



Australian Government
Registered Organisations Commission

22 May 2018

Mr Scott Weber
Branch President
Police Federation of Australia-New South Wales Police Branch
Level 4, 154 Elizabeth Street
Sydney NSW 2000
By email: Scott.Weber@pansw.org.au

Dear Mr Weber

Section 269 application for certificate stating financial affairs of reporting unit are encompassed by financial affairs of associated State body for year ended 31 December 2017 (FR2017/348)

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009* in respect of the Police Federation of Australia-New South Wales Police Branch for the financial year ended 31 December 2017. The application was lodged with the Registered Organisations Commission on 17 May 2018.

I have granted the application. The certificate is attached.

If you wish to discuss this matter, please contact David Vale on (02) 8293 4654 or by email at david.vale@roc.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'CE', with a small flourish at the end.

Chris Enright
Executive Director
Registered Organisations Commission



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

s.269(2)(a)—Reporting unit's financial affairs encompassed by associated State body

Police Federation of Australia-New South Wales Police Branch
(FR2017/348)

MR ENRIGHT

MELBOURNE, 22 MAY 2018

Reporting unit's financial affairs encompassed by associated State body

[1] On 17 May 2018 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the New South Wales Police Branch of the Police Federation of Australia (the reporting unit), for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of the Police Association of NSW (the Association), an associated State body, in respect of the financial year ending 31 December 2017.

[2] On 17 May 2018, the reporting unit lodged a copy of the audited accounts of the Association with the Registered Organisations Commission.

[3] I am satisfied that the Association:

- is registered under the *Industrial Relations Act 1996* (NSW), a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the reporting unit; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the reporting unit; and
- is an associated State body.

[4] I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the accounts with the relevant State authority;
- any members of the reporting unit who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the reporting unit who are members of the Association; and
- a report under s.254 of the Act has been prepared in respect of those activities of the reporting unit and has been provided to the members of the reporting unit with copies of the accounts.

[5] I am satisfied that the financial affairs of the reporting unit in respect of the financial year ending 31 December 2017, are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



DELEGATE OF THE COMMISSIONER

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POLICE FEDERATION OF AUSTRALIA – NSW POLICE BRANCH

Operating Report for year ended 31 December 2017 – s254

Principal Activities

The principal activities of the Branch during the reporting period were to provide industrial and organising services to the members, consistent with the objects of the Federation, and particularly the object of protecting and improving the interests of the members. s254(2)(a)

The Branch's principal activities result in maintaining and improving the wages and conditions of employment of the membership, particularly for those members in collective enterprise agreements and Awards negotiated by the Branch. s254(2)(a)

Significant Changes

There were no significant changes in the nature of the Branch's principal activities during the reporting period. s254(2)(a)

Significant Changes to Financial Affairs

There were no significant changes in the nature of the Branch's financial affairs during the reporting period. s254 (b)

Manner of Resignation

Members may resign from the Branch in accordance with Rule11.

Trustee or director of trustee company of superannuation entity or exempt public-sector superannuation scheme s254(2)(d)

No officers of the Branch held positions of Trustee or director of Trustee Company of a superannuation entity or exempt public-sector superannuation scheme.

Number of members

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Branch was 16,555.

Number of Employees

The number of persons who were, measured on a full time equivalent basis at the end of the reporting period, employees of the Branch was zero.

Members of Committee of Management

The persons who held office as members of the Committee of Management of the Branch during the reporting period are:

President	Scott Weber	1 January 2017 to 31 December 2017
Vice President	Patrick Gooley	1 January 2017 to 31 December 2017
Treasurer	Anthony King	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Dallas Pratt	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Aaron Rynehart	6 June 2017 to 31 December 2017

Ordinary Branch Executive	Michael Connor	1 January 2017 to 7 February 2017
Ordinary Branch Executive	Rodger Campton	6 June 2017 to 31 December 2017
Ordinary Branch Executive	Sue Rose	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Jason Hogan	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Brett Henderson-Smith	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Dean Koenig	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Stephen McDonald	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Nathan Doyle	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Gerard O'Connor	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Oliver Behrens	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Gary Merryweather	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Craig Partridge	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Melissa Cooper	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Kevin Morton	1 January 2017 to 31 December 2017
Ordinary Branch Executive	Mick Buko	1 January 2017 to 31 December 2017



.....
Signed Scott Weber
(Branch President)
Date: ... 18 April 2017.....

Police Association of NSW

ABN 86 047 021 267

State Registered Trade Union

Financial Statements

For the Year Ended 31 December 2017

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For the Year Ended 31 December 2017

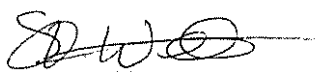
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Executive Certificate

We, the undersigned, being two members of the Executive of the Police Association of NSW ("the Association"), hereby certify in respect of the financial year ended 31 December 2017, that:

- i) In the opinion of the Executive, the attached financial statements show a true and fair view of the financial affairs of the Association as at 31 December 2017; and
- ii) In the opinion of the Executive, meetings of the Executive were held during the year ended 31 December 2017 in accordance with the Rules of the Association; and
- iii) To the knowledge of any member of the Executive, there have been no instances where records of the Association or other documents [not being documents containing information made available to a member of the Association under subsection 512(2) of the Industrial Relations Act 1991 (NSW), as applied by subsection 282(3) of the Industrial Relations Act 1996 (NSW)] or copies of those records or documents, or copies of the rules of the Association, have not been furnished, or made available to members in accordance with the Industrial Relations Act 1996 (NSW), the Regulations thereto, or the Rules of the Association as the case may be; and
- iv) In relation to the report prepared in accordance with section 514 of the 1991 Act, as applied by section 282(3) of the Industrial Relations Act 1996 (NSW), by the auditor of the organisation in respect of the financial year immediately preceding the financial year to which the accounts relate [i.e the second most recently concluded financial year] and in relation to any accounts and statements prepared in accordance with section 510(1) of the 1991 Act to which that report relates, the organisation has complied with section 517(1) of the 1991 Act and whichever of subsections (5) and (6) of that section of that Act is applicable.

