



Australian Government
Registered Organisations Commission

9 June 2020

Tony King
Branch President
Police Federation of Australia-New South Wales Police Branch
Sent via email: infocentre@pansw.org.au
pfa@pfa.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 2019 (FR2019/303)

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 2019. The application was lodged with the Registered Organisations Commission on 22 May 2020.

I have granted the application. The certificate is attached.

If you wish to discuss this matter, please contact Kylie Ngo on (03) 9603 0764 or by email at kylie.ngo@roc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'CE', with a small dash to the right.

Chris Enright
Executive Director
Registered Organisations Commission



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

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

Police Federation of Australia-New South Wales Police Branch
(FR2019/303)

MR ENRIGHT

MELBOURNE, 9 JUNE 2020

Reporting unit's financial affairs encompassed by associated State body

[1] On 22 May 2020 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the 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 2019.

[2] On 22 May 2020, 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 2019, 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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154 Elizabeth Street
SYDNEY NSW 2000

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PG: Returns/ROC/2020
Ref: 269App
20 May 2020

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

Via Email regorgs@roc.gov.au

Dear Sir/Madam

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

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

RELIEF SOUGHT

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

GROUNDINGS AND REASONS

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

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

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

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

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

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

c. All members of the Reporting Unit and the associated State body, at substantially the same time, have been provided a copy of the audited accounts, free of charge, in accordance with s.510 of the *Industrial Relations Act (NSW) 1996*, by publishing the Reports on the Reporting Unit and Associated State Body's website, and publishing the Summary of Financial Information for the Year Ended 31 December 2019 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 2019 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 2019.

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

Operating Report

31 December 2019

The Executive, being the Committee of Management for the purposes of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act"), present their operating report of Police Association of NSW, incorporating the Police Federation of Australia - New South Wales Police Branch (as per S269 of the RO Act), for the financial year ended 31 December 2019.

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

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

Name	Position	Period of office
Tony King	President	1 January - 31 December 2019
Kevin Morton	Vice President	1 January - 31 December 2019
Craig Partridge	Treasurer	1 January - 31 December 2019
Ian Allwood	Member - Northern 1	1 January - 31 December 2019
Oliver Behrens	Member - Central Metro 1	1 January - 31 December 2019
Jeff Budd	Member - Commissioned Officers	1 January - 31 December 2019
Mick Buko	Member - Non LAC 4	1 January - 31 December 2019
Roger Campton	Member - Southern 1	1 January - 31 December 2019
Alison Dixon	Member - North West Metro 2	1 January - 31 December 2019
Matt Harmer	Member - Non LAC 3	1 January - 31 December 2019
Brett Henderson-Smith	Member - Northern 2	1 January - 31 December 2019
Simon Henry	Member - Non LAC 2	1 January - 31 December 2019
Jason Hogan	Member - Southern 2	1 January - 31 December 2019
Stephen McDonald	Member - Non LAC 1	1 January - 31 December 2019
Anthony Roberts	Member - South West Metro 1	1 January - 31 December 2019
Aaron Rynehart	Member - North West Metro 1	1 January - 31 December 2019
Dallas Pratt	Member - Central Metro 2	1 January - 2 December 2019
Martin Evans	Member - South West Metro 2	1 January - 4 December 2019
Adrian Matthews	Member - Western	1 January - 4 September 2019

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

The Association is a professional and industrial organisation, registered under the *Fair Work (Registered Organisations) Act 2009* ("the RO Act"), having substantial common members between the State and Federally registered bodies.

The principal activities of the Association is representing the professional and industrial interests of its members, covering all ranks of sworn police officers in New South Wales.

No significant changes in the nature of the Association's activity occurred during the financial year.

Operating Report

31 December 2019

Significant changes in financial affairs

There have been no significant changes in the state of affairs of the Association during the year.

Review of operations

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

Right of members to resign

All members of the Association have the right to resign, in accordance with Rule 17 of the Association Rules and section 174 of the *Fair Work (Registered Organisations) Act 2009*.

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

No officer or member of the Association's holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of the Association.

Number of members

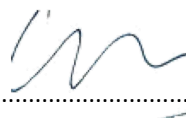
The number of financial members at 31 December 2019 was 16,703 (2018: 16,278).

