



**Australian Government**  
**Registered Organisations Commission**

14 November 2017

Mr Vince Kelly APM  
General Manager, Australian Federal Police Association Branch  
Police Federation of Australia

Sent via email

Dear Mr Kelly

**Re: – Police Federation of Australia, Australian Federal Police Association Branch - financial report for year ending 30 June 2017 (FR2017/201)**

I refer to the financial report of the Australian Federal Police Association Branch of the Police Federation of Australia. The documents were lodged with the Registered Organisations Commission ('the ROC') on 8 November 2017.

The financial report has now been filed. The financial report was filed based on a primary review. This involved confirming whether 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.

You are not required to take any further action in respect of the report lodged. Please note the report for year ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years *commencing* on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stephen Kellett', with a horizontal line extending to the right.

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

GPO Box 2983, Melbourne VIC 3001  
Telephone: 1300 341 665 | Email: [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)  
Website: [www.roc.gov.au](http://www.roc.gov.au)

**Police Federation of Australia – Australian Federal Police Association Branch**

s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate for the year ended 30 June 2017

I, *Adrian Graeme Smith*, being the *Secretary/Treasurer* of the *Police Federation of Australia – Australian Federal Police Association Branch*, certify:

- that the documents lodged herewith are copies of the full report for the *Police Federation of Australia – Australian Federal Police Association Branch* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on *3 November 2017*; and
- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *31 October 2017* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Adrian Graeme Smith

Title of prescribed designated officer: Secretary/Treasurer

Dated: 8 November 2017

# **Police Federation of Australia - Australian Federal Police Association Branch**

ABN 95 799 543 741

## **Financial Statements**

For the Year Ended 30 June 2017

**Police Federation of Australia - Australian Federal Police Association Branch**

ABN 95 799 543 741

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**For the Year Ended 30 June 2017**

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## **Operating Report**

**30 June 2017**

The Executive, being the Committee of Management for the purposes of the Fair Work (Registered Organisations) Act 2009, presents its operating report of the Police Federation of Australia - Australian Federal Police Association ("the Branch") for the financial year ended 30 June 2017.

### **Committee of Management**

The names of the Committee of Management in office at any time during the financial year were:

<b>Name</b>	<b>Title</b>	<b>Term</b>
Angela Smith	President	1 July 2016 to 30 June 2017
Graeme Cooper	Vice President - AFP ACT Operations Portfolio CEO Vice President	1 July 2016 to 27 October 2016 28 October 2016 to 11 April 2017 12 April 2017 to 30 June 2017
Adrian Smith	Vice President - AFP Chief Operating Officer Portfolio Secretary/Treasurer	1 July 2016 to 11 April 2017 12 April 2017 to 30 June 2017
Steven Harris	Vice President - AFP ACT Operations Portfolio Executive Member	27 October 2016 to 11 April 2017 12 April 2017 to 30 June 2017
Alex Caruana	Vice President - AFP Close Operations Portfolio Executive Member	1 July 2016 to 11 April 2017 12 April 2017 to 30 June 2017
Vince Pannell	Executive Member	12 April 2017 to 30 June 2017
Scott Henderson	Executive Member	12 April 2017 to 30 June 2017
Kylie Young	Executive Member	12 April 2017 to 30 June 2017
James Cheshire	Executive Member	12 April 2017 to 30 June 2017
Richard Smeltink	Vice President - AFP Executive & AFPA Associate Portfolio	1 July 2016 to 11 April 2017
Mark Jager	Vice President - AFP National Security Portfolio	1 July 2016 to 11 April 2017

## **Operating Report**

**30 June 2017**

### **Review of principal activities**

The principal activities of the Branch during the financial year were to promote and enhance the interests of our members and their profession; promote the interests and effective delivery of the Federal and ACT law enforcement; protect our members from any malicious, capricious or malevolent behaviour directed against them within the context of their professional role and provide professional services.

The Branch's principal activities results in maintaining and improving our members' professional interests, protection and services.