This certificate is in accordance with a resolution passed by the Executive of the Association in relation to the matters to be stated in the certificate and is signed on behalf of the Executive by the undersigned:



.....
Scott Weber
President



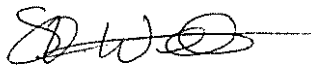
.....
Tony King
Treasurer

Dated: 12 April 2018

Certificate by Accounting Officer

I, Scott Weber, the Accounting Officer of the Police Association of New South Wales ("the Association"), hereby certify to the best of my knowledge and belief that there were 16,555 persons that were full members of the Association as at the end of the financial year ended 31 December 2017, and in my opinion;

- i) The attached financial statements show a true and fair view of the financial affairs of the Association as at 31 December 2017; and
- ii) A record has been kept of all monies paid by, or collected from members of the Association, and all monies so paid or collected have been credited to the bank account or accounts to which those monies are to be credited, in accordance with the Rules of the Association; and
- iii) Before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the Rules of the Association; and
- iv) No payment was made out of a fund referred to in clause 57(b)(xiii) or (xv) of the Industrial Relations Regulation 1992 for a purpose other than the purpose for which the fund was operated and only when approved in accordance with the Rules of the Association; and
- v) Any loans or financial benefits granted to persons holding office in the Association were authorised in accordance with the Rules of the Association; and
- vi) The register of members of the Association was maintained in accordance with the Industrial Relations Act 1996 [NSW].



.....
Scott Weber
Accounting Officer

Dated: 12 April 2018

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Income			
Membership fees received		16,362,046	16,009,757
Rental income		550,461	577,506
Interest income		310,844	272,819
Investment income		928,297	528,720
Gain on sale of investment property		769	751,500
Gain on revaluation of investment property	9	-	425,000
Other income		389,020	462,959
Total Revenue		18,541,437	19,028,261
Expenses			
Affiliation fees		(418,173)	(363,479)
Conference expenses		(91,711)	(207,480)
Branch organising, visits, forums		(342,711)	(278,901)
Computer systems expense		(278,606)	(305,627)
Consulting, accounting and audit fees		(236,636)	(231,572)
Depreciation	8(a)	(294,534)	(284,704)
Employee costs (salary, leave, superannuation)		(7,412,197)	(7,244,569)
Executive expenses		(208,994)	(214,616)
Legal assistance		(3,641,316)	(3,534,442)
Loss on sale of assets		-	(98,735)
Motor vehicle expense		(138,980)	(142,697)
Property maintenance costs		(405,460)	(399,590)
Training and education expenses		(57,763)	(32,948)
Travel expense		(61,707)	(24,863)
Sponsorships and donations		(98,944)	(85,381)
Member benefits expense (death benefit, welfare and scholarship schemes)		(807,485)	(603,388)
Other expenses		(375,686)	(465,385)
Surplus for the year		3,670,534	4,509,884
Other comprehensive income			
<i>Items that will not be reclassified subsequently to surplus or deficit</i>			
Revaluation of property, plant and equipment	8(a)	-	1,415,843
<i>Items that will be reclassified when specific conditions are met</i>			
Net fair value movements for available-for-sale financial assets		(69,316)	76,465
Remeasurements of net defined benefit obligations		19,874	10,432
Other comprehensive income for the year		(49,442)	1,502,740
Total comprehensive income for the year		3,621,092	6,012,624

The accompanying notes form part of these financial statements

Balance Sheet

As at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,762,969	6,796,398
Trade and other receivables	5	401,970	436,787
Financial assets	6	-	5,000,000
Prepayments	7	203,196	206,969
TOTAL CURRENT ASSETS		3,368,135	12,440,154
NON-CURRENT ASSETS			
Financial assets	6	24,638,294	12,366,489
Property, plant and equipment	8	9,015,593	9,071,037
Investment property	9	3,925,000	3,925,000
Employee benefits - Defined Benefit Fund Plan	12	181,723	174,699
TOTAL NON-CURRENT ASSETS		37,760,610	25,537,225
TOTAL ASSETS		41,128,745	37,977,379
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	2,090,098	2,551,403
Employee benefits	11	2,002,395	2,031,124
TOTAL CURRENT LIABILITIES		4,092,493	4,582,527
NON-CURRENT LIABILITIES			
Employee benefits	11	75,696	55,388
TOTAL LIABILITIES		4,168,189	4,637,915
NET ASSETS		36,960,556	33,339,464
EQUITY			
Reserves	13	2,768,054	2,837,371
Retained earnings		34,192,502	30,502,093
TOTAL EQUITY		36,960,556	33,339,464

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year Ended 31 December 2017

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2017	30,502,093	2,760,906	76,465	33,339,464
Result for the year	3,670,534	-	-	3,670,534
Other comprehensive income for the year	19,874	-	(69,316)	(49,442)
Balance at 31 December 2017	34,192,501	2,760,906	7,149	36,960,556
Balance at 1 January 2016	25,981,777	1,345,063	-	27,326,840
Result for the year	4,509,884	-	-	4,509,884
Other comprehensive income for the year	10,432	1,415,843	76,465	1,502,740
Balance at 31 December 2016	30,502,093	2,760,906	76,465	33,339,464