Number of employees

The number of full time equivalent employees at 31 December 2019 was 57 (2018: 56).



.....
President
Tony King



.....
Treasurer
Craig Patridge

Dated: 7 April 2020

POLICE ASSOCIATION OF NSW

SUMMARY OF FINANCIAL INFORMATION

For the Year Ended 31 December 2019

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.

	2019 \$	2018 \$
SUMMARY STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME		
Membership revenue	17,546,860	16,770,739
Other income	3,447,225	4,510,387
TOTAL INCOME	20,994,085	21,281,126
LESS TOTAL EXPENDITURE	16,338,822	15,328,018
RESULT FOR THE YEAR	4,655,263	5,953,108
Revaluation of property, plant and equipment	-	3,950,000
Re-measurement of net defined benefit obligations	53,176	8,926
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS	4,708,439	3,958,926
BALANCE SHEET AS AT 31 DECEMBER 2019		
TOTAL EQUITY	51,581,029	46,872,590
Represented by:		
Current assets	6,819,001	19,374,347
Non-current assets	49,268,442	31,361,957
TOTAL ASSETS	56,087,443	50,736,304
Current liabilities	4,363,308	3,750,456
Non-current liabilities	143,106	113,258
TOTAL LIABILITIES	4,506,414	3,863,714
NET ASSETS	51,581,029	46,872,590

ADDITIONAL INFORMATION UNDER THE RULES OF THE ASSOCIATION FOR THE YEAR ENDED 31 DECEMBER 2019

INFORMATION TO BE PROVIDED TO MEMBERS ON REQUEST

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 2019 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 2019. 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 7 April 2020. The audited financial report is included in the 2019 Annual Report. Our Independent Auditor's Report to the members dated 7 April 2020 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 THESE SUMMARY FINANCIAL STATEMENTS

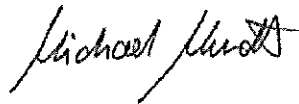
The Executive is responsible for the preparation of the summary financial statements.

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 Audit



Michael Mundt
Partner

7 April 2019
Wollongong

Liability limited by a scheme approved under Professional Standards Legislation

Police Association of NSW

ABN 86 047 021 267

State Registered Trade Union

Financial Statements

For the Year Ended 31 December 2019

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For the Year Ended 31 December 2019


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Executive Certificate

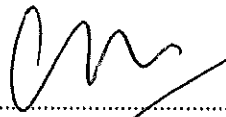
We, the undersigned, being two members of the Executive of the Police Association of NSW ("the Association"), hereby certify in respect of the financial year ended 31 December 2019, that:

- 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 2019;
- ii) In the opinion of the Executive, meetings of the Executive were held during the year ended 31 December 2019 in accordance with the Rules of the Association;
- 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)* ("the 1991 Act"), 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



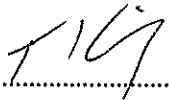
.....
Craig Partridge
Treasurer

Dated: 7 April 2020

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 16,703 persons that were full members of the Association as at the end of the financial year ended 31 December 2019, 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 2019;
- 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;
- 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;
- iv) No payment was made out of a fund referred to in clause 57(b)(xiii) or (xv) of the *Industrial Relations Regulation Act 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;
- 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: 7 April 2020

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	4	17,546,860	16,770,739
Other income	4	3,447,225	4,510,387
		<u>20,994,085</u>	<u>21,281,126</u>
Branch organising, visits, forums		(593,997)	(488,022)
Conference expenses		(10,140)	(314,247)
Computer systems expenses		(381,507)	(277,584)
Depreciation and amortisation expense		(294,939)	(294,856)
Employee benefits expense		(9,035,303)	(8,708,321)
Executive expenses		(246,760)	(267,554)
Affiliation fees		(447,037)	(472,442)
Consulting, accounting and audit fees		(208,466)	(236,400)
Finance expenses	10	(5,203)	(2,826)
Legal assistance		(2,817,591)	(1,634,866)
Member benefits expense		(1,273,879)	(977,928)
Motor vehicle expenses		(152,001)	(163,358)
Property maintenance costs		(318,256)	(319,563)
Training and education expenses		(39,751)	(40,063)
Travel expenses		(90,918)	(52,049)
Sponsorships and donations		(109,864)	(85,389)
Other expenses		(313,210)	(390,005)
Loss on revaluation of investments		-	(602,545)
Surplus for the year		<u><u>4,655,263</u></u>	<u><u>5,953,108</u></u>
Items that will not be reclassified subsequently to surplus or deficit			
Revaluation changes for property, plant and equipment		-	3,950,000
Items that will be reclassified to surplus or deficit when specific conditions are met			
Remeasurements of net defined benefit obligations		53,176	8,926
Other comprehensive income for the year, net of tax		<u>53,176</u>	<u>3,958,926</u>
Total comprehensive income for the year		<u><u>4,708,439</u></u>	<u><u>9,912,034</u></u>