There was no significant change in the nature of the Branch's principal activities occurred during the year.

### **Review of operations and results of activities**

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

The operating loss for the Police Federation of Australia - Australian Federal Police Association Branch for the year ended 30 June 2017 was \$802,957 (2016: surplus of \$655,060) and the Executive believe that the activities of the Branch have achieved their objectives for the financial year.

### **Significant Changes in Nature of Activities or Financial Affairs**

There were no significant changes in the nature of activities or the state of the affairs of the Branch during the year.

### **Right of Members to Resign**

Members retain the right to resign from the Australian Federal Police Association in accordance with section 10 of the Federal Rules and Section 174 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act"). In accordance with Section 174(1) of the RO Act a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

### **Number of members**

The number of members of the Branch at the end of the financial year was 3,888 (2016: 3,998).

### **Number of employees**

The total number of full time equivalent employees as at 30 June 2017 was 10 (30 June 2016: 8).

## Operating Report

30 June 2017

### Superannuation fund trustees

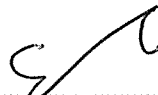
No officer or member of the Branch acts:

- i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- ii) as a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Signed in accordance with a resolution of the Executive:



.....  
**Angela Smith**  
President



.....  
**Adrian Smith**  
Secretary/Treasurer

Dated 17 October 2017

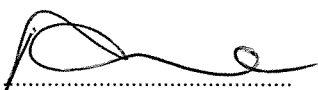
## **Committee of Management Statement**

On the 17 October 2017 the Executive of the Police Federation of Australia - Australian Federal Police Association Branch ("the Branch"), passed the following resolution in relation to the General Purpose Financial Report ("GPFR") of the Branch for the year ended 30 June 2017:

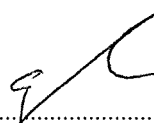
The Branch Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 June 2017;
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 June 2017 and since the end of the financial year:
  - i) meetings of the Executive were held in accordance with the rules of the organisation and the rules of the Branch; and
  - ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
  - iii) the financial records of the Branch have been kept and maintained in accordance with the RO Act; and
  - iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
  - v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
  - vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance;
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Executive by:



.....  
**Angela Smith**  
President



.....  
**Adrian Smith**  
Secretary/Treasurer

Dated this 17th day of October 2017.



**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2017**

	Note	2017 \$	2016 \$
<b>Income</b>			
Revenue	4	4,024,609	4,240,628
Other income	4	32,443	15,185
<b>Total Income</b>		<b>4,057,052</b>	<b>4,255,813</b>
Audit and accounting fees		(99,833)	(155,548)
Capitation fees	5	(73,926)	(67,645)
Communications expense		(96,307)	(81,160)
Conference and meeting expense		(53,499)	(24,776)
Consultants expense		(180,765)	(227,770)
Depreciation expense	9(a)	(74,773)	(75,460)
Employee benefits expense	5	(1,561,797)	(1,035,235)
Insurance expense		(1,314,277)	(1,039,012)
Legal fees	5	(562,214)	(450,646)
Net loss on disposal of property, plant and equipment		(321,535)	-
Property costs		(204,849)	(96,548)
Travel expenses		(126,555)	(105,529)
Other expenses		(189,679)	(241,424)
<b>Total expenditure</b>		<b>(4,860,009)</b>	<b>(3,600,753)</b>
<b>Result for the year</b>		<b>(802,957)</b>	<b>655,060</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(802,957)</b>	<b>655,060</b>

The accompanying notes form part of these financial statements.

