



Australian Government
Registered Organisations Commission

15 July 2019

Tony King
Branch President
Police Federation of Australia-New South Wales Police Branch
Sent via email: infocentre@pansw.org.au

Dear Tony King,

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 2018 (FR2018/351)

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 2018. The application was lodged with the Registered Organisations Commission on 20 June 2019.

I have granted the application. The certificate is attached.

If you wish to discuss this matter, please contact me on 1300 341 665 or by email at regorgs@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'CE', with a small horizontal line to the right.

Chris Enright
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
(FR2018/351)

MR ENRIGHT

MELBOURNE, 15 JULY 2019

Reporting unit's financial affairs encompassed by associated State body

[1] On 20 June 2019 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (**the Act**) by Police Federation of Australia-New South Wales Police Branch (**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 2018.

[2] On 20 June 2019, 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 (NSW) 1996*, 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 2018, 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 NEW SOUTH WALES POLICE BRANCH

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SYDNEY NSW 2000

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PG: AJK
Ref: ROC 269
20 June 2019

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

GROUND 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 2018 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 2018 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 2018.

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


ANTHONY KING
Branch President

Attachment 1

Police Association of NSW

ABN 86 047 021 267

State Registered Trade Union

Financial Statements

For the Year Ended 31 December 2018

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For the Year Ended 31 December 2018

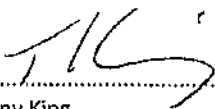
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Executive Certificate

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 2018, 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 2018; and
- ii) In the opinion of the Executive, meetings of the Executive were held during the year ended 31 December 2018 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:


.....
Tony King
President


.....
Craig Partridge
Treasurer

Dated: 2 April 2019

Certificate by Accounting Officer

I, Tony King, 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 16,278 persons that were full members of the Association as at the end of the financial year ended 31 December 2018, 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 2018; 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]*.


.....
Tony King
Accounting Officer

Dated: 2 April 2019

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Income			
Membership fees received		16,770,739	16,362,046
Rental income		283,274	550,461
Interest income		425,601	310,844
Investment income		679,456	928,297
Net gain on sale of assets		2,999,343	769
Other income		122,713	389,020
Total Revenue		21,281,126	18,541,437
Expenses			
Affiliation fees		(475,268)	(418,173)
Conference expenses		(314,247)	(91,711)
Branch organising, visits, forums		(488,022)	(342,711)
Computer systems expense		(277,584)	(278,606)
Consulting, accounting and audit fees		(236,400)	(236,636)
Depreciation	9(a)	(294,856)	(294,534)
Employee costs (salary, leave, superannuation)		(8,674,014)	(7,412,197)
Executive expenses		(267,554)	(208,994)
Legal assistance		(1,634,866)	(3,641,316)
Motor vehicle expense		(163,358)	(138,980)
Property maintenance costs		(319,563)	(405,460)
Training and education expenses		(40,063)	(57,763)
Travel expense		(52,049)	(61,707)
Sponsorships and donations		(85,389)	(98,944)
Loss on revaluation of investments		(602,545)	-
Member benefits expense (death benefit, welfare and scholarship schemes)		(977,928)	(807,485)
Other expenses		(424,312)	(375,686)
Surplus for the year		5,953,108	3,670,534
Other comprehensive income			
<i>Items that will not be reclassified subsequently to surplus or deficit</i>			
Revaluation of property, plant and equipment	9(a)	3,950,000	-
<i>Items that will be reclassified when specific conditions are met</i>			
Net fair value movements for available-for-sale financial assets	2(d)	-	(69,316)
Remeasurements of net defined benefit obligations		8,926	19,874
Other comprehensive income for the year		3,958,926	(49,442)
Total comprehensive income for the year		9,912,034	3,621,092