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	17,948,114	16,199,420
Receipts from other income	1,148,726	2,216,965
Payments to suppliers and employees	(16,665,677)	(14,952,195)
Net cash provided by operating activities	20 <u>2,431,163</u>	<u>3,464,190</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	26,587	42,727
Proceeds from sale of investment property	-	3,601,500
Interest received	299,457	794,430
Dividends and distributions received	815,393	528,720
Proceeds from redemption of financial assets	-	11,589,559
Purchase of property, plant and equipment	(264,907)	(243,486)
Purchase of financial assets	(1,800,000)	(5,000,000)
Purchase of available-for-sale investments	(5,541,122)	(12,290,024)
Net cash used by investing activities	<u>(6,464,592)</u>	<u>(976,574)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	(4,033,429)	2,487,616
Cash and cash equivalents at beginning of year	<u>6,796,398</u>	<u>4,308,782</u>
Cash and cash equivalents at end of financial year	4 <u><u>2,762,969</u></u>	<u><u>6,796,398</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 31 December 2017

The financial report covers Police Association of NSW as an individual entity. Police Association of NSW is a not-for-profit Association which is an organisation of employees registered under the Industrial Relations Act 1996 [NSW] ("the Act"). In accordance with the Act, the Association is a body corporate with perpetual succession.

The functional and presentation currency of Police Association of NSW is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Industrial Relations Act 1996 [NSW]. For the purpose of preparing the general purpose financial statements, the Association is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) 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 Association 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.

Interest revenue

Interest is recognised using the effective interest method.

Investment revenue

Dividends are recognised when the entity's right to receive payment is established.

Distributions from managed funds are recognised as income when declared and are then reinvested or received as cash distributions.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(a) Revenue and other income (Continued)

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Membership revenue

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.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to surplus or deficit.

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

(b) Property, plant and equipment

Plant and equipment

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

Under the cost model, the asset is carried at its cost less any accumulated depreciation and any 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.

Land and buildings

Land and buildings are measured using the revaluation model.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Depreciation

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(b) Property, plant and equipment (Continued)

Depreciation (Continued)

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Office equipment	7.5 - 33%
Motor Vehicles	15%

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.

(c) 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.

(d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association 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;
- available-for-sale financial assets; and
- 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.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

All income and expenses relating to financial assets are recognised in the statement of surplus or deficit 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.

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 surplus or deficit.

The Association'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.

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 Association'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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Association's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of surplus or deficit and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of surplus or deficit and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit.

Financial liabilities

The Association'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 Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(e) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(f) Employee benefits

Provision is made for the Association'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.

The Association provides post employment benefits through defined benefit schemes as well as defined contributions schemes.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(f) Employee benefits (Continued)

Defined benefit superannuation schemes

The Pooled Fund holds in trust the investments of the following relevant closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- Police Superannuation Scheme (PSS)

These schemes are all defined benefit schemes at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(g) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of Significant Accounting Policies (Continued)

(i) Investment property

Investment property is held to generate long-term rental yields and capital growth and are not occupied by the Association. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of surplus or deficit and other comprehensive income as other income/expenses.

(j) 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.

(k) Income Tax

No provision for income tax is necessary, as the Association (being a registered Industrial Trade Union) is exempt from tax under s.50(15) of the Income Tax Assessment Act 1997.

(l) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 31 December 2017, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

3 Critical Accounting Estimates and Judgments

Those charged with governance 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 - impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers.

Key estimates - provisions

As described in the accounting policies, provisions 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 taking into account a range of possible outcomes and will vary as further information is obtained.

Notes to the Financial Statements

For the Year Ended 31 December 2017

3 Critical Accounting Estimates and Judgments (Continued)

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.

4 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash on hand	196	196
Cash at bank	2,762,773	6,796,202
	<u>2,762,969</u>	<u>6,796,398</u>

5 Trade and Other Receivables

CURRENT

Trade receivables	215,108	163,067
Other receivables	186,862	273,720
	<u>401,970</u>	<u>436,787</u>

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

6 Financial assets

(a) Held-to-maturity investments

	2017	2016
	\$	\$
CURRENT		
Term deposits	-	5,000,000
NON-CURRENT		
Term deposits	6,800,000	-
	<u>6,800,000</u>	<u>5,000,000</u>

(b) Available-for-sale financial assets

NON-CURRENT		
Cash investments	685,742	-
Listed investments - fair value	17,152,552	12,366,489
	<u>17,838,294</u>	<u>12,366,489</u>

7 Other Assets

Prepayments	73,278	15,993
Prepayment of Association retirement watches	129,918	190,976
	<u>203,196</u>	<u>206,969</u>

8 Property, plant and equipment

	2017	2016
	\$	\$
LAND AND BUILDINGS		
At fair value	8,555,000	8,555,000
Accumulated depreciation	(163,871)	-
Total buildings	<u>8,391,129</u>	<u>8,555,000</u>

Notes to the Financial Statements

For the Year Ended 31 December 2017

8 Property, plant and equipment (Continued)

MOTOR VEHICLES

At cost	535,086	520,470
Accumulated depreciation	(158,732)	(116,711)
Total motor vehicles	<u>376,354</u>	<u>403,759</u>

OFFICE EQUIPMENT

At cost	911,288	721,665
Accumulated depreciation	(663,178)	(609,387)
Total office equipment	<u>248,110</u>	<u>112,278</u>
Total property, plant and equipment	<u>9,015,593</u>	<u>9,071,037</u>

Statement of Changes in Equity

For the Year Ended 31 December 2017

8 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:

	Land and Buildings	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2017				
Balance at the beginning of year	8,555,000	403,759	112,278	9,071,037
Additions	-	78,584	189,623	268,207
Disposals - written down value	-	(29,117)	-	(29,117)
Depreciation expense	(163,871)	(76,872)	(53,791)	(294,534)
Balance at the end of the year	8,391,129	376,354	248,110	9,015,593