## Balance Sheet

As at 30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	4,257,863	2,768,571
Trade and other receivables	7	434,096	669,042
Inventories		21,126	7,784
Other assets	8	132,503	24,688
<b>TOTAL CURRENT ASSETS</b>		<b>4,845,588</b>	<b>3,470,085</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	81,980	1,818,453
<b>TOTAL ASSETS</b>		<b>4,927,568</b>	<b>5,288,538</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	827,394	406,972
Employee benefits	11	36,209	17,450
<b>TOTAL CURRENT LIABILITIES</b>		<b>863,603</b>	<b>424,422</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	11	3,195	389
<b>TOTAL LIABILITIES</b>		<b>866,798</b>	<b>424,811</b>
<b>NET ASSETS</b>		<b>4,060,770</b>	<b>4,863,727</b>
<b>RETAINED EARNINGS</b>		<b>4,060,770</b>	<b>4,863,727</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 30 June 2017

	2017	2016
	\$	\$
<b>Retained Earnings</b>		
Balance as at 1 July	4,863,727	4,208,667
Result for the year	(802,957)	655,060
<b>Balance as at 30 June</b>	<u>4,060,770</u>	<u>4,863,727</u>

The accompanying notes form part of these financial statements.

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## Statement of Cash Flows

For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members	4,595,637	4,558,036
Payments to suppliers and employees	(4,457,140)	(3,579,375)
Interest received	10,630	37,304
Net cash provided by/(used in) operating activities	17 <u>149,127</u>	<u>1,015,965</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	1,351,000	-
Purchase of property, plant and equipment	(10,835)	(164,132)
Net cash provided by/(used in) investing activities	<u>1,340,165</u>	<u>(164,132)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	1,489,292	851,833
Cash and cash equivalents at beginning of year	<u>2,768,571</u>	<u>1,916,738</u>
Cash and cash equivalents at end of financial year	6 <u><u>4,257,863</u></u>	<u><u>2,768,571</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) 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 Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

The Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligations for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

#### (b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Branch and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

#### Interest revenue

Interest is recognised on an accruals basis using the effective interest method.

#### Membership subscriptions

Revenue from the provision of membership subscriptions is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 2 Summary of Significant Accounting Policies (Continued)

#### (c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

#### (d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Branch becomes party to the contractual provisions of the instrument.

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

##### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Financial instruments (Continued)

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Branch's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Branch renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Branch does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Branch's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

#### *Financial liabilities*

The Branch's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

#### *Impairment of financial assets*

At the end of the reporting period the Branch assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Financial instruments (Continued)

##### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### (e) Cash and cash equivalents

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

#### (f) Employee benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

#### (g) Adoption of new and revised accounting standards

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.



## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 2 Summary of Significant Accounting Policies (Continued)

#### (h) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Branch has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Branch where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Mandatory for financial years commencing on or after 1 January 2018.	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	There will be no impact on the Branch's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Branch does not have any such liabilities.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 2 Summary of Significant Accounting Policies (Continued)

#### (h) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	Mandatory for financial years commencing on or after 1 January 2018.	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.</p> <p>The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period.</p> <p>They will only need to apply the new rules to contracts that are not completed as of the date of initial application.</p>	Management have assessed that this will not have any impact upon the way revenue is recognised under the current arrangements in place with customers.
AASB 16 Leases	Mandatory for financial years commencing on or after 1 January 2019.	AASB 16 Leases requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	Management have assessed that this will not have a material impact of the financial report.

#### (i) Capitation fees

Capitation fees and levies are recognised on an accruals basis are recorded as an expense in the year to which it relates.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 3 Critical Accounting Estimates and Judgments

The Executive make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

#### Key estimates - receivables

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

#### Key estimates - impairment of property, plant and equipment

The Branch assesses impairment at the end of each reporting period by evaluating conditions specific to the Branch that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

### 4 Revenue and Other Income

	2017	2016
	\$	\$
Membership subscriptions	4,013,979	4,191,299
Interest income	10,630	49,329
	<u>4,024,609</u>	<u>4,240,628</u>
Capitation fees	-	-
Levies	-	-
Grants or donations	-	-
Financial support received from another reporting unit	-	-
Other income	32,443	15,185
<b>Total Income</b>	<u><u>4,057,052</u></u>	<u><u>4,255,813</u></u>