The accompanying notes form part of these financial statements

Balance Sheet

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,787,604	2,762,969
Trade and other receivables	6	302,472	401,970
Financial assets	7	13,914,915	-
Prepayments	8	369,356	203,196
TOTAL CURRENT ASSETS		19,374,347	3,368,135
NON-CURRENT ASSETS			
Financial assets	7	18,304,149	24,638,294
Property, plant and equipment	9	12,882,012	9,015,593
Investment property	10	-	3,925,000
Employee benefits - Defined Benefit Fund Plan	13	175,796	181,723
TOTAL NON-CURRENT ASSETS		31,361,957	37,760,610
TOTAL ASSETS		50,736,304	41,128,745
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,569,224	2,090,098
Employee benefits	12	2,181,232	2,002,395
TOTAL CURRENT LIABILITIES		3,750,456	4,092,493
NON-CURRENT LIABILITIES			
Employee benefits	12	113,258	75,696
TOTAL LIABILITIES		3,863,714	4,168,189
NET ASSETS		46,872,590	36,960,556
EQUITY			
Reserves	14	6,710,906	2,768,055
Retained earnings		40,161,684	34,192,501
TOTAL EQUITY		46,872,590	36,960,556

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year Ended 31 December 2018

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 31 December 2017	34,192,501	2,760,906	7,149	36,960,556
Adjustment on adoption of AASB 9	7,149	-	(7,149)	-
Balance at 1 January 2018	34,199,650	2,760,906	-	36,960,556
Result for the year	5,953,108	-	-	5,953,108
Other comprehensive income for the year	8,926	-	-	8,926
Fair value movements on asset revaluations	-	3,950,000	-	3,950,000
Balance as at 31 December 2018	40,161,684	6,710,906	-	46,872,590
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

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	18,547,311	17,948,114
Receipts from other income	405,987	1,148,726
Payments to suppliers and employees	(17,166,018)	(16,665,677)
Net cash provided by operating activities	23 <u>1,787,280</u>	<u>2,431,163</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	102,534	26,587
Proceeds from sale of investment property	7,000,000	-
Interest received	453,453	299,457
Dividends and distributions received	698,910	815,393
Purchase of property, plant and equipment	(389,466)	(264,907)
Purchase of financial assets	(7,628,076)	(1,800,000)
Purchase of available-for-sale investments	-	(5,541,122)
Net cash provided/(used by) investing activities	<u>237,355</u>	<u>(6,464,592)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	2,024,635	(4,033,429)
Cash and cash equivalents at beginning of year	<u>2,762,969</u>	<u>6,796,398</u>
Cash and cash equivalents at end of financial year	5 <u><u>4,787,604</u></u>	<u><u>2,762,969</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 31 December 2018

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 2018

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.

(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 or on a biennial basis, which comes first.

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.

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(b) Property, plant and equipment (Continued)

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 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 surplus or deficit where transaction costs are expensed as incurred).

(i) 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

The Association classifies its financial assets into the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through surplus or deficit), and
- Those to be measured at amortised cost;

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

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 that are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets in the balance sheet.

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 surplus or deficit. Gain or loss on derecognition is recognised in surplus or deficit.

Financial assets through surplus or deficit

For assets measured at fair value, gains and losses can either be recorded in surplus or deficit or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Association has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

All financial assets not classified as measured at amortised cost or fair value through surplus or deficit.

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 Association 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 Association's historical experience and informed credit assessment and including forward looking information.

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

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

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets 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 Association 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 Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

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

Where the Association 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 surplus or deficit.

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.

(ii) Financial liabilities

The Association 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 Association comprise of trade payables.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

(iii) Accounting policies prior to 1 January 2018

The Association has applied AASB 9 prospectively. As a result, the comparative information provided continues to be accounted for in accordance with the Association's previous accounting policy below.

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 surplus or deficit 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 surplus or deficit or in other comprehensive income.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

(iii) Accounting policies prior to 1 January 2018 (Continued)

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 surplus or deficit.

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.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in surplus or deficit 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 surplus or deficit.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (Continued)

(iii) Accounting policies prior to 1 January 2018 (Continued)

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 surplus or deficit.

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 surplus or deficit as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(e) Impairment of non-financial assets (Continued)

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

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

(f) 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 balance sheet.

Other long-term employee benefit obligations

The liabilities for long service leave and annual 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 surplus or deficit.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(f) Employee benefits (Continued)

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in surplus or deficit 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.

(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, reviewed annually, with reference to independent valuations. 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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

(l) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 31 December 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

(m) 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 Association has decided not to early adopt these Standards. The following summarises those future requirements, and their impact on the Association where the standard is relevant:

AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

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

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

AASB 16 Leases

The standard will affect primarily the accounting for the Association's operating leases. However, the Association has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Association's surplus and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (Continued)

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. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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.