Notes to the Financial Statements

For the Year Ended 31 December 2017

9 Investment Property

	2017	2016
Note	\$	\$
Opening balance	3,925,000	6,350,000
Disposals	-	(2,850,000)
Fair value adjustments	-	425,000
Closing balance	3,925,000	3,925,000

10 Trade and Other Payables

Legal fees payable	1,470,741	1,654,461
Trade payables	547,391	806,427
Other payables	71,966	90,515
	2,090,098	2,551,403

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

11 Employee Benefits

CURRENT LIABILITIES

Provision for long service leave	1,398,649	1,388,482
Provision for annual leave	603,746	642,642
	2,002,395	2,031,124

NON-CURRENT LIABILITIES

Provision for long service leave	75,696	55,388
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Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Employee Benefits - Defined Benefit Fund Plan

	2017	2016
	\$	\$
NON-CURRENT ASSETS		
Defined benefit plan	<u>181,723</u>	<u>174,699</u>

(a) Reconciliations

	Defined benefit liability / asset	Plan assets	Present value of the defined benefit obligation	Effect of the asset ceiling
2017	\$	\$	\$	\$
Opening balance	174,699	895,254	(538,319)	182,237
Current service cost	(20,832)	-	(20,832)	-
Actual return of fund assets less interest income	50,370	50,370	-	-
Net interest	7,982	40,592	(24,281)	-
Employer contributions	-	-	-	-
Contributions by participants	-	9,016	(9,016)	-
Actuarial (gains)/losses	(30,532)	-	(30,532)	-
Benefits paid	-	(3,813)	3,813	-
Taxes, premiums and expenses paid	-	(15)	15	-
Interest on effect of asset ceiling	-	-	-	8,328
Change in the effect of the asset ceiling	36	-	-	(36)
Closing balance	<u>181,723</u>	<u>991,404</u>	<u>(619,152)</u>	<u>190,529</u>

(b) Actuarial assumptions

	2017	2016
	%	%
Discount rate	4.10 %	4.57 %
Anticipated return on plan assets	7.40 %	7.40 %
Future salary increases	2.50 %	2.70 %

Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Employee Benefits - Defined Benefit Fund Plan (Continued)

(c) Plan assets

The fair value of total plan assets comprises the following classes of assets:

Class of asset	2017		2016	
	Total \$'000	% of total	Total \$'000	% of total
Short term securities	3,882,213	9.47	2,229,551	5.72
Australian fixed interest	2,824,790	6.89	2,166,440	5.56
International fixed interest	1,477,710	3.61	734,274	1.88
Australian equities	9,183,595	22.41	9,637,534	24.71
International equities	12,135,583	29.61	12,111,060	31.06
Property	3,551,499	8.67	3,517,904	9.02
Alternatives	7,926,781	19.34	8,600,716	22.05
Total	40,982,171	100.00	38,997,479	100.00

13 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

(b) Financial assets reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

Notes to the Financial Statements

For the Year Ended 31 December 2017

14 Capital and Leasing Commitments

Operating Leases

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than 1 year	32,264	49,743
- between 1 year and 5 years	111,815	47,732
	<u>144,079</u>	<u>97,475</u>

Operating leases have been taken out for office equipment. Lease payments are increased on an annual basis to reflect market rentals.

15 Lessor Commitments

Operating lease commitments receivable - Association as lessor

Police Association of NSW leases out its investment property (see note 9) under commercial leases. These non-cancellable leases have terms between 3 and 10 years. All leases include an option for Police Association of NSW to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

- no later than 1 year	263,225	424,248
- between 1 year and 5 years	690,985	571,853
Total minimum lease payments	<u>954,210</u>	<u>996,101</u>

Property held at Pitt Street, Sydney has been sold in March 2018. Refer note 21 for further details.

16 Financial Risk Management

The main risks Police Association of NSW is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

Notes to the Financial Statements

For the Year Ended 31 December 2017

16 Financial Risk Management (Continued)

The Association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

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 \$
Financial Assets			
Cash and cash equivalents	4	2,762,970	6,796,398
Trade and other receivables	5	401,969	436,787
Available-for-sale financial assets at fair value	6(b)	17,838,294	12,366,489
Held to maturity (amortised cost)	6(a)	6,800,000	5,000,000
Total financial assets		27,803,233	24,599,674
Financial Liabilities			
Trade and other payables	10	2,090,098	2,551,403

Liquidity risk

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

The Association'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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Association has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

Notes to the Financial Statements

For the Year Ended 31 December 2017

17 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Police Association of NSW during the year are as follows:

	2017	2016
	\$	\$
Short-term employee benefits (Salary, leave, FBT)	1,445,135	1,296,875
Long-term benefits (LSL)	37,488	38,469
Post-employment benefits (Superannuation)	118,255	107,661
	<u>1,600,878</u>	<u>1,443,005</u>

Key Management Personnel are any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any member of the Executive.

18 Contingencies

(a) Contingent liabilities

As a benefit of membership, the Association provides legal assistance to eligible members, whereby a commitment is made to fund certain legal costs of members. As at the balance date, whilst constructive obligations exist which require an outflow of resources, the stage of completion of the various matters and the variability of the work required to bring them to completion dictates that liabilities cannot be recognised because they cannot be measured reliably.

The Association's external legal advisers have estimated the Association's potential constructive obligation for approved legal assistance for matters in the hands of solicitors and barristers as at 31 December 2017 to be \$1.55 million (2016: \$1.4 million). Given the nature of the matters and the stages of completion, this is an estimate only and cannot be measured reliably. Accordingly, they are not recognised as a liability.