## Notes to the Financial Statements

For the Year Ended 30 June 2017

5 Result for the year

	2017	2016
	\$	\$
<b>Employee expenses</b>		
<b>Office holders</b>		
Wages and salaries	268,893	420,892
Superannuation	32,859	65,544
Leave and other entitlements	15,743	15,793
Separation and redundancies	296,111	-
Other employee expenses	15,018	18,569
	<u>628,624</u>	<u>520,798</u>
<b>Employees other than office holders</b>		
Wages and salaries	800,922	395,794
Superannuation	109,378	58,544
Leave and other entitlements	5,822	1,205
Separation and redundancies	-	53,894
Other employee expenses	17,051	5,000
	<u>933,173</u>	<u>514,437</u>
<b>Total employee benefits expense</b>	<u>1,561,797</u>	<u>1,035,235</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 5 Result for the year (Continued)

	Note	2017 \$	2016 \$
Affiliation fees		-	-
Cost of sales		16,024	14,260
Capitation fees	16	73,926	67,645
Consideration to employers for payroll deductions		-	-
Compulsory levies		-	-
Fees/allowances - meeting and conferences		-	-
Grants - total paid that were \$1,000 or less		-	-
Grants - total paid that exceeded \$1,000		-	1,818
Donations - total paid that were \$1,000 or less*		208	-
Donations - total paid that exceeded \$1,000*		5,000	2,727
Legal costs - litigation		153,215	-
Legal costs - other matters		408,999	450,646
Penalties - via RO Act or RO Regulations		-	-
Rental expense on operating leases - minimum lease payments		69,686	4,597

\* The Branch provides certain member services such as legal support, hardship support and insurance coverage; all of which are not considered to be donations or grants requiring financial statement disclosure.

### 6 Cash and Cash Equivalents

Cash at bank and in hand		<u>4,257,863</u>	<u>2,768,571</u>
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### 7 Trade and Other Receivables

#### CURRENT

Trade receivables		54,084	200,008
Insurance rebate receivable		380,012	469,034
		<u>434,096</u>	<u>669,042</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 7 Trade and Other Receivables (Continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### (a) Receivables from other reporting units

	2017	2016
	\$	\$
Receivables from other reporting units	-	-
Less: provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>

### 8 Other Assets

#### CURRENT

Prepayments

<b>132,503</b>	<b>24,688</b>
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### 9 Property, plant and equipment

#### LAND AND BUILDINGS

Buildings

At cost

-	1,729,035
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Accumulated depreciation

-	(79,932)
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Total land and buildings

<u>-</u>	<u>1,649,103</u>
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#### PLANT AND EQUIPMENT

Plant and equipment

At cost

<b>181,834</b>	250,447
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Accumulated depreciation

<b>(99,854)</b>	(81,097)
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Total plant and equipment

<u><b>81,980</b></u>	<u>169,350</u>
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**Total property, plant and equipment**

<u><b>81,980</b></u>	<u>1,818,453</u>
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## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 9 Property, plant and equipment (Continued)

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

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

	Buildings \$	Plant and Equipment \$	Total \$
<b>Year ended 30 June 2017</b>			
Balance as the beginning of year	1,649,103	169,350	1,818,453
Additions	-	10,835	10,835
Disposals - written down value	(1,611,452)	(61,083)	(1,672,535)
Depreciation expense	(37,651)	(37,122)	(74,773)
<b>Balance at the end of the year</b>	<b>-</b>	<b>81,980</b>	<b>81,980</b>
<b>Year ended 30 June 2016</b>			
Balance as the beginning of year	1,672,160	78,912	1,751,072
Additions	24,874	117,967	142,841
Depreciation expense	(47,931)	(27,529)	(75,460)
<b>Balance at the end of the year</b>	<b>1,649,103</b>	<b>169,350</b>	<b>1,818,453</b>

### 10 Trade and Other Payables

	2017 \$	2016 \$
Trade payables	823,154	406,972
Other payables	4,240	-
	<b>827,394</b>	<b>406,972</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

#### (a) Payables to other reporting units

Payables to other reporting units	-	-
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## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 10 Trade and Other Payables (Continued)

#### (b) Payables - additional disclosures

	2017	2016
	\$	\$
Consideration payable to employers from payroll deductions	-	-
Legal costs - litigation	12,081	24,599
Legal costs - other matters	-	1,430
<b>Total</b>	<b>12,081</b>	<b>26,029</b>

### 11 Employee Benefits

#### CURRENT

Annual leave	36,209	17,450
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#### NON CURRENT

Long service leave	3,195	389
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#### Employee provisions

##### Office Holders:

Annual leave	14,385	4,366
Long service leave	976	55
Separations and redundancies	-	-
Other	-	-
	<b>15,361</b>	<b>4,421</b>

##### Employees other than office holders:

Annual leave	21,824	13,084
Long service leave	2,219	334
Separations and redundancies	-	-
Other	-	-
	<b>24,043</b>	<b>13,418</b>

<b>Total</b>	<b>39,404</b>	<b>17,839</b>
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## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 12 Financial Risk Management

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

The Branch's financial instruments consist mainly of deposits with banks, accounts receivable and payable. Accordingly, the Branch is not exposed to any significant market risk.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 \$	2016 \$
<b>Financial Assets</b>			
Cash and cash equivalents	6	4,257,863	2,768,571
Trade and other receivables	7	434,096	669,042
<b>Total financial assets</b>		<b>4,691,959</b>	<b>3,437,613</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	10	827,394	406,972

#### Liquidity risk

Liquidity risk arises from the Branch's management of working capital. It is the risk that the Branch will encounter difficulty in meeting its financial obligations as they fall due.

The Branch's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Branch manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Branch expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Branch's liabilities have contractual maturities which are summarised below.

	Less than 1 year		Total	
	2017 \$	2016 \$	2017 \$	2016 \$
Trade and other payables	827,394	406,972	827,394	406,972

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 12 Financial Risk Management (Continued)

The following table details the Branch's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Branch and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Branch.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
<b>2017</b>							
Trade receivables	54,084	-	-	-	-	-	54,084
Insurance rebate receivable	380,012	-	-	-	-	-	380,012
<b>Total</b>	<b>434,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,096</b>
<b>2016</b>							
Trade receivables	200,008	-	-	-	-	-	200,008
Insurance rebate receivable	469,034	-	-	-	-	-	469,034
<b>Total</b>	<b>669,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>669,042</b>

The Branch does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

#### Net income from financial assets

	2017	2016
	\$	\$
Held-to-maturity - interest revenue	10,630	49,329

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 13 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of the Branch during the year were as follows:

	2017	2016
	\$	\$
Short-term employee benefits	421,325	455,199
Post-employment benefits	78,594	65,544
Other long-term benefits	7,306	55
Termination benefits	296,111	-
<b>Total remuneration</b>	<b>803,336</b>	<b>520,798</b>

### 14 Remuneration of auditor

Remuneration of the auditor of the Branch for financial statement audit services:

Daley & Co	29,000	-
Previous audit firm	28,731	35,000
<b>Total</b>	<b>57,731</b>	<b>35,000</b>

No other services were provided by the auditors of the financial statements. The above disclosures reflect the expense charged through the statement of profit and loss and other comprehensive income.

### 15 Contingencies

In the opinion of the Executive, the Branch did not have any contingencies at 30 June 2017 (30 June 2016: None).

### 16 Related Parties

*(a) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any member of the Committee of Management (whether executive or otherwise) are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 13: Key Management Personnel Disclosures.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 16 Related Parties (Continued)

*(b) Police Federation Australia (PFA)*

Capitation fees were paid to the PFA during the financial year totalling \$73,926 (2016: \$67,645). Cashflows relating to these payments for the year totalled \$81,318 (2016: \$74,410).

*(c) AUSPOL Police Welfare Foundation (AUSPOL)*

The Branch is a member of AUSPOL, and Branch members are referred to this registered charity in certain circumstances. The Trustee of AUSPOL is AFPA Limited.