The accompanying notes form part of these financial statements

Balance Sheet

As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,157,085	4,787,604
Trade and other receivables	7	581,032	302,472
Other financial assets	8	1,828,583	13,914,915
Prepayments	9	252,301	369,356
TOTAL CURRENT ASSETS		6,819,001	19,374,347
NON-CURRENT ASSETS			
Other financial assets	8	32,702,011	18,304,149
Property, plant and equipment	11	12,765,314	12,882,012
Investment property	12	3,530,052	-
Right-of-use assets	10	59,486	-
Employee benefits	14	211,579	175,796
TOTAL NON-CURRENT ASSETS		49,268,442	31,361,957
TOTAL ASSETS		56,087,443	50,736,304
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,010,665	1,569,224
Lease liabilities	10	25,778	-
Employee benefits	14	2,326,865	2,181,232
TOTAL CURRENT LIABILITIES		4,363,308	3,750,456
NON-CURRENT LIABILITIES			
Lease liabilities	10	34,896	-
Employee benefits	14	108,210	113,258
TOTAL NON-CURRENT LIABILITIES		143,106	113,258
TOTAL LIABILITIES		4,506,414	3,863,714
NET ASSETS		51,581,029	46,872,590
EQUITY			
Reserves	16	6,710,906	6,710,906
Retained earnings		44,870,123	40,161,684
TOTAL EQUITY		51,581,029	46,872,590

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year Ended 31 December 2019

	Retained Earnings	Asset Realisation Reserve	Financial Asset Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2019	40,161,684	6,710,906	-	46,872,590
Result of the year	4,655,263	-	-	4,655,263
Other comprehensive income for the year	53,176	-	-	53,176
Balance at 31 December 2019	44,870,123	6,710,906	-	51,581,029
Balance at 31 December 2017	34,192,501	2,760,906	7,149	36,960,556
Adjustment - 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	8,926	-	-	8,926
Fair value movements in asset revaluations	-	3,950,000	-	3,950,000
Balance at 31 December 2018	40,161,684	6,710,906	-	46,872,590

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	19,248,514	18,547,311
Receipts from other income	643,030	405,987
Payments to suppliers and employees	(17,123,196)	(17,166,018)
Finance costs	(2,207)	-
Net cash provided by operating activities	25 <u>2,766,141</u>	<u>1,787,280</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment property	(3,530,052)	-
Purchase of financial assets	(2,311,530)	(7,628,076)
Purchase of property, plant and equipment	(271,108)	(389,466)
Proceeds from sale of plant and equipment	112,334	102,534
Interest received	582,204	453,453
Dividends and distributions received	2,049,248	698,910
Proceeds from sale of investment property	-	7,000,000
Net cash provided by/(used in) investing activities	<u>(3,368,904)</u>	<u>237,355</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(27,756)	-
Net cash provided by/(used in) financing activities	<u>(27,756)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	(630,519)	2,024,635
Cash and cash equivalents at beginning of year	4,787,604	2,762,969
Cash and cash equivalents at end of financial year	6 <u><u>4,157,085</u></u>	<u><u>4,787,604</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 31 December 2019

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

Accounting policy applied from 1 January 2019

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(a) Revenue and other income (Continued)

The revenue recognition policies for the principal revenue streams of the Association are:

Membership services

Membership subscriptions contain promises to provide various services over a specified period of time. Revenue is recognised over time during the period of membership.

Interest revenue

Interest is recognised using the effective interest rate 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.

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.

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.