Contingent liabilities are unsecured.

(b) Contingent assets

Where the Association has provided legal assistance to members and costs are awarded in favour of the member, the Association is reimbursed for a portion of its costs incurred, given the warranty associated with such reimbursements, they cannot be measured reliably.

19 Related Parties

The Association provided rent office space to the NSW Police Legacy at a concessional rate in lieu of sponsorship rights.

Notes to the Financial Statements

For the Year Ended 31 December 2017

20 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	Note	2017 \$	2016 \$
Surplus for the year		3,670,537	4,509,884
Cash flows excluded from result attributable to operating activities			
Non-cash flows in result:			
- depreciation	8(a)	294,534	284,704
- investment property revaluation increment	9	-	(425,000)
- net (gain)/loss on disposal of plant and equipment		(769)	22,016
- net gain of sale of investment property		-	(751,500)
- Dividends and interest classified as investing activities		(1,210,399)	(1,323,150)
- (gain)/loss on revaluation of defined benefit plan		-	51,855
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		130,366	163,624
- (increase)/decrease in prepayments		3,771	(19,780)
- increase/(decrease) in trade and other payables		(461,305)	805,998
- increase/(decrease) in employee benefits		4,428	145,539
Cashflow from operations		<u>2,431,163</u>	<u>3,464,190</u>

21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 12 April 2018 by the Executive.

Subsequent to balance date, the Association disposed of the Investment Property referred to at note 9, following an unsolicited offer made by an independent third party. As at the date of this financial report, contracts have been exchanged and settlement has been made. As a result, a capital gain of approximately \$3M has been realised in March 2018. Having carefully considered the fair value of this investment property as at balance date – in conjunction with the most recent valuations and the subsequent settlement – the Executive remain of the opinion that the resultant gain, is a consequence of matters and circumstances that occurred subsequent to balance date. Accordingly, the carrying amount of this investment recorded at note 9 appropriately reflects its fair value as at 31 December 2017.

Other than the above matters, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

Notes to the Financial Statements

For the Year Ended 31 December 2017

22 Information to be provided to Members or Registrar

In accordance with the requirements of the Industrial Relations Act, 1991 [NSW] the attention of members is drawn to the provisions of SubSections (1) and (2) of Section 512 which read as follows:

1. A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.
2. An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

23 Additional disclosures

	2017	2016
	\$	\$
Income		
Levies and voluntary contributions	-	-
Amount of donations or grants	-	-
Expenses		
Levies	-	-
Remuneration of employees	7,514,105	7,244,569
Auditor's remuneration - audit services	37,300	26,500
Auditor's remuneration - other services	35,000	-
Penalties under Industrial Relations Acts or Regulations	-	-
Assets		
Investments in Government, municipal and other public debentures, stock or bonds	-	-

It is confirmed that:

1. The Association's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit;
2. The Association has not agreed and does not have an agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern; and
3. The Association has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.

Members are advised that the Fair Work Commission have determined that Section 254 of the Fair Work (Registered Organisations Act) 2009 required that all members of the Police Federation of Australia, NSW Police Branch be provided with an Operating Report. A copy of the report has been published on the PANSW website www.pansw.org.au. Alternatively, a hard copy can be posted to members free of charge by contacting the Police Association's Information and Organising Centre on 02 9265 6777.

Independent Audit Report to the members of Police Association of NSW

Opinion

We have audited the financial report of Police Association of NSW ("the Association"), which comprises the balance sheet as at 31 December 2017, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Executive Certificate.

We report that we have inspected and audited the accounting records of the Police Association of NSW in relation to the financial year ended 31 December 2017 and report that in our opinion:

- (a) Satisfactory accounting records have been kept by the Association, so far as appears from our examination of these books, including:
 - (i) records of the sources and nature of the income of the Association (including income from members); and
 - (ii) records of the nature and purpose of the expenditure of the Association.

In our opinion, the financial statements and other statements prepared under Section 510 of the Industrial Relations Act 1991 (NSW) have been properly drawn up so as to give a true and fair view of:

- (b)
 - (i) the financial affairs of the Association as at 31 December 2017; and
 - (ii) the income and expenditure, results and cash flows of the Association for the year ended on that date; and
 - (iii) all information, being information which was reasonably wanted for the purpose of this audit, which was required and sought by us or by any person authorised for the purpose of the audit, was provided.
- (c) The financial statements have been prepared in accordance with Australian Accounting Standards.

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 Association 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.

Responsibilities of the Executive for the Financial Report

The Executive of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Industrial Relations Act 1996 [NSW]* and for such internal control as the Executive 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.

Independent Audit Report to the members of Police Association of NSW

In preparing the financial report, the Executive are responsible for assessing the Association'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 Executive either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executives.
- Conclude on the appropriateness of the Executives' 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 Association'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 Association 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.



Daley & Co
chartered accountants

Integrated Financial Solutions

**Independent Audit Report
to the members of Police Association of NSW**

We communicate with the Executive 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.

Daley & Co.

Daley & Co
Chartered Accountants

Michael Muir

Michael Muir
Partner

Wollongong

12 April 2018

Liability limited by a scheme approved under Professional Standards Legislation

Compilation Report

31 December 2017

COMPILATION REPORT TO POLICE ASSOCIATION OF NSW

We have compiled the accompanying general purpose financial statements of Police Association of NSW, which comprise the detailed income statement as at 31 December 2017. These have been prepared in accordance with the Australian Accounting Standards.

The Responsibility of the Executive

The Executive of Police Association of NSW is solely responsible for the information contained in the general purpose financial statements and the reliability, accuracy and completeness of the information.

