



Australian Government
Registered Organisations Commission

22 November 2019

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

By e-mail:

Dear Mr Kelly

Re: – Police Federation of Australia, Australian Federal Police Association Branch - financial report for year ending 30 June 2019 (FR2019/57)

I refer to the financial report of the Australian Federal Police Association Branch (**the Branch**) of the Police Federation of Australia. The documents were lodged with the Registered Organisations Commission (**ROC**) on 14 November 2019.

The financial report has 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.

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads 'Stephen Kellett'.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

Police Federation of Australia – Australian Federal Police Association Branch

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

Certificate for the year ended 30 June 2019

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 *14 November 2019*; and
- that the full report was presented to a *meeting of the committee of management* of the reporting unit on *14 November 2019* 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: 14 November 2019

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Financial Statements

For the Year Ended 30 June 2019

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Financial Statements

For the Year Ended 30 June 2019

Contents	Page
Operating Report	1
Committee of Management Statement	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Required report under subsection 255 (2A)	34
Officer Declaration Statement	35
Independent Audit Report	37

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Operating Report

30 June 2019

The Executive, being the Committee of Management for the purposes of the *Fair Work (Registered Organisations) Act 2009* ("RO Act"), presents its operating report of the Police Federation of Australia - Australian Federal Police Association Branch ("the Branch") for the financial year ended 30 June 2019.

Names of Executive members and period positions held during the financial year

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

Name	Title	Term
Angela Smith	President	1 July 2018 to 30 June 2019
Graeme Cooper	Vice President	1 July 2018 to 23 January 2019
Adrian Smith	Secretary/Treasurer	1 July 2018 to 30 June 2019
Alex Caruana	National Executive Member	1 July 2018 to 30 June 2019
Scott Henderson	National Executive Member	1 July 2018 to 30 June 2019
Kane Johnson	National Executive Member	4 April 2019 to 30 June 2019
Vince Pannell	National Executive Member	1 July 2018 to 30 June 2019
Clare Fitzpatrick	National Executive Member	17 January 2019 to 30 June 2019
Rod Higgins	National Executive Member	4 April 2019 to 30 June 2019
Steven Harris	National Executive Member	1 July 2018 to 9 December 2018
Kylie Young	National Executive Member	1 July 2018 to 17 January 2019
James Cheshire	National Executive Member	1 July 2018 to 4 April 2019
John Hawkins	National Executive Member	14 January 2019 to 4 April 2019

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

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 were no significant changes in the nature of the Branch's principal activities occurred during the year.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Operating Report

30 June 2019

Review of operations and results of activities

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

Results of activities

The surplus for the Branch for the year ended 30 June 2019 was \$256,482 (2018: \$65,061) and the Executive believe that the activities of the Branch have achieved their objectives for the financial year.

Significant changes in 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 Branch in accordance with *section 10 of the Federal Rules* and Section 174 of 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 3,887 (2018: 4,028).

Number of employees

The total number of full time equivalent employees as at 30 June 2019 was 12 (30 June 2018: 15).

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Operating Report

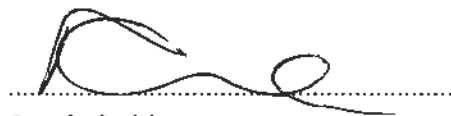
30 June 2019

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

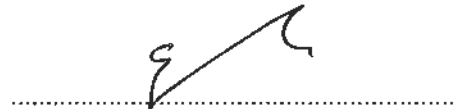
No officer or member of the Branch acts:

- 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 24 October 2019

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

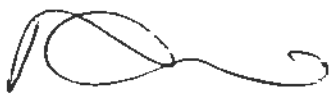
Committee of Management Statement

On the 24 October 2019 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 2019:

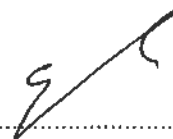
The Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirement imposed by 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 to which they relate;
- (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 to which the GPFR relates and since the end of that year:
 - i) meetings of the Executive were held in accordance with the rules of the organisation and the rules of the Branch concerned; 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 Branch have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v) where information has been sought in any request by a member of the Branch 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 Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Committee of Management.