Accounting policy applied prior to 1 January 2019

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(b) Leases

Accounting policy applied from 1 January 2019

At inception of a contract, the Association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

(i) Right-of-use asset

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(b) Leases (Continued)

(ii) Lease liability (Continued)

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting policy applied prior to 1 January 2019

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.

(c) 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*.

(d) 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 payables are stated inclusive of GST.

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

(e) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(f) 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).

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.

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 other 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

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 bad debt expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the 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.

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 and lease liabilities.

(g) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

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

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

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

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

(h) 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.

(i) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (Continued)

Depreciation (Continued)

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

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

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

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

(j) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(j) Employee benefits (Continued)

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.

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.

(k) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(l) Adoption of new and revised accounting standards

During the current year, AASB 16 Leases, AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit Entities have become mandatory, which has had an impact (in the current year or retrospectively) upon the measurement of assets/liabilities and upon the disclosures required in this financial report. Refer to note 21 for further information.

(m) New accounting standards for application in future periods

No accounting standard has been adopted earlier than the application date stated in the standard.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Revenue from contract with customers		
- Membership fees	<u>17,546,860</u>	<u>16,770,739</u>
Other income		
- Investment income	2,049,248	679,456
- Interest income	582,204	425,601
- Rental income	340,039	283,274
- Other income	467,046	122,713
- Other	8,688	2,999,343
	<u>3,447,225</u>	<u>4,510,387</u>
Total Revenue	<u><u>20,994,085</u></u>	<u><u>21,281,126</u></u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated; the following table shows this breakdown:

Timing of revenue recognition

- At a point in time	-
- Over time	<u>17,546,860</u>
Revenue from contracts with customers	<u><u>17,546,860</u></u>

5 Result for the Year

The result for the year includes the following specific expenses:

Cost of goods sold	262,354	17,435
Superannuation contributions	798,088	952,901
Rental expense on operating leases:		
- Operating lease expense	-	31,276

Notes to the Financial Statements

For the Year Ended 31 December 2019

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on hand	1,554	196
Cash at bank	4,155,531	4,787,408
	<u>4,157,085</u>	<u>4,787,604</u>

7 Trade and Other Receivables

Trade receivables	483,893	162,916
Other receivables	97,139	139,556
	<u>581,032</u>	<u>302,472</u>

8 Financial assets

CURRENT

Financial assets at amortised cost

Term deposits	<u>1,828,583</u>	<u>13,914,915</u>
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NON-CURRENT

Financial assets at amortised cost

Term deposits	5,000,000	-
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Financial assets at fair value through surplus and deficit

Cash investments	247,346	153,909
Listed investments	27,454,665	18,150,240
	<u>32,702,011</u>	<u>18,304,149</u>

9 Other Assets

Prepayments	171,856	220,112
Prepayment of Association retirement watches	80,445	149,244
	<u>252,301</u>	<u>369,356</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Leases

The Association has applied AASB 16 using the cumulative catch-up method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Association as a lessee

The Association has leases over office equipment assets.

The leases for office equipment are for between 4 to 5 years with no option to renew. The lease payments are fixed within the term.

Right-of-use assets

	Office Equipment \$
Year ended 31 December 2019	
Balance at beginning of year	85,434
Reductions in right-of-use assets due to depreciation	<u>(25,948)</u>
Balance at end of year	<u><u>59,486</u></u>

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Balance Sheet
	\$	\$	\$	\$	\$
2019					
Lease liabilities	<u>27,756</u>	<u>35,880</u>	-	<u>63,636</u>	<u>60,674</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Leases (Continued)

Statement of Surplus or Deficit and Other Comprehensive Income

The amounts recognised in the statement of surplus or deficit and other comprehensive income relating to leases where the Association is a lessee are shown below:

	2019	2018
	\$	\$
Depreciation of right-of-use assets	(25,948)	
Lease interest expenses	(5,203)	
	<u>(31,151)</u>	
Statement of Cash Flows		
Total cash outflow for leases	<u>27,756</u>	

11 Property, plant and equipment

LAND AND BUILDINGS

At fair value	12,505,000	12,505,000
Accumulated depreciation	(395,000)	(305,000)
	<u>12,110,000</u>	<u>12,200,000</u>