Our Responsibility

On the basis of the information provided by the Executive we have compiled the accompanying general purpose financial statements in accordance with the financial reporting framework and APES 315 *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with Australian Accounting Standards. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The general purpose financial statements were compiled for the benefit of the Executive who is responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the general purpose financial statements.

Daley & Co.
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Daley & Co

12 April 2018

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Police Association of NSW

ABN 86 047 021 267

For the Year Ended 31 December 2017

Detailed Income Statement

	2017	2016
	\$	\$
Income		
Membership fees received - Full membership	16,362,046	16,009,757
Interest income	310,844	272,819
Dividend income	928,297	528,720
Rentals received - Elizabeth Street, Sydney	258,071	183,897
Rentals received - Pitt Street, Sydney	292,389	256,180
Rentals received - Belmont Street, Sutherland	-	137,428
Other income	386,364	459,597
Jewellery sales	595	225
Advertising fees received	2,062	3,137
Gain on sale of investment property	769	751,500
Fair value adjustments	-	425,000
	<u>18,541,437</u>	<u>19,028,260</u>
Affiliation fees		
PFA	(296,705)	(283,354)
Unions NSW	(59,355)	(59,059)
Others	(62,113)	(21,066)
	<u>(418,173)</u>	<u>(363,479)</u>
Biennial conference		
Conference expenses	<u>(91,711)</u>	<u>(207,480)</u>
Branch organising, visits, forums		
Branch visits	(54,803)	(53,746)
Branch forums/focus	(253,532)	(148,741)
Representation/promotion	(34,376)	(76,415)
	<u>(342,711)</u>	<u>(278,902)</u>
Computer systems expenses		
Computer systems expenses	<u>(278,606)</u>	<u>(305,627)</u>
Consulting, accounting and audit fees		
Consulting fees	(155,720)	(146,829)
Accounting services	(6,771)	(19,585)
Audit fees	(58,650)	(36,500)
Legal fees	(15,495)	(28,658)
	<u>(236,636)</u>	<u>(231,572)</u>

Police Association of NSW

ABN 86 047 021 267

For the Year Ended 31 December 2017

Detailed Income Statement

	2017	2016
	\$	\$
Depreciation expense		
Depreciation expense	(294,534)	(284,704)
Employee costs (salary, leave, superannuation, on costs, etc)		
Salaries, allowances & packaging - Association	(4,267,667)	(4,736,754)
Superannuation contributions	(817,949)	(851,728)
Leave provisions	(587,478)	(590,145)
Secondment	(1,276,549)	(373,664)
Payroll tax	(284,471)	(330,907)
Other employee costs	(12,849)	(62,854)
Fring Benefits	(165,234)	(298,518)
	(7,412,197)	(7,244,570)
Executive expenses		
Police Federation support	(5,257)	(16,348)
Travel and motor vehicle expenses	(25,798)	(15,501)
Branch visits and airfares	(29,246)	(34,745)
Committee meeting expenses	(31,613)	(26,444)
Executive meeting and representation	(93,936)	(82,071)
Telephone and dry cleaning	(20,187)	(31,538)
Training and education expenses	(2,957)	(7,970)
	(208,994)	(214,617)
Legal assistance		
Legal fees - Solicitor	(2,081,021)	(2,110,124)
Legal fees - Counsel	(1,598,339)	(1,468,532)
Legal reimbursements	213,539	163,823
Disbursements	(175,495)	(119,608)
	(3,641,316)	(3,534,441)
Loss on disposal of assets		
Loss on disposal of assets	-	(98,735)

Police Association of NSW

ABN 86 047 021 267

For the Year Ended 31 December 2017

Detailed Income Statement

	2017	2016
	\$	\$
Member benefits (death benefit, welfare and scholarship schemes)		
Death benefit scheme	(158,508)	(115,344)
Trust payments	(140,000)	(72,000)
Scholarships	(146,500)	(109,955)
Welfare assistance scheme	(154,870)	(83,114)
Retirement gifts and Association merchandise	(122,667)	(153,904)
Care program	(25,415)	(19,530)
Police News	(13,543)	(14,548)
Pocket diary	(26,632)	(24,605)
Other expenses	(19,350)	(10,389)
	<u>(807,485)</u>	<u>(603,389)</u>
Motor vehicle expenses		
Motor vehicle expenses	<u>(138,980)</u>	<u>(142,697)</u>
Property maintenance costs		
Elizabeth St, Sydney	(290,946)	(227,725)
Pitt St, Sydney	(114,514)	(107,470)
Sutherland	-	(64,395)
	<u>(405,460)</u>	<u>(399,590)</u>
Sponsorships and donations		
Sponsorships and donations	<u>(98,944)</u>	<u>(85,381)</u>
Training and education expenses		
Training and education expenses	<u>(57,763)</u>	<u>(32,948)</u>
Travel expenses		
Travel expenses	<u>(61,707)</u>	<u>(24,863)</u>

Police Association of NSW

ABN 86 047 021 267

For the Year Ended 31 December 2017

Detailed Income Statement

	2017	2016
	\$	\$
Other expenses		
Telephone and fax expense	(67,532)	(158,858)
Printing and stationery expense	(44,033)	(32,917)
Operating lease expense	(62,905)	(53,925)
Courier charges	(9,507)	(6,540)
Staff amenities expense	(6,411)	(15,758)
Insurance expense	(67,871)	(96,653)
Investment management costs	(59,395)	(43,517)
Magazines, journals and periodicals expense	(14,212)	(14,885)
Repairs and maintenance expense	(31,032)	(34,323)
Bank charges	(628)	(1,026)
Sundry expenses	(12,160)	(6,983)
	<u>(375,686)</u>	<u>(465,385)</u>
Total expense	<u>(14,870,903)</u>	<u>(14,518,380)</u>
Profit before income tax	<u><u>3,670,534</u></u>	<u><u>4,509,880</u></u>

POLICE ASSOCIATION OF NSW

SUMMARY OF FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2017

The financial statements of the Police Association of NSW have been audited in accordance with the provisions of the *Industrial Relations Act 1991*, and the following summary is provided for members in accordance with Section 517(2) of the Act, as applied by section 282(3) of the *Industrial Relations Act, 1996*.