.....
Angela Smith
President



.....
Adrian Smith
Secretary/Treasurer

Dated: 24 October 2019.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	3	4,543,133	4,296,260
Other income	3	337,680	112,806
Total Income		4,880,813	4,409,066
Accounting and audit fees		(104,631)	(91,479)
Capitation fees	19	(71,574)	(71,271)
Communications expense		(162,630)	(93,869)
Conference and meeting expense		(52,558)	(12,940)
Consultants expense		(172,334)	(180,352)
Depreciation and amortisation expense		(35,573)	(37,418)
Employee benefits expense	4	(1,680,978)	(1,624,196)
Insurance expense - members		(1,172,958)	(1,169,647)
Insurance expense - association		(85,961)	(89,324)
Legal fees	4	(404,262)	(384,230)
Net gain/(loss) on disposal of property, plant and equipment		(6,189)	971
Property costs		(226,355)	(220,934)
Travel expenses		(107,225)	(102,964)
Other expenses		(341,103)	(266,352)
Total expenditure		(4,624,331)	(4,344,005)
Result for the year		256,482	65,061
Other comprehensive income for the year		-	-
Total comprehensive income for the year		256,482	65,061

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Statement of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,033,375	1,586,255
Trade and other receivables	6	256,248	777,195
Inventories		45,118	30,837
Other financial assets	7	3,592,213	1,992,401
Other assets	8	92,469	36,135
TOTAL CURRENT ASSETS		5,019,423	4,422,823
NON-CURRENT ASSETS			
Property, plant and equipment	9	40,864	66,455
Intangible assets	10	64,512	51,000
NON-CURRENT ASSETS		105,376	117,455
TOTAL ASSETS		5,124,799	4,540,278
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	632,930	298,989
Employee benefits	12	99,683	110,583
TOTAL CURRENT LIABILITIES		732,613	409,572
NON-CURRENT LIABILITIES			
Employee benefits	12	9,873	4,875
NON-CURRENT LIABILITIES		9,873	4,875
TOTAL LIABILITIES		742,486	414,447
NET ASSETS		4,382,313	4,125,831
RETAINED EARNINGS		4,382,313	4,125,831

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Statement of Changes in Equity

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
Retained Earnings		
Opening balance	4,125,831	4,060,770
Result for the year	256,482	65,061
Closing balance as at 30 June	<u>4,382,313</u>	<u>4,125,831</u>

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Statement of Cash Flows

For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	5,123,234	4,896,558
Payments to suppliers and employees	(4,359,601)	(5,565,565)
Interest received	108,130	61,722
Net cash provided / (used) by operating activities	20 <u>871,763</u>	<u>(607,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	971
Purchase of property, plant and equipment	(6,494)	(21,893)
Purchase of intangible assets	(17,000)	(51,000)
Net payments for investments	(1,401,149)	(1,992,401)
Net cash used in investing activities	<u>(1,424,643)</u>	<u>(2,064,323)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided / (used) by financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents held	(552,880)	(2,671,608)
Cash and cash equivalents at beginning of year	<u>1,586,255</u>	<u>4,257,863</u>
Cash and cash equivalents at end of financial year	5 <u><u>1,033,375</u></u>	<u><u>1,586,255</u></u>

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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 Organisation) 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.

(b) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Property, plant and equipment

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

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

Depreciation

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

Depreciation Rates

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

Fixed asset class	Depreciation rate
Furniture, fixtures and fittings	3 - 50%
Motor vehicles	20%
Computer equipment	20 - 66.67%

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

(d) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life of the Branch's intangible assets are:

Intangible asset class	Amortisation rate
Website costs	20%

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments

Financial instruments are recognised initially 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

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

Classification

On initial recognition, the Branch classifies its financial assets into the following categories, those measured at:

- amortised cost; and
- fair value through profit or loss - FVTPL.

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Branch's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and other financial assets in the statement of financial position.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

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

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

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

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

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

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

Trade receivables

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Branch comprise trade payables.

(f) Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(g) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes 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 and subject to insignificant risk of changes in value.

(h) Employee benefits

Short-term obligations

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

Other long term employee benefit obligations

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

(i) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(j) 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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(j) Revenue and other income (continued)

Revenue is measured at the fair value of the consideration received or receivable.

Membership subscriptions

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

Sale of goods

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the Branch retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the Branch.

Interest revenue

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

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(k) *Capitation fees and levies*

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

(l) **Income Tax**

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

(m) **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).

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(m) Goods and services tax (GST) (continued)

Receivables and payables are stated inclusive of GST.

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

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.