MOTOR VEHICLES

At cost	672,481	766,095
Accumulated depreciation	(162,277)	(265,798)
	<u>510,204</u>	<u>500,297</u>

OFFICE EQUIPMENT

At cost	940,304	932,047
Accumulated depreciation	(795,194)	(750,332)
	<u>145,110</u>	<u>181,715</u>
	<u>12,765,314</u>	<u>12,882,012</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

11 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
	\$	\$	\$	\$
Balance at the beginning of year	12,200,000	500,297	181,715	12,882,012
Additions	-	222,567	48,541	271,108
Disposals	-	(117,030)	(1,786)	(118,816)
Depreciation expense	(90,000)	(95,630)	(83,360)	(268,990)
Balance at the end of the year	12,110,000	510,204	145,110	12,765,314

(b) Revaluation

Land and buildings are recognised at fair value based on periodic, but at least biennial, valuations by external independent valuers, less subsequent depreciation for buildings. The most recent formal valuation was effective 31 December 2018. A revaluation surplus is credited to the asset revaluation reserve in equity [refer note 16(a)]. All other property, plant and equipment is recognised at historical cost less depreciation.

12 Investment Property

	2019	2018
	\$	\$
Opening balance - at fair value	-	3,925,000
Additions	3,530,052	-
Disposals	-	(3,925,000)
Closing balance	3,530,052	-

13 Trade and Other Payables

Legal fees payable	1,329,341	1,245,646
Trade payables	195,300	271,392
Other payables	486,024	52,186
	2,010,665	1,569,224

Notes to the Financial Statements

For the Year Ended 31 December 2019

14 Employee Benefits

	2019	2018
	\$	\$
CURRENT LIABILITIES		
Provision for long service leave	1,607,838	1,570,097
Provision for annual leave	719,027	611,135
	<u>2,326,865</u>	<u>2,181,232</u>
NON-CURRENT LIABILITIES		
Provision for long service leave	<u>108,210</u>	<u>113,258</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Employee Benefits - Defined Benefit Fund Plan

	2019	2018
	\$	\$
NON-CURRENT ASSETS		
Defined benefit plan	211,579	175,796

(a) Reconciliation's

2019	Defined benefit liability / asset	Plan assets	Present value of the defined benefit obligation	Effect of the asset ceiling
	\$	\$	\$	\$
Opening balance	175,796	1,016,595	(691,529)	149,269
Current service cost	(24,353)	-	(24,353)	-
Actual return of fund assets less interest income	-	108,349	-	-
Net interest	6,962	39,916	(27,044)	-
Employer contributions	-	-	-	-
Contributions by participants	-	8,698	(8,698)	-
Actuarial (gains)/losses from changes in financial assumptions	(92,465)	-	(92,465)	-
Benefits paid	-	(3,041)	3,041	-
Taxes, premiums and expenses paid	-	1,010	(1,010)	-
Interest on effect of asset ceiling	-	-	-	5,911
Change in the effect of the asset ceiling	106,322	-	-	(106,322)
Actual return on Fund assets less Interest income	108,349	-	-	-
Actuarial (gains)/losses arising from liability experience	(69,032)	-	(69,031)	-
Closing balance	211,579	1,171,527	(911,089)	48,858

(b) Actuarial assumptions

	2019	2018
	%	%
Discount rate	2.78 %	3.96 %
Anticipated return on plan assets	7.40 %	7.40 %
Future salary increases	3.20 %	2.70 %

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Employee Benefits - Defined Benefit Fund Plan (Continued)

(c) Plan assets

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

Class of asset	2019		2018	
	Total \$'000	% of total	Total \$'000	% of total
Short term securities	3,761,027	8.87	3,845,538	9.80
Australian fixed interest	1,474,232	3.48	2,199,199	5.60
International fixed interest	2,054,882	4.85	1,371,539	3.49
Australian equities	8,164,849	19.26	7,580,239	19.32
International equities	13,273,396	31.31	10,273,844	26.18
Property	3,690,300	8.70	3,485,411	8.88
Alternatives	9,980,311	23.53	10,488,521	26.73
Total	42,398,997	100.00	39,244,291	100.00

16 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.