A copy of the Financial Statements, including the independent Audit Report, will be supplied free of charge to members upon request. Certificates required to be given under the Act by the Accounting Officer and the Executive have been completed in accordance with the provisions of the Act and contain no qualifications.

	2017 \$	2016 \$
SUMMARY STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME		
Membership revenue	16,362,046	16,009,757
Other income	2,179,391	3,018,504
TOTAL INCOME	<u>18,541,437</u>	19,028,261
LESS TOTAL EXPENDITURE	14,870,903	14,518,377
RESULT FOR THE YEAR	<u>3,670,534</u>	4,509,884
Revaluation of property, plant and equipment	-	1,415,843
Net fair value movements for available-for-sale financial assets	(69,316)	76,465
Re-measurement of net defined benefit obligations	19,874	10,432
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS	<u>3,621,092</u>	6,012,624
BALANCE SHEET AS AT 31 DECEMBER 2017		
TOTAL EQUITY	<u>36,960,556</u>	33,339,464
Represented by:		
Current assets	3,368,135	12,440,154
Non-current assets	37,760,610	25,537,225
TOTAL ASSETS	<u>41,128,745</u>	37,977,379
Current liabilities	4,092,493	4,582,527
Non-current liabilities	75,696	55,388
TOTAL LIABILITIES	<u>4,168,189</u>	4,637,915
NET ASSETS	<u>36,960,556</u>	33,339,464

ADDITIONAL INFORMATION UNDER THE RULES OF THE ASSOCIATION FOR THE YEAR ENDED 31 DECEMBER 2017

INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the *Industrial Relations Act, 1991* [NSW] the attention of members is drawn to the provisions of Sub-Sections (1) and (2) of Section 512 which read as follows:-

1. A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.
2. An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

Members are advised that the Fair Work Commission have determined that Section 254 of the *Fair Work (Registered Organisations Act) 2009* required that all members of the Police Federation of Australia, NSW Police Branch be provided with an Operating Report. A copy of the report has been published on the PANSW website www.pansw.org.au. Alternatively, a hard copy can be posted to members free of charge by contacting the Police Association's Information and Organising Centre on 02 9265 6777.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF THE POLICE ASSOCIATION OF NSW

Opinion

The summary financial statements, which comprise the summary balance sheet as at 31 December 2017 and the summary statement of surplus or deficit and other comprehensive income for the year then ended are derived from the audited financial report of Police Association of NSW for the year ended 31 December 2017. In our opinion, the accompanying summary of financial statements is a fair summary of the audited financial report.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Section 510 of the *Industrial Relations Act 1991* (NSW) or Australian Accounting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon.

The Audited Financial Report and Our Report Thereon

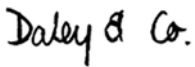
We expressed an unmodified audit opinion on the audited financial report in our report dated 12 April 2018. The audited financial report is included in the 2017 Annual Report. Our Independent Auditor's Report to the members dated 12 April 2018 on the Financial Report did not contain any particulars of any deficiency, failure or shortcoming as referred to in the *Industrial Relations Act 1991* [NSW], as applied by Section 282(3) of the *Industrial Relations Act, 1996*.

Executive's Responsibility for the Summary Financial Statements

The Executive is responsible for the preparation of the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.



Daley & Co

Chartered Accountants



Michael Mundt

Partner

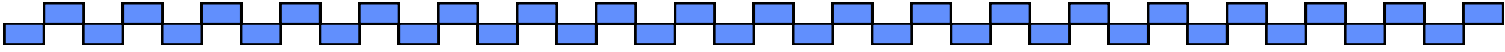
12 April 2018
Wollongong

Liability limited by a scheme approved under Professional Standards Legislation

POLICE FEDERATION OF AUSTRALIA NEW SOUTH WALES POLICE BRANCH

Level 4
154 Elizabeth Street
SYDNEY NSW 2000

Telephone : (02) 9265 6777
Facsimilie : (02) 9265 6789



PR:SW
Ref: PFA Rules
17 May 2017

The Commissioner
Registered Organisations Commission
Tribunal Services and Organisations Branch
GPO Box 2983
Melbourne VIC 3001

Via Email regorgs@roc.gov.au

Dear Sir/Madam

SUBJECT: APPLICATION PURSUANT TO s.269 OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

The Police Federation of Australia NSW Police Branch makes application, pursuant to s.269 of Fair Work (Registered Organisations) Act 2009,

RELIEF SOUGHT

- That the Commissioner issue a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of the associated State body.
- That the Reporting Unit is taken to have satisfied Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009

GROUNDINGS AND REASONS

S.269 applies to the PFA, NSW Police Branch (hereinafter referred to as "Reporting Unit") on the following basis:

1. The Police Association of NSW (hereinafter referred to as the "associated State body") is registered as an industrial organisation under the *Industrial Relations Act (NSW) 1996*.
2. The associated State body is composed of substantially the same members as the Reporting Unit.