Whilst there is a degree of commonality in the Board/Committee of Management representation, this entity is not controlled by the Branch. Similarly is not considered to constitute a relationship which meets the definition of being a related party under the Australian Accounting Standards. Accordingly, no further disclosures are considered necessary.

### 17 Cash Flow Information

**Reconciliation of result for the year to cashflows from operating activities**

	2017	2016
	\$	\$
Result for the year	(802,957)	655,060
Non-cash flows in the operating result:		
- depreciation	74,773	75,460
- net (gain)/loss on sale of property, plant and equipment	321,535	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	234,946	537,567
- (increase)/decrease in prepayments	(107,815)	16,270
- (increase)/decrease in inventories	(13,342)	(1,893)
- increase/(decrease) in trade and other payables	420,422	(66,298)
- increase/(decrease) in employee benefits	21,565	(200,201)
Cashflow from operations	<u>149,127</u>	<u>1,015,965</u>

### 18 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations, or the state of affairs of the Branch in future financial years.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 19 Capital and Leasing Commitments

#### Operating Leases

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	181,984	6,929
- between one year and five years	727,936	-
- later than five years	288,141	-
	<u>1,198,061</u>	<u>6,929</u>

### 20 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

1. A member of a reporting unit, or the Commissioner, 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).

## Notes to the Financial Statements

### For the Year Ended 30 June 2017

#### 21 Correction of error

During the current year the following items were discovered:

- Insurance premium rebates receivable of \$463,050 were identified as owing to the Branch as at 30 June 2016.
- Intangible assets were capitalised in the balance sheet which did not meet the recognition criteria under Accounting Standards.

The above errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

	30 June 2016			1 July 2015		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
	\$	\$	\$	\$	\$	\$
<b>Statement of Profit or Loss and Other Comprehensive Income (extract)</b>						
Depreciation and amortisation	136,402	(60,942)	75,460			
Insurance expense	1,502,062	(463,050)	1,039,012			
Other expenses	478,880	11,075	489,955			
Surplus for the year	142,143	512,917	655,060			
Total comprehensive income	142,143	512,917	655,060			
<b>Balance Sheet (extract)</b>						
Trade and other receivables	205,992	463,050	669,042	-	-	-
Intangibles	126,850	(126,850)	-	176,717	(176,717)	-
Total assets	4,952,338	336,200	5,288,538	5,076,693	(176,717)	4,899,976
Retained earnings	4,527,527	336,200	4,863,727	4,385,384	(176,717)	4,208,667

#### 22 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

As required under the reporting guidelines provided for under section 255 of the Fair Work (Registered Organisations) Act 2009, it is confirmed that:

1. The Branch's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit; and
2. The Branch has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability as a going concern; and
3. The Branch has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation; and
4. Other specific disclosures - funds: There are no funds operated, or required to be operated by the Branch.

## **Independent Audit Report to the members of Police Federation of Australia - Australian Federal Police Association Branch**

### **Report on the Financial Report**

#### **Opinion**

We have audited the financial report of Police Federation of Australia - Australian Federal Police Association Branch ("the Branch"), which comprises the Balance Sheet as at 30 June 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Police Federation of Australia - Australian Federal Police Association Branch as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (a) Australian Accounting Standards; and
- (b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information Other than the Financial Report and Auditor's Report Thereon**

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## **Independent Audit Report to the members of Police Federation of Australia - Australian Federal Police Association Branch**

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.



## **Independent Audit Report to the members of Police Federation of Australia - Australian Federal Police Association Branch**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

### **Report on the Recovery of Wages Activity financial report**

The scope of our audit did extend to the recovery of wages activity, however as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.

*Daley & Co.*

Daley & Co  
Chartered Accountants

*Michael Mundt*

Michael Mundt  
Partner

17 October 2017  
Wollongong

Registration Number (as registered by the RO Commissioner under the RO Act): AA 2017/67.