17 Capital and Leasing Commitments

Operating Leases

	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than 1 year	-	32,264
- between 1 year and 5 years	-	75,551
		<u>107,815</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

17 Capital and Leasing Commitments (Continued)

Operating Leases (Continued)

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

Refer to note 10 for information on leases under the new Accounting Standard for 2019.

18 Lessor Commitments (Receivable)

Operating lease commitments receivable - Association as lessor

The Association leases out various properties under commercial leases. These non-cancellable leases have terms between 2 and 10 years. All leases include an option for the Association to increase rent to current market rental on an annual basis.

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

	2019	2018
	\$	\$
- no later than 1 year	456,344	259,591
- between 1 year and 5 years	559,390	656,582
Total minimum lease payments	<u>1,015,734</u>	<u>916,173</u>

19 Financial Risk Management

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

Financial Assets

Cash and cash equivalents	6	4,157,085	4,787,604
Trade and other receivables	7	581,031	302,472
Financial assets - FVTPL	8	27,702,011	18,304,149
Financial assets - at amortised cost	8	6,828,583	13,914,915
Total financial assets		<u>39,268,710</u>	<u>37,309,140</u>

Financial Liabilities

- Trade and other payables		1,872,296	1,569,224
- Lease liability	10	60,674	-
Total financial liabilities		<u>1,932,970</u>	<u>1,569,224</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

20 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.

21 Change in Accounting Policy

On 1 January 2019 the Association adopted the following new accounting standards that were mandatory for the first time:

- AASB 15 *Revenue from contracts with customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-Profit Entities*

All Standards have been applied to the year ended 31 December 2019, however, as allowed, comparatives have not been restated.

AASB 15 and AASB 1058 resulted in changes to accounting policies, however no adjustments were required to be recognised in the financial statements.

The adoption of AASB 16 has had an impact upon the financial performance and position of the Association. Refer to note 10 for further information.

22 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of Police Association of NSW during the year was \$1,805,162 (2018: \$1,875,586).

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 2019

23 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 2019 to be \$1.4 million (2018: \$1.7 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.

Additionally, the death benefit scheme and trust fund has a potential financial exposure. This arises pursuant to the death of a member or their spouse where an amount of \$15,000 is paid and \$12,000 for each dependent child under the age of 18. The number of expected member deaths cannot be ascertained at any given time and hence this contingent liability cannot be measured reliably.

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.

24 Related Parties

The Association provided office space to the NSW Police Legacy. Payments of \$54,080 were received (2018: \$52,000).

Notes to the Financial Statements

For the Year Ended 31 December 2019

25 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2019	2018
	\$	\$
Surplus for the year	4,655,263	5,953,108
Cash flows excluded from result attributable to operating activities		
Non-cash flows in result:		
- depreciation and amortisation	294,938	294,856
- interest on lease liability	2,996	-
- defined benefit fund costs and interest	17,391	-
- net loss/(gain) on disposal of plant and equipment	6,482	75,657
- net gain of sale of investment property	-	(3,075,000)
- Dividends and interest classified as investing activities	(2,631,452)	(1,105,057)
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	(278,560)	99,498
- (increase)/decrease in prepayments	117,053	(166,160)
- (decrease)/increase in trade and other payables	441,445	(520,874)
- increase/(decrease) in employee benefits	140,585	231,252
Cashflow from operations	<u>2,766,141</u>	<u>1,787,280</u>

26 Events Occurring After the Reporting Date

The financial report was authorised for issue on 7 April 2020 by the Executive.

Since the end of the financial year, unprecedented developments have arisen due to the COVID-19 pandemic. The State and Federal Governments are implementing actions and measures to mitigate the impact on the economy. The final impact on the Association cannot currently be reliably quantified, however the Association has sufficient financial reserves and access to funding which will allow it to withstand a prolonged downturn in the general economy. Accordingly, at the date of signing this financial report, the Executive believes that the Association is able to meet and pay debts as and when they are due and will remain a going concern.

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

27 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.

28 Additional disclosures

	2019	2018
	\$	\$
Income		
Levies and voluntary contributions	-	-
Amount of donations or grants	-	-
Expenses		
Levies	-	-
Remuneration of employees	9,001,247	8,681,465
Auditor's remuneration - audit services	29,700	29,500
Auditor's remuneration - other services	2,000	4,950
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 2019, 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 2019 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 2019;
 - (ii) the income and expenditure, results and cash flows of the Association for the year ended on that date;
 - (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.