Key estimates - employee entitlements

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 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.

4 Result for the Year

The result for the year includes the following specific expenses:

	2018	2017
	\$	\$
Cost of goods sold	17,435	118,220
Superannuation	952,901	817,949
Rental expense on operating leases:		
- Minimum lease payments	31,276	62,905

Notes to the Financial Statements

For the Year Ended 31 December 2018

5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	196	196
Cash at bank	4,787,408	2,762,773
	<u>4,787,604</u>	<u>2,762,969</u>

6 Trade and Other Receivables

CURRENT		
Trade receivables	162,916	215,108
Other receivables	139,556	186,862
	<u>302,472</u>	<u>401,970</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.

7 Financial assets

CURRENT		
<i>Financial assets at amortised cost</i>		
Term deposits	13,914,915	-
NON-CURRENT		
<i>Financial assets held to maturity</i>		
Term deposits	-	6,800,000
<i>Financial assets at fair value through surplus and deficit</i>		
Cash investments	153,909	-
Listed investments	18,150,240	-
<i>Financial assets available for sale</i>		
Cash investments	-	685,742
Listed investments	-	17,152,552
	<u>18,304,149</u>	<u>24,638,294</u>
	<u>32,219,064</u>	<u>24,638,294</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

7 Financial assets (Continued)

Refer to note 19 regarding the change in accounting policy.

The Association has not restated comparatives when initially applying AASB9, the comparative information has been prepared under AASB9 *Financial Instruments: Recognition and Measurement*.

8 Other Assets

	2018	2017
	\$	\$
Prepayments	220,112	73,278
Prepayment of Association retirement watches	149,244	129,918
	<u>369,356</u>	<u>203,196</u>

9 Property, plant and equipment

LAND AND BUILDINGS

At fair value	12,505,000	8,555,000
Accumulated depreciation	(305,000)	(163,871)
	<u>12,200,000</u>	<u>8,391,129</u>

MOTOR VEHICLES

At cost	766,095	535,086
Accumulated depreciation	(265,798)	(158,732)
	<u>500,297</u>	<u>376,354</u>

OFFICE EQUIPMENT

At cost	932,047	911,288
Accumulated depreciation	(750,332)	(663,178)
	<u>181,715</u>	<u>248,110</u>
	<u>12,882,012</u>	<u>9,015,593</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

9 Property, plant and equipment (Continued)

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

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

	Land and Buildings	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2018				
Balance at the beginning of year	8,391,129	376,354	248,110	9,015,593
Revaluation increase recognised in equity	3,950,000	-	-	3,950,000
Additions	-	368,707	20,759	389,466
Disposals	-	(137,699)	(40,492)	(178,191)
Depreciation expense	(141,129)	(107,065)	(46,662)	(294,856)
Balance at the end of the year	12,200,000	500,297	181,715	12,882,012

10 Investment Property

	2018	2017
	\$	\$
Opening balance - at fair value	3,925,000	3,925,000
Disposals	(3,925,000)	-
Closing balance	-	3,925,000

11 Trade and Other Payables

Legal fees payable	1,245,646	1,470,741
Trade payables	271,392	547,391
Other payables	52,186	71,966
	1,569,224	2,090,098

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

12 Employee Benefits

	2018	2017
	\$	\$
CURRENT LIABILITIES		
Provision for long service leave	1,570,097	1,398,649
Provision for annual leave	611,135	603,746
	<u>2,181,232</u>	<u>2,002,395</u>
NON-CURRENT LIABILITIES		
Provision for long service leave	<u>113,258</u>	<u>75,696</u>

13 Employee Benefits - Defined Benefit Fund Plan

NON-CURRENT ASSETS		
Defined benefit plan	<u>175,796</u>	<u>181,723</u>

(a) Reconciliations

2018	Defined benefit liability / asset	Plan assets	Present value of the defined benefit obligation	Effect of the asset ceiling
	\$	\$	\$	\$
Opening balance	181,723	991,404	(619,152)	190,529
Current service cost	(22,304)	-	(22,304)	-
Actual return of fund assets less interest income	(26,503)	(26,503)	-	-
Net interest	7,451	40,497	(25,234)	7,812
Employer contributions	-	-	-	-
Contributions by participants	-	8,072	(8,072)	-
Actuarial (gains)/losses	(13,643)	-	(13,643)	-
Benefits paid	-	2,220	(2,220)	-
Taxes, premiums and expenses paid	-	905	(905)	-
Change in the effect of the asset ceiling	49,072	-	-	(49,072)
Closing balance	<u>175,796</u>	<u>1,016,595</u>	<u>(691,530)</u>	<u>149,269</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