3. The officers of the associated State body are substantially the same as the officers of the Reporting Unit.

The Reporting Unit is taken to have satisfied Part 3 of Chapter 8 of the Act on the following basis:

a. The associated State body has, in accordance with the *Industrial Relations Act (NSW) 1996*, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members, and lodged the audited accounts with the Registry of the New South Wales Industrial Relations Commission and

b. A copy of the audited accounts is attached hereto (See Attachment 1);

c. All members of the Reporting Unit and the associated State body, at substantially the same time, have been provided a copy of the audited accounts, free of charge, in accordance with s.510 of the *Industrial Relations Act (NSW) 1996*, by publishing the Reports on the Reporting Unit and Associated State Body's website, and publishing the Summary of Financial Information for the Year Ended 31 December 2017 published (Attachment 2) in the Reporting Unit and Associated State Body's monthly Journal.

d. All members of the Reporting Unit have been provided with a copy of the Operating Report (Attachment 3) by publishing on the Reporting Unit and Associated State Body's website. Members have been notified that this report has been published, by advising that the report can be obtained on the website and within the audited accounts (Attachment 1), and the Summary of Financial Information for the Year Ended 31 December 2017 published in the Associated State Body's monthly Journal.

e. The financial affairs of the Reporting Unit are encompassed by the financial affairs of the associated State body for the financial year ending 31 December 2017.

The Police Federation of Australia, NSW Police Branch, submits that based on the grounds and reasons stated herein and the supporting documentation, the Branch satisfies s.269 and consequently seeks the relief as sought in this application.

If you have any queries with regard to this application or seek further supporting evidence, please contact this office.

Yours faithfully



SCOTT WEBER
Branch President



18 January 2018

Mr Scott Weber
President
Police Federation of Australia-New South Wales Police Branch

By Email: Scott.Weber@pansw.org.au

Dear Mr Weber,

**Re: Lodgement of Financial Report - [FR2017/348]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Police Federation of Australia-New South Wales Police Branch (the reporting unit) ended on 31 December 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 30 June 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

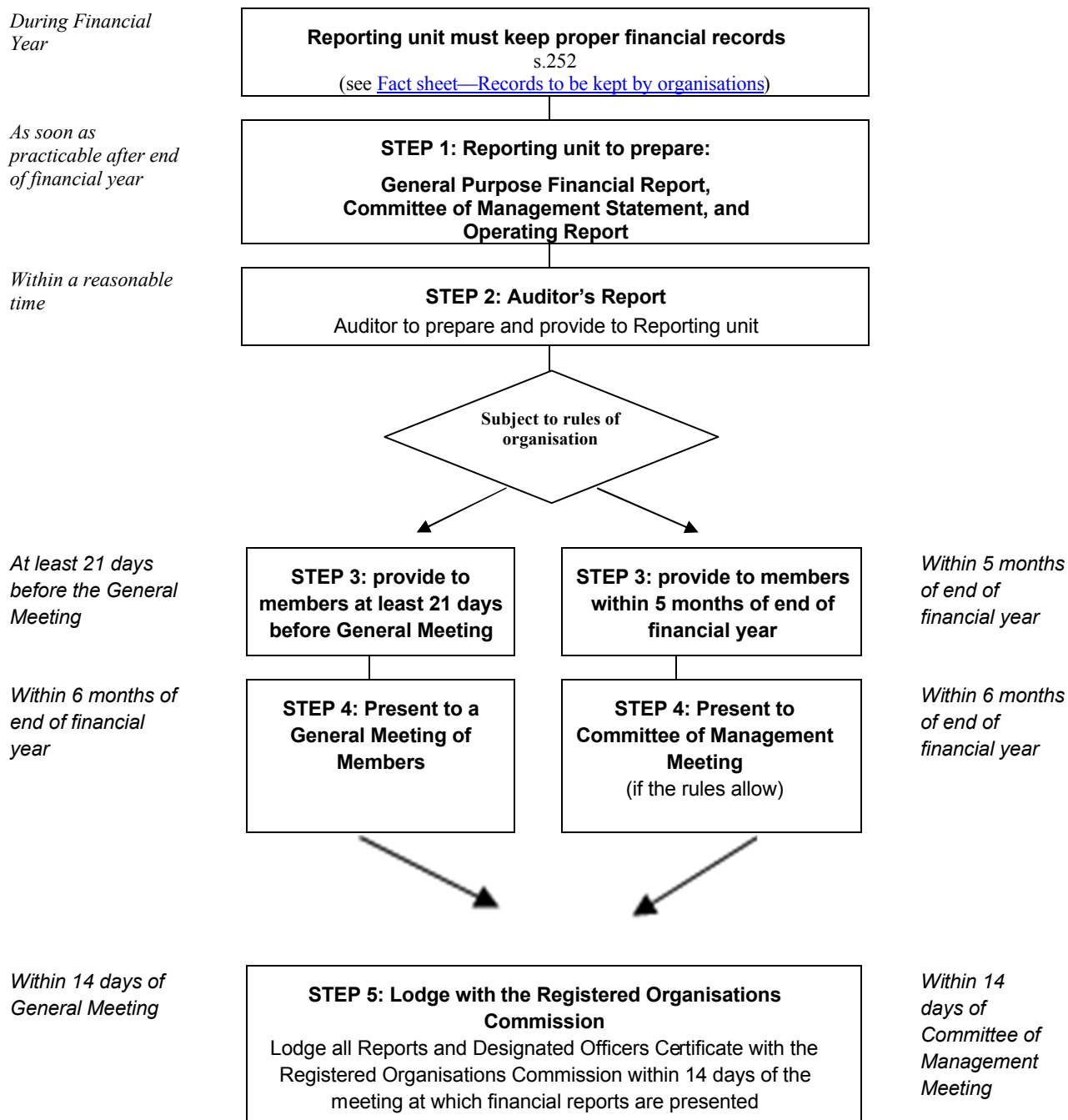
Yours faithfully,

Sam Gallichio
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:





- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice