860
Other income	12,004	59,003
Payment of other expenses	(630,479)	(631,709)
Payment of ACTU affiliation fees	(111,035)	(95,175)
Payment of research Sydney University	-	(1,000)
Payment of FBT	(16,372)	(18,889)
Payment of employees' entitlements	(404,952)	(391,627)
Net cash provided by operating activities	<u>\$ (56,633)</u>	<u>\$ 18,445</u>
<u>Cash from Investing Activities</u>		
Proceeds from sale of motor vehicle	-	21,818
Purchase of motor vehicle	-	(37,124)
Purchase of Plant, Equipment & Furniture	(27,079)	-
Net cash provided by investing activities	<u>\$ (27,079)</u>	<u>\$ (15,306)</u>
<u>Cash from Financing Activities</u>		
Repayment of borrowings	-	-
Net cash outflow from financing activities	<u>\$ -</u>	<u>\$ -</u>
Net increase / (decrease) in cash held	(83,712)	3,139
Cash at the beginning of the financial year	210,097	206,958
Cash at the end of the financial year	<u>\$ 126,385</u>	<u>\$ 210,097</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

Police Bank Easy Access Account	23,529	67,310
Police Bank Market Linked Account	6,704	58,936
Police Bank Savings Plus Account	96,138	83,792
Police Bank Membership Fees	10	10
Cash on Hand	4	49
	<u>\$ 126,385</u>	<u>\$ 210,097</u>

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

CASH FLOW	<u>2014</u>	<u>2013</u>
Cash Flow Reconciliation		
<u>Reconciliation of cash and cash equivalents as per</u>		
<u>Statement of Financial Position to Cash Flow Statement</u>		
<u>Cash and cash equivalents as per:</u>		
Cash flow statement	126,385	210,097
Statement of financial position	126,385	210,097
Difference	<u>\$ -</u>	<u>\$ -</u>
<u>Reconciliation of profit / (deficit) to net cash</u>		
<u>from operating activities</u>		
Profit / (deficit) for the year	(67,496)	7,936
<u>Adjustments for non-cash items</u>		
Depreciation / amortisation	9,622	8,171
Gain on disposal of assets	-	(5,860)
<u>Changes in assets / liabilities</u>		
(Increase) / decrease in net receivables	7,322	15,288
Increase / (decrease) in supplier payables	(9,588)	(19,690)
Increase / (decrease) in other payables	1,390	(2,105)
Increase / (decrease) in employee provisions	2,117	14,705
Net cash from (used by) operating activities	<u>\$ (56,633)</u>	<u>\$ 18,445</u>
<u>Cash flow information</u>		
<u>Cash Inflows</u>		
Australian Federal Police Union	72,646	71,830
Police Association of NSW	297,837	287,442
Police Association of NZ	22,417	19,940
Police Association of SA	86,033	81,646
Police Association of Tas	20,620	21,525
Northern Territory Police Union	24,979	24,542
Queensland Police Union	200,450	188,748
Police Association of Vic	239,987	224,279
Western Australia Police Union	105,206	101,898
Other receipts	36,030	156,813
Total cash inflow	<u>\$ 1,106,205</u>	<u>\$ 1,178,663</u>
<u>Cash Outflows</u>		
ACTU affiliation fees	111,038	95,175
ACTU membership campaign fund	-	56,821
Other expenses	1,078,879	1,023,528
Total cash outflow	<u>\$ 1,189,917</u>	<u>\$ 1,175,524</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

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 Standards Board that apply for the reporting period and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Police Federation of Australia is a not-for-profit entity.

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 financial statements are presented in Australian Dollars.