13 Employee Benefits - Defined Benefit Fund Plan (Continued)

(b) Actuarial assumptions

	2018	2017
	%	%
Discount rate	3.96 %	4.10 %
Anticipated return on plan assets	7.40 %	7.40 %
Future salary increases	2.70 %	2.50 %

(c) Plan assets

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

Class of asset	2018		2017	
	Total \$'000	% of total	Total \$'000	% of total
Short term securities	3,845,538	9.80	3,882,213	9.47
Australian fixed interest	2,199,199	5.60	2,824,790	6.89
International fixed interest	1,371,539	3.49	1,477,710	3.61
Australian equities	7,580,239	19.32	9,183,595	22.41
International equities	10,273,844	26.18	12,135,583	29.61
Property	3,485,411	8.88	3,551,499	8.67
Alternatives	10,488,521	26.73	7,926,781	19.34
Total	39,244,291	100.00	40,982,171	100.00

14 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

Up until 31 December 2017, changes in the fair value of available for sale investments are recognised in other comprehensive income; financial asset reserve, with amounts reclassified to surplus or deficit on disposal of the investment or when an impairment arises. Refer note 2(d)(iii).

Notes to the Financial Statements

For the Year Ended 31 December 2018

15 Capital and Leasing Commitments

Operating Leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than 1 year	32,264	32,264
- between 1 year and 5 years	75,551	111,815
	<u>107,815</u>	<u>144,079</u>

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

16 Lessor Commitments (Receivable)

Operating lease commitments receivable - Association as lessor

Police Association of NSW leases out its investment property (see note 10) 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	259,591	263,225
- between 1 year and 5 years	656,582	690,985
Total minimum lease payments	<u>916,173</u>	<u>954,210</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

17 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 and equity price risk.

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

	Note	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	5	4,787,604	2,762,970
Trade and other receivables	6	302,472	401,969
Available-for-sale financial assets	7	18,304,149	-
Financial assets - available-for-sale	7	-	17,838,294
Financial assets - at amortised cost	7	13,914,915	-
Financial assets - held to maturity	7	-	6,800,000
Total financial assets		37,309,140	27,803,233
Financial Liabilities			
- Trade and other payables	11	1,569,224	2,090,098

18 Fair Value Measurement

Net Fair Values

The fair values of financial assets and financial liabilities are materially consistent with their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated.

Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Change in Accounting Policy

In the current financial year, the Association adopted the mandatory AASB9: *Financial Instruments* change in accounting.

The Association has not restated comparatives when initially applying AASB 9: the comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 December 2018 is as follows:

	Previously stated	1 January 2018 Adjustments	Restated
	\$	\$	\$
Balance Sheet			
Financial assets - held to maturity	6,800,000	(6,800,000)	-
Financial assets - at amortised cost	-	6,800,000	6,800,000
Financial assets - available for sale	17,838,294	(17,838,294)	-
Financial assets - fair value through profit and loss	-	17,838,294	17,838,294
Current assets	<u>3,368,135</u>	-	<u>3,368,135</u>
Total assets	<u>41,128,745</u>	-	<u>41,128,745</u>
Net assets	<u>36,960,556</u>	-	<u>36,960,556</u>

20 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of Police Association of NSW during the year was \$1,875,586 (2017: \$1,600,878).

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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

21 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. 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 2018 to be \$1.7 million (2017: \$1.55 million). Given the nature of the matters and the stages of completion, this is an estimate only and cannot be measured reliably. Accordingly, whilst constructive obligations exist which require an outflow of resources, due to the reliability of the estimates and the variability of the work required to bring them to completion dictates that liabilities cannot be recognised.

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.