(n) Going concern

The Branch is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

(o) Related party disclosures

Related party disclosures in this financial report are presented on an accrual basis. Whilst the financial records of the Branch have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation, the balances and transactions reported in this financial report may differ to those recorded in the financial report of the counterparty reporting unit. This may arise due to timing differences in the respective recordkeeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

(p) Fair value measurement

The Branch measures financial instruments, such as, financial assets as at fair value through the profit and loss, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortised costs are disclosed in note 14.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(p) Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

(q) 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 summarises those future requirements, and their impact on the Branch where the standard is relevant:

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(q) New accounting standards and interpretations (continued)

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Branch plans to adopt AASB 16 for the year ending 30 June 2020 using the modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

At this stage, the Branch is not able to estimate the impact of the new standard on the Branch's financial statements. The Branch will make more detailed assessments of the impact over the next twelve months.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(q) New accounting standards and interpretations (continued)

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from contracts with customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15.

The Branch plans to adopt AASB 15 for the year ending 30 June 2020 using the modified retrospective method.

At this stage, the Branch is not able to estimate the impact of the new standard on the Branch's financial statements. The Branch will make more detailed assessments of the impact over the next twelve months.

2 Significant Accounting Estimates and Judgments

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities to the next reporting period.

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.

Key estimates - useful lives of depreciable assets

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

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Significant Accounting Estimates and Judgments (continued)

Key estimates - employee entitlements

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

Key estimates - receivables

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

3 Revenue and Other Income

	2019	2018
	\$	\$
Membership subscriptions	4,435,003	4,234,538
Interest revenue	108,130	61,722
	<u>4,543,133</u>	<u>4,296,260</u>
Sundry income	25,538	33,627
Sponsorship income	107,290	55,417
Gains from fair value adjustment on investments	204,852	23,762
	<u>337,680</u>	112,806
	<u>4,880,813</u>	<u>4,409,066</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Result for the year

	2019	2018
	\$	\$
Employee expenses		
<i>Office holders</i>		
Wages and salaries	348,559	342,972
Superannuation	38,427	38,833
Leave and other entitlements	(12,109)	36,503
Separation and redundancies	-	-
Other employee expenses	21,126	33,904
	<u>396,003</u>	<u>452,212</u>
<i>Employees other than office holders</i>		
Wages and salaries	1,131,632	963,089
Superannuation	145,940	126,224
Leave and other entitlements	8,322	39,550
Separation and redundancies	-	-
Other employee expenses	(919)	43,121
	<u>1,284,975</u>	<u>1,171,984</u>
Total employee benefits expense	<u>1,680,978</u>	<u>1,624,196</u>
Other expenses		
Cost of sales	18,639	41,136
Rental expense on operating leases - minimum lease payments	214,802	207,210
Conference and meeting expenses	52,558	12,940
<i>Grants or donations</i>		
Donations - total paid that were \$1,000 or less	500	-
<i>Litigation costs</i>		
Legal costs - litigation	229,100	43,602
Legal costs - other matters	175,162	340,628
	<u>404,262</u>	<u>384,230</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	<u>1,033,375</u>	<u>1,586,255</u>

6 Trade and Other Receivables

Trade receivables	7,278	36,708
Provision for impairment	(a) -	-
	<u>7,278</u>	<u>36,708</u>
Insurance rebate receivable	176,000	662,102
Other receivables	<u>72,970</u>	<u>78,385</u>
	<u>256,248</u>	<u>777,195</u>

(a) Impairment of receivable

The Branch applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows, the expected credit losses incorporate forward looking information.

30 June 2019	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	-	-	-	-	
Gross carrying amount (\$)	85	-	110	7,083	<u>7,278</u>
ECL provision	-	-	-	-	-

7 Other financial assets

Financial assets at fair value through profit or loss	3,592,213	1,232,401
Financial assets at amortised cost	-	760,000
	<u>3,592,213</u>	<u>1,992,401</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Other Assets

	2019	2018
	\$	\$
Prepayments	91,119	36,135
Other assets	1,350	-
	<u>92,469</u>	<u>36,135</u>

9 Property, plant and equipment

Plant and equipment		
At cost	210,220	203,727
Accumulated depreciation	(169,356)	(137,272)
	<u>40,864</u>	<u>66,455</u>

Reconciliation of opening and closing balances 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:

Balance at the beginning of year	66,455	81,980
Additions	6,494	21,893
Disposals	-	-
Depreciation expense	(32,085)	(37,418)
Balance at the end of the year	<u>40,864</u>	<u>66,455</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Intangible Assets

	2019	2018
	\$	\$
Computer software - at cost	68,000	51,000
Accumulated amortisation and impairment	(3,488)	-
	<u>64,512</u>	<u>51,000</u>

Reconciliation of opening and closing balances of intangible assets

Balance at the beginning of year	51,000	-
Additions	17,000	51,000
Disposals	-	-
Amortisation	(3,488)	-
	<u>64,512</u>	<u>51,000</u>

11 Trade and Other Payables

Trade payables	571,312	296,552
Other payables	61,618	2,437
	<u>632,930</u>	<u>298,989</u>

(a) Payables - additional disclosures

Legal costs		
Legal costs - litigation	32,801	27,375

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Employee Benefits

	2019	2018
	\$	\$
CURRENT		
Annual leave	64,920	72,747
Long service leave	34,763	37,836
	<u>99,683</u>	<u>110,583</u>
NON CURRENT		
Long service leave	<u>9,873</u>	<u>4,875</u>
Office Holders:		
Annual leave	24,751	26,813
Long service leave	40,169	27,361
Separations and redundancies	-	-
Other	-	-
	<u>64,920</u>	<u>54,174</u>
Employees other than office holders:		
Annual leave	11,609	45,934
Long service leave	33,027	15,350
Separations and redundancies	-	-
Other	-	-
	<u>44,636</u>	<u>61,284</u>
	<u>109,556</u>	<u>115,458</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 Financial Risk Management

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

	Note	2019 \$	2018 \$
Financial Assets			
Cash and cash equivalents	5	1,033,375	1,586,255
Trade and other receivables	6	256,248	777,195
Financial assets:			
- fair value through profit or loss	7	3,592,213	1,232,401
- amortised cost	7	-	760,000
Total financial assets		4,881,836	4,355,851
Financial Liabilities			
- Trade and other payables		588,469	245,414

(a) 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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 Financial Risk Management (continued)

(a) Liquidity risk (continued)

The Branch's liabilities are summarised below:

		Less than 1 year	
		2019	2018
		\$	\$
	Note		
Trade and other payables	11	<u>632,930</u>	<u>298,989</u>
		<u>632,930</u>	<u>298,989</u>

(b) Credit risk - Trade and Other Receivables

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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 Financial Risk Management (continued)

(b) Credit risk - Trade and Other Receivables (continued)

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 \$	31-90 \$	> 90 \$	
2019						
Trade receivables	7,278	-	-	110	7,083	85
Insurance rebate receivable	176,000	-	-	-	-	176,000
Other receivables	72,970	-	-	-	-	72,970
Total	256,248	-	-	110	7,083	249,055
2018						
Trade receivables	36,708	-	-	-	-	36,708
Insurance rebate receivable	662,102	-	-	-	-	662,102
Other receivables	78,385	-	-	-	-	78,385
Total	777,195	-	-	-	-	777,195

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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 Financial Risk Management (continued)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Other price risk

The Branch is exposed to a material level of equity securities price risk. This risk arises from listed investments held by the Branch and classified as fair value through profit or loss in the statement of financial position.

The Branch is not exposed to commodity price risk.

Sensitivity analysis

The following table illustrates sensitivities to the Branch's exposures to changes in the ASX 200 index. The table indicates the impact on how profit and equity values reported at the end of the reporting year would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019		2018	
	+10%	-10%	+10%	-10%
ASX index				
Impact on profit	359,221	(359,221)	123,240	(123,240)

14 Fair Value Measurement

Financial assets and liabilities

Management of the Branch assessed that the carrying values of all financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair value of financial assets through profit and loss is derived from quoted market prices in active markets as at financial position date (Level 1).

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Key Management Personnel Disclosures

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

	2019	2018
	\$	\$
Short-term employee benefits		
Salary including annual leave taken	502,209	504,829
Annual leave accrued	(8,963)	17,584
Performance bonus ¹	-	-
Other	10,960	-
Post-employment benefits		
Superannuation	86,536	87,045
Other long term benefits		
Long Service Leave	658	26,674
Termination benefits		
Termination benefits	-	-
	<u>591,400</u>	<u>636,132</u>

16 Remuneration of auditor

Remuneration of the auditor:

- Financial statement audit services	32,100	31,500
- Other services	1,400	6,600
	<u>33,500</u>	<u>38,100</u>

17 Contingencies

In the opinion of the Executive, the Branch did not have any contingencies at 30 June 2019 (30 June 2018: None).

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 Capital and Leasing Commitments

Operating Leases

	2019	2018
	\$	\$
<i>Minimum lease payments under non-cancellable operating leases:</i>		
- not later than one year	222,426	243,881
- between one year and five years	982,306	1,042,395
- later than five years	1,357,437	1,755,869
	<u>2,562,169</u>	<u>3,042,145</u>

The Branch has entered into an operating lease for the commercial property it operates from, including associated car parking; which has an expiry date of February 2024 and an option period of an additional 5 years. Lease payments are subject to an annual increase of 4%.

19 Related Parties

(a) Key management personnel:

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

For details of remuneration disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Disclosures.

(b) Police Federation Australia ("PFA"):

Capitation fees were paid to the PFA during the financial year totalling \$71,574 (2018: \$71,271). Cashflows relating to these payments for the year totalled \$78,732 (2018: \$78,398).

(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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Related Parties (continued)

Whilst there is a degree of commonality in the Board/Executive 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.

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2019	2018
	\$	\$
Result for the year	256,482	65,061
Non-cash flows in the operating result:		
- depreciation and amortisation	35,573	37,418
- net (gain)/loss on sale of property, plant and equipment	-	(971)
- unrealised (gains)/losses on fair value through profit and loss financial assets	(198,662)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	520,947	(343,099)
- (increase)/decrease in prepayments	(56,334)	96,368
- (increase)/decrease in inventories	(14,282)	(9,711)
- increase/(decrease) in trade and other payables	333,941	(528,405)
- increase/(decrease) in employee benefits	(5,902)	76,054
Cashflow from operations	<u>871,763</u>	<u>(607,285)</u>

21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 24 October 2019 by the Executive.

There were no events that occurred after 30 June 2019 or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Branch.

Notes to the Financial Statements

For the Year Ended 30 June 2019

22 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 Branch 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 Branch.
3. A Branch must comply with an application made under subsection (1).

Police Federation of Australia - Australian Federal Police Association Branch

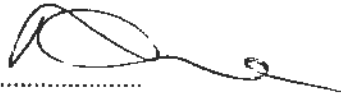
ABN: 95 799 543 741

Required report under subsection 255(2A)

For the Year Ended 30 June 2019

The Executive presents the expenditure report as required under subsection 255(2A) on the Branch for the year ended 30 June 2019.

	2019	2018
	\$	\$
Remuneration and other employment related costs and expenses - employee	1,680,978	1,624,196
Advertising	-	-
Operating costs	2,479,329	2,299,133
Donations to political parties	-	-
Legal costs	404,262	384,230



.....
Angela Smith
President

24 October 2019

Police Federation of Australia - Australian Federal Police Association Branch

ABN: 95 799 543 741

Officer Declaration Statement

For the Year Ended 30 June 2019

I, Angela Smith, being the President of the Australian Federation Police Association Branch, declare that the following activities did not occur during the reporting period ending 30 June 2019.

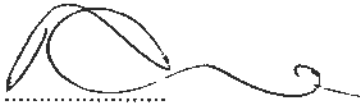
The reporting unit did not:

- ~~• agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)~~
- ~~• agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)~~
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~• receive periodic or membership subscriptions~~
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~• pay capitation fees to another reporting unit~~
- pay any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- ~~• pay a donation that was \$1,000 or less~~
- pay a donation that exceeded \$1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- ~~• incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~• pay legal costs relating to litigation~~
- ~~• pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- ~~• have a payable in respect of legal costs relating to litigation~~
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity

Officer Declaration Statement

For the Year Ended 30 June 2019

- ~~• have a balance within the general fund~~
- ~~• provide cash flows to another reporting unit and/or controlled entity~~
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Angela Smith

President

24 October 2019

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 statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Branch as at 30 June 2019, 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 Branch 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 Branch in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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. 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 Branch 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 Branch'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 Branch 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.



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

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 Branch'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 Branch'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 Branch to cease to continue as a going concern.
- 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.



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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 auditor registered under the RO Act.

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Wollongong

24 October 2019

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

Liability limited by a Scheme approved under Professional Standards Legislation.