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. However, the entity still has obligations for Fringe Benefit Tax (FBT) and Goods and Services Tax (GST)
- (b) **Cash and Cash Equivalents**
Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits held at call with bank, other short term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash.
- (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 an 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

(e) Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the assets has passed to the buyer.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

- (g) **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.
- (h) **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.
- (i) **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. Cash flows are included in the cash flow statement on a gross basis – that is GST inclusive.
- (j) **Reserves**
The Asset Revaluation Reserve records revaluation of non current assets – land and building. The revaluation surplus was transferred to the Asset Revaluation Reserve.
- (k) **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.
- (l) **Comparative information**
When required by Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

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>2014</u>	<u>2013</u>
<u>3. Cash on Hand</u>		
Petty Cash	\$ 4	\$ 49
<u>4. Amount due from branches</u>		
Police Association of South Australia	-	6,804
QLD Police Union	-	518
	-	7,322
Less Provision for doubtful debts	-	-
	\$ -	\$ 7,322
<u>5. Property at Independent Valuation</u>		
21 Murray Crescent Griffith ACT Settled on 24.1.2003 – cost	996,249	996,249
Independent Valuation Increment by Herron Todd White on 15.4.2010	153,751	153,751
	\$ 1,150,000	\$ 1,150,000
Land and Building		
Carrying amount at the beginning of the year	\$ 1,150,000	\$ 1,150,000
Carrying amount at the end of the year	\$ 1,150,000	\$ 1,150,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

	<u>2014</u>	<u>2013</u>
<u>6. Plant, equipment and furniture</u>		
Carrying amount at the beginning of the year	8,085	10,609
Additions	27,078	-
Depreciation	(4,054)	(2,524)
Write off	-	-
Carrying amount at the end of the year	<u>\$ 31,109</u>	<u>\$ 8,085</u>
<u>7. Motor vehicle</u>		
Carrying amount at the beginning of the year	33,412	17,893
Additions	-	37,124
Proceeds from sale	-	(21,818)
Profits from sale	-	5,860
Depreciation	(5,568)	(5,647)
Carrying amount at the end of the year	<u>\$ 27,844</u>	<u>\$ 33,412</u>
<u>8. Creditors and accruals</u>		
Audit & accounting fees	21,000	25,850
Various expenses	7,515	12,252
	<u>\$ 28,515</u>	<u>\$ 38,102</u>
<u>9. Provision for Annual Leave</u>		
Balance as at 1.7.2013	14,095	15,514
Add additional provision for the year	25,231	32,405
	39,326	47,919
Less paid during the year	23,114	33,824
Balance as at 30.6.2014	<u>\$ 16,212</u>	<u>\$ 14,095</u>
<u>10. Provision for Long Service Leave</u>		
Balance as at 1.7.2013	135,884	119,760
Add additional provision for the year	0	16,124
Balance as at 30.6.2014	<u>\$ 135,884</u>	<u>\$ 135,884</u>
<u>11. Provision for Separation & Redundancy</u>		
Balance as at 1.7.2013	-	-
Balance as at 30.6.2014	<u>\$ -</u>	<u>\$ -</u>
No payment for separation or redundancy during the year.		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

	<u>2014</u>	<u>2013</u>
<u>12. Other payables</u>		
PAYG re staff wages due to ATO	7,117	7,365
FBT due to ATO	-	4,684
GST due to ATO	10,526	6,793
Wages and salaries	-	-
Superannuation	2,589	-
Consideration to employers for payroll:		
Deductions	-	-
Legal costs	-	-
	<u>\$ 20,232</u>	<u>\$ 18,842</u>
<u>13. Affiliation Fees from Branches</u>		
Australian Federal Police Union	66,042	65,300
Police Association of NSW	270,761	261,311
Police Association of NZ	22,417	19,940
Police Association of SA	78,212	74,224
Police Association of Tasmania	18,745	19,569
Northern Territory Police Union	22,708	22,311
Queensland Police Union	182,227	171,589
Police Association of Victoria	218,170	203,890
Western Australia Police Union	95,642	92,635
	<u>\$ 974,924</u>	<u>\$ 930,769</u>
<u>14. Interest Received</u>		
Police Bank Easy Access	83	148
Police Bank Market Link	769	1,785
Police Bank Savings Plus	2,364	2,213
	<u>\$ 3,216</u>	<u>\$ 4,146</u>
<u>15. Rent Received</u>		
1/21 Murray Crescent, Griffith ACT	18,918	29,738
2/21 Murray Crescent, Griffith ACT	-	30,250
	<u>\$ 18,918</u>	<u>\$ 59,988</u>
<u>16. Trust Distribution Received</u>		
ACTU John Curtin House Trust	9,151	-
ACTU Building Canberra Trust	2,853	-
	<u>\$ 12,004</u>	<u>\$ -</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

	<u>2014</u>	<u>2013</u>
<u>17. Profit from sale of assets</u>		
Sale of motor vehicle	\$ -	\$ 5,860
<u>18. Auditor's remuneration</u>		
Audit fees	8,500	8,500
Other services	15,800	15,700
	<u>\$ 24,300</u>	<u>\$ 24,200</u>
<u>19. ACTU Affiliation Fees</u>		
Normal affiliation fee	<u>\$ 102,035</u>	<u>\$ 86,523</u>
<u>20. Delegation Expenses</u>		
Media Consultancy fees	13,593	9,534
Conference expenses	48,404	40,217
Executive expenses	79,487	76,045
IPC	20,138	26,145
WAC	36,871	17,656
ANZCOPP	38,629	36,752
Federal Council	36,794	32,443
	<u>\$ 273,916</u>	<u>\$ 238,792</u>
Delegates are not paid any fees or allowances to attend conferences or executive meetings		
<u>21. Depreciation</u>		
Plant, Equipment & Furniture	4,054	2,524
Motor Vehicle	5,568	5,647
	<u>\$ 9,622</u>	<u>\$ 8,171</u>
<u>22. General Office Expenses</u>		
Filing fees	236	230
Police Superannuation Administrative fees	81	368
Printing, stationery & postage	21,497	20,930
Sundry office	5,208	8,355
Promotional Merchandise	6,040	5,245
	<u>\$ 33,062</u>	<u>\$ 35,128</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

	<u>2014</u>	<u>2013</u>
<u>23. Legal Fees</u>		
Litigation expenses	-	-
Other legal matters	2,175	7,731
	<u>\$ 2,175</u>	<u>\$ 7,731</u>
<u>24. National Police Memorial Expenses</u>		
Executive expenses	<u>\$ 9,287</u>	<u>\$ 5,169</u>
<u>25. Property Expenses</u>		
Cleaning & waste disposals	2,958	3,106
Council rates	27,557	22,410
Insurance	3,957	3,805
Security	1,429	-
Light & power	4,087	3,418
Repairs & maintenance	25,769	9,217
Water rates	1,637	2,015
	<u>\$ 67,394</u>	<u>\$ 43,971</u>
<u>26. Research & Training Expenses</u>		
Paid to University of Sydney	-	-
Staff Training	2,860	-
	<u>\$ 2,860</u>	<u>\$ 1,000</u>
<u>27. 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	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

	<u>2014</u>	<u>2013</u>
27. <u>Employees Benefits (Continued)</u>		
Employees benefit to employees (other than holders of office)		
Wage and salary	336,866	291,741
Annual leave paid to employees (see note 9)	23,114	33,824
Annual leave provision (see note 9)	25,231	32,405
Long service leave paid	-	-
Long service leave provision (see note 10)	-	16,124
Superannuation	44,972	66,062

28. 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 2014.

29. CONTINGENT LIABILITIES

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

30. RELATED PARTIES TRANSACTIONS

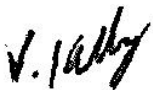
There are no related parties transactions during the year.

OPERATING REPORT

- a. The PFA's principal activities throughout the year were determined by the 2013 Federal Council Meeting and have been coordinated by the Federal Executive
 - For a full detailed report on the PFA's 2013-14 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 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 30 June 2014 the PFA had 47,111 members
 - ii. At 30 June 2014 the PFA had four (4) employees
 - iii. Committee of Management 1/7/13 – 30/6/14

Vince Kelly	(Northern Territory)
Jon Hunt Sharman	(Australian Federal Police)
Phil Pearson	(Victoria)
Pat Allen	(Tasmania)
Mark Carroll	(South Australia)
George Tilbury	(Western Australia)
Scott Weber	(New South Wales)
Ian Leavers	(Queensland) (interim from 16 April 2014)

For Committee of Management



Vince Kelly APM

President

Dated this 8th day of October 2014