22 Related Parties

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

23 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	Note	2018 \$	2017 \$
Surplus for the year		5,953,108	3,670,534
Cash flows excluded from result attributable to operating activities			
Non-cash flows in result:			
- depreciation	9(a)	294,856	294,534
- net loss/(gain) on disposal of plant and equipment		75,657	(769)
- net gain of sale of investment property		(3,075,000)	-
- Dividends and interest classified as investing activities		(1,105,057)	(1,210,399)
Changes in assets and liabilities:			
- decrease/(increase) in trade and other receivables		99,498	130,369
- (increase)/decrease in prepayments		(166,160)	3,771
- (decrease)/increase in trade and other payables		(520,874)	(461,305)
- increase/(decrease) in employee benefits		231,252	4,428
Cashflow from operations		<u>1,787,280</u>	<u>2,431,163</u>

24 Events Occurring After the Reporting Date

The financial report was authorised for issue on 2 April 2019 by the Executive.

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.

25 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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

26 Additional disclosures

	2018	2017
	\$	\$
Income		
Levies and voluntary contributions	-	-
Amount of donations or grants	-	-
Expenses		
Levies	-	-
Remuneration of employees	8,681,465	7,514,105
Auditor's remuneration - audit services	29,500	37,300
Auditor's remuneration - other services	4,950	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 2018, 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 2018 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 2018; 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 - Reduced Disclosure Requirements.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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
Chartered Accountants


Michael Mundt
Partner

Wollongong

2 April 2019

Liability limited by a Scheme approved under Professional Standards Legislation

Compilation Report

31 December 2018

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 2018. 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.

Daley & Co
2 April 2019

Liability limited by a Scheme approved under Professional Standards Legislation

Detailed Income Statement

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Income		
Membership fees received - Full membership	16,770,739	16,362,046
Interest income	425,601	310,844
Dividend income	679,456	928,297
Rentals received - Elizabeth Street, Sydney	207,607	258,071
Rentals received - Pitt Street, Sydney	75,667	292,389
Other income	120,837	386,364
Jewellery sales	182	595
Advertising fees received	1,694	2,062
Net gain on sale of assets	2,999,343	769
	<u>21,281,126</u>	<u>18,541,437</u>
Affiliation fees		
PFA	(301,516)	(296,705)
Unions NSW	(63,558)	(59,355)
Others	(110,194)	(62,113)
	<u>(475,268)</u>	<u>(418,173)</u>
Biennial conference		
Conference expenses	(314,247)	(91,711)
	<u>(314,247)</u>	<u>(91,711)</u>
Branch organising, visits, forums		
Branch visits	(71,432)	(54,803)
Branch forums/focus	(322,614)	(253,532)
Representation/promotion	(93,976)	(34,376)
	<u>(488,022)</u>	<u>(342,711)</u>
Computer systems expenses		
Computer systems expenses	(277,584)	(278,606)
	<u>(277,584)</u>	<u>(278,606)</u>
Consulting, accounting and audit fees		
Consulting fees	(167,243)	(155,720)
Accounting services	(19,785)	(6,771)
Audit fees	(21,800)	(58,650)
Legal fees	(27,572)	(15,495)
	<u>(236,400)</u>	<u>(236,636)</u>

Detailed Income Statement

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Depreciation expense		
Depreciation expense	(294,856)	(294,534)
Employee costs (salary, leave, superannuation, on costs, etc)		
Salaries, allowances & packaging - Association	(4,994,737)	(4,267,667)
Superannuation contributions	(952,901)	(817,949)
Leave provisions	(728,564)	(587,478)
Secondment	(1,344,161)	(1,276,549)
Payroll tax	(390,696)	(284,471)
Other employee costs	(14,853)	(12,849)
Fringe Benefits	(248,102)	(165,234)
	<u>(8,674,014)</u>	<u>(7,412,197)</u>
Executive expenses		
Police Federation support	(6,676)	(5,257)
Travel and motor vehicle expenses	(47,910)	(25,798)
Branch visits and airfares	(42,380)	(29,246)
Committee meeting expenses	(34,840)	(31,613)
Executive meeting and representation	(105,960)	(93,936)
Telephone and dry cleaning	(23,936)	(20,187)
Training and education expenses	(5,852)	(2,957)
	<u>(267,554)</u>	<u>(208,994)</u>
Legal assistance		
Legal fees - Solicitor	(1,037,003)	(2,081,021)
Legal fees - Counsel	(957,360)	(1,598,339)
Legal reimbursements	561,312	213,539
Disbursements	(201,815)	(175,495)
	<u>(1,634,866)</u>	<u>(3,641,316)</u>

Detailed Income Statement

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Member benefits (death benefit, welfare and scholarship schemes)		
Death benefit scheme	(349,819)	(158,508)
Trust payments	(252,000)	(140,000)
Scholarships	(82,973)	(146,500)
Welfare assistance scheme	(148,566)	(154,870)
Retirement gifts and Association merchandise	(53,757)	(122,667)
Care program	-	(25,415)
Police News	(14,213)	(13,543)
Pocket diary	(68,530)	(26,632)
Other expenses	(8,070)	(19,350)
	<u>(977,928)</u>	<u>(807,485)</u>
Motor vehicle expenses		
Motor vehicle expenses	<u>(163,358)</u>	<u>(138,980)</u>
Property maintenance costs		
Elizabeth St, Sydney	(309,077)	(290,946)
Pitt St, Sydney	(10,486)	(114,514)
	<u>(319,563)</u>	<u>(405,460)</u>
Sponsorships and donations		
Sponsorships and donations	<u>(85,389)</u>	<u>(98,944)</u>
Training and education expenses		
Training and education expenses	<u>(40,063)</u>	<u>(57,763)</u>
Travel expenses		
Travel expenses	<u>(52,049)</u>	<u>(61,707)</u>
Revaluation of investments		
Loss on revaluation of investments	<u>(602,545)</u>	<u>-</u>

Detailed Income Statement

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Other expenses		
Telephone and fax expense	(74,787)	(67,532)
Printing and stationery expense	(45,845)	(44,033)
Operating lease expense	(31,276)	(62,905)
Courier charges	(6,980)	(9,507)
Staff amenities expense	(17,591)	(6,411)
Insurance expense	(107,036)	(67,871)
Investment management costs	(60,463)	(59,395)
Magazines, journals and periodicals expense	(23,119)	(14,212)
Repairs and maintenance expense	(22,065)	(31,032)
Bank charges	(518)	(628)
Sundry expenses	(34,632)	(12,160)
	<u>(424,312)</u>	<u>(375,686)</u>
Total expense	<u>(15,328,018)</u>	<u>(14,870,903)</u>
Surplus for the year	<u>5,953,108</u>	<u>3,670,534</u>

SUMMARY OF FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

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.

	2018 \$	2017 \$
SUMMARY STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME		
Membership revenue	16,770,739	16,362,046
Other income	4,510,387	2,179,391
TOTAL INCOME	21,281,126	18,541,437
LESS TOTAL EXPENDITURE	15,328,018	14,870,903
RESULT FOR THE YEAR	5,953,108	3,670,534
Revaluation of property, plant and equipment	3,950,000	-
Net fair value movements for available-for-sale financial assets	-	(69,316)
Re-measurement of net defined benefit obligations	8,926	19,874
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS	3,958,926	3,621,092
BALANCE SHEET AS AT 31 DECEMBER 2018		
TOTAL EQUITY	46,872,590	36,960,556
Represented by:		
Current assets	19,374,347	3,368,135
Non-current assets	31,361,957	32,760,610
TOTAL ASSETS	50,736,304	41,128,745
Current liabilities	3,750,456	4,092,493
Non-current liabilities	113,258	75,696
TOTAL LIABILITIES	3,863,714	4,168,189
NET ASSETS	46,872,590	36,960,556

ADDITIONAL INFORMATION UNDER THE RULES OF THE ASSOCIATION FOR THE YEAR ENDED 31 DECEMBER 2018

INFORMATION THAT MEMBERS, FORMER MEMBERS OR MEMBERS OF A

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 2018 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 2018. In our opinion, the accompanying summary financial statements 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 2 April 2019. The audited financial report is included in the 2018 Annual Report. Our Independent Auditor's Report to the members dated 2 April 2019 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.

Daley & Co
Chartered Accountants

Michael Mundt

Michael Mundt
Partner

2 April 2019
Wollongong

Liability limited by a scheme approved under Professional Standards Legislation

POLICE FEDERATION OF AUSTRALIA – NSW POLICE BRANCH

Operating Report for year ended 31 December 2018 – 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 results 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 16,727.

Number of Employees

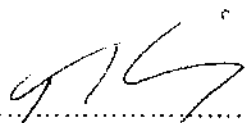
The number of persons who were, measured on a full time equivalent basis at the end of the reporting period, employees of the Branch was zero.

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 2018 to 31 May 2018
Vice President	Patrick Gooley	1 January 2018 to 31 May 2018
Treasurer	Anthony King	1 January 2018 to 31 May 2018
President	Anthony King	1 June 2018 to 31 December 2018
Vice President	Kevin Morton	1 June to 31 December 2018

Treasurer	Craig Partridge	1 June to 31 December 2018
Ordinary Branch Executive	Dallas Pratt	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Aaron Rynehart	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Rodger Campton	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Sue Rose	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Adrian Matthews	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Jason Hogan	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Brett Henderson-Smith	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Dean Koenig	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Ian Allwood	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Stephen McDonald	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Nathan Doyle	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Martin Evans	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Gerard O'Connor	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Matthew Harmer	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Oliver Behrens	1 January 2018 to 31 December 2018
Ordinary Branch Executive	Gary Merryweather	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Jeffrey Budd	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Craig Partridge	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Anthony Roberts	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Melissa Cooper	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Simon Henry	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Kevin Morton	1 January 2018 to 28 May 2018
Ordinary Branch Executive	Alison Dixon	29 May 2018 to 31 December 2018
Ordinary Branch Executive	Mick Buko	1 January 2018 to 31 December 2018



.....
Signed Anthony King
(Branch President)

Date: ... 20 June 2019.....



17 June 2019

Tony King
Branch President
Police Federation of Australia-New South Wales Police Branch
Sent via email: info.centre@pansw.org.au

Dear Tony King,

Lodgement of Financial Report - Reminder to lodge

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the Police Federation of Australia-New South Wales Police Branch (the reporting unit) ended on the 31 December 2018.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). The full report must be lodged with the ROC within 14 days of that meeting.

The ROC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the Commissioner instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the Commissioner following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$105,000 per contravention on the organisation and up to \$21,000 per contravention on an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to regorgs@roc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on 1300 341 665 or via email at regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission



21 January 2019

Mr Tony King
Branch President
Police Federation of Australia-New South Wales Police Branch
By Email: info.centre@pansw.org.au

Dear Mr King,

**Re: Lodgement of Financial Report - [FR2018/351]
*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 2018. 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 the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

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. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be 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 its rules) no later than 30 June 2019 (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 (see attached *Loans Grants and Donations* fact sheet FS 009). 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.

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, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our [website](#).

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A [fact sheet](#) is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

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,

Kylie Ngo
Registered Organisations Commission

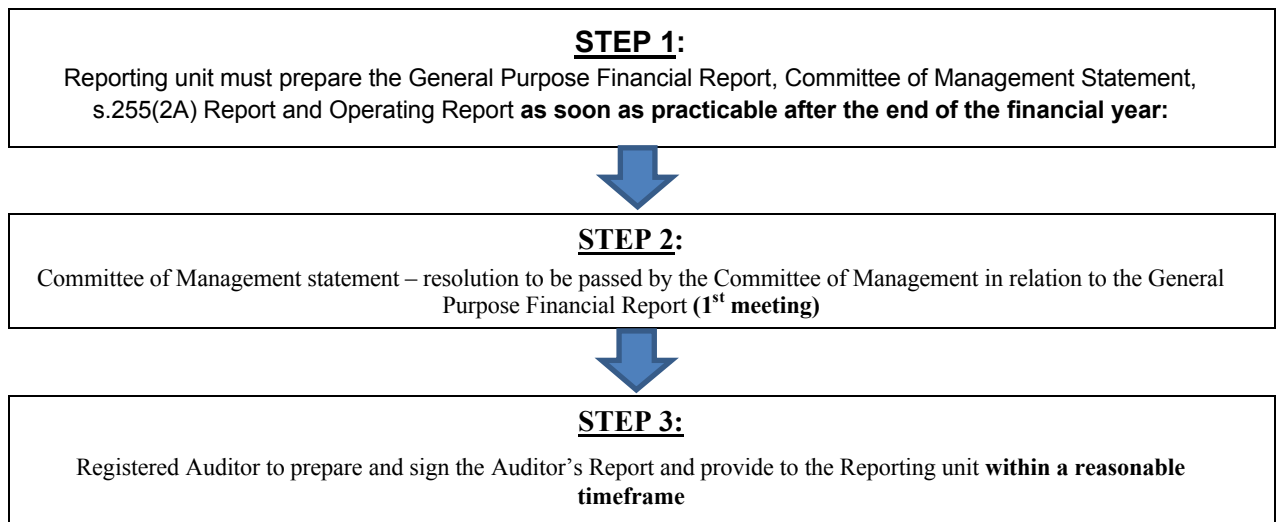


Fact sheet

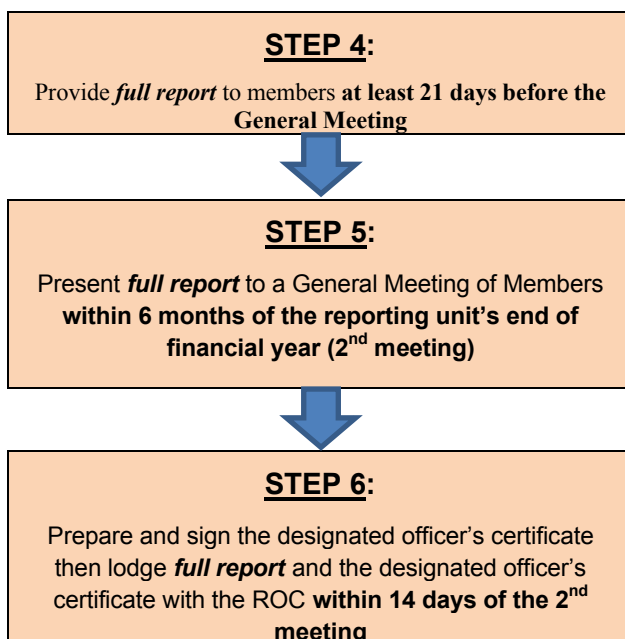
Summary of financial reporting timelines – s.253 financial reports

General Information:

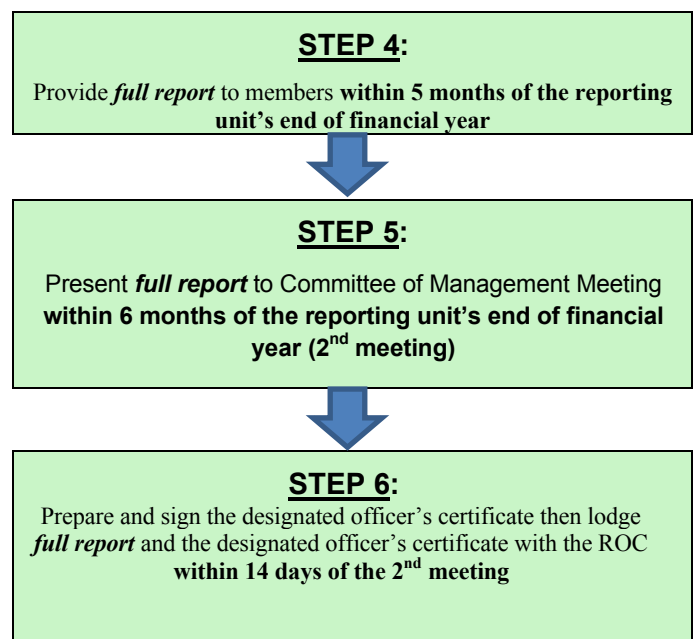
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT
AT **GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT
COMMITTEE OF MANAGEMENT MEETING
(Special rules must be in the rulebook to use this process)



Misconceptions

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

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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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.



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
<p>X Only reporting units must lodge the Statement.</p>	<p>✓ 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.</p>
<p>X Employees can sign the Statement.</p>	<p>✓ The statement must be signed by an elected officer of the relevant branch.</p>
<p>X Statements can be lodged with the financial report.</p>	<p>✓ 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.</p>

Grants & Donations within the Financial Report

Item 14(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:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer’s declaration statement, 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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