Independent Audit Report to the members of Police Association of NSW

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.

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.



Independent Audit Report to the members of Police Association of NSW

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.

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Wollongong

Dated: 7 April 2020

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Compilation Report

31 December 2019

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 2019. 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*.

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Compilation Report

31 December 2019

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

Dated: 7 April 2020

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Detailed Income Statement

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Income		
Membership fees received - Full membership	17,546,860	16,770,739
Investment income	2,049,248	679,456
Interest income	582,204	425,601
Rental income	340,039	283,274
Other income	467,046	122,713
Net gain on sale of assets	8,688	2,999,343
	<u>20,994,085</u>	<u>21,281,126</u>
Affiliation fees		
PFA	(277,253)	(301,516)
Unions NSW	(59,359)	(63,558)
Others	(110,425)	(107,368)
	<u>(447,037)</u>	<u>(472,442)</u>
Biennial conference		
Conference expenses	(10,140)	(314,247)
	<u>(10,140)</u>	<u>(314,247)</u>
Branch organising, visits, forums		
Branch visits	(69,839)	(71,432)
Branch forums/focus	(485,622)	(322,614)
Representation/promotion	(38,536)	(93,976)
	<u>(593,997)</u>	<u>(488,022)</u>
Computer systems expenses		
Computer systems expenses	(381,507)	(277,584)
	<u>(381,507)</u>	<u>(277,584)</u>
Consulting, accounting and audit fees		
Consulting fees	(97,140)	(167,243)
Accounting services	(55,300)	(19,785)
Audit fees	(44,000)	(21,800)
Legal fees	(12,026)	(27,572)
	<u>(208,466)</u>	<u>(236,400)</u>

Refer to accompanying Compilation Report

Detailed Income Statement

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Depreciation and amortisation expense		
Depreciation and amortisation expense	(294,939)	(294,856)
Employee costs (salary, leave, superannuation, on costs, etc)		
Salaries, allowances & packaging - Association	(6,183,462)	(4,994,737)
Superannuation contributions	(798,088)	(952,901)
Leave provisions	(99,206)	(728,564)
Secondment	(1,215,790)	(1,378,468)
Payroll tax	(327,878)	(390,696)
Other employee costs	(24,353)	(14,853)
Fringe Benefits	(386,526)	(248,102)
	(9,035,303)	(8,708,321)
Executive expenses		
Police Federation support	(4,663)	(6,676)
Travel and motor vehicle expenses	(39,322)	(47,910)
Branch visits and airfares	(41,779)	(42,380)
Committee meeting expenses	(31,169)	(34,840)
Executive meeting and representation	(102,931)	(105,960)
Telephone and dry cleaning	(23,790)	(23,936)
Training and education expenses	(3,106)	(5,852)
	(246,760)	(267,554)
Legal assistance		
Legal fees - Solicitor	(2,012,880)	(1,037,003)
Legal fees - Counsel	(814,539)	(957,360)
Legal reimbursements	156,430	561,312
Disbursements	(146,602)	(201,815)
	(2,817,591)	(1,634,866)
Loss on disposal of assets		
Other expenses	-	(602,545)

Refer to accompanying Compilation Report

Detailed Income Statement

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Member benefits (death benefit, welfare and scholarship schemes)		
Death benefit scheme	(344,304)	(349,819)
Trust payments	(216,000)	(252,000)
Scholarships	(98,364)	(82,973)
Welfare assistance scheme	(215,859)	(148,566)
Retirement gifts and Association merchandise	(289,764)	(53,757)
Police News	(14,327)	(14,213)
Pocket diary	(61,497)	(68,530)
Other expenses	(33,764)	(8,070)
	<u>(1,273,879)</u>	<u>(977,928)</u>
Motor vehicle expenses		
Motor vehicle expenses	(152,001)	(163,358)
	<u>(152,001)</u>	<u>(163,358)</u>
Property maintenance costs		
Elizabeth St, Sydney	(309,585)	(309,077)
Pitt St, Sydney	(8,671)	(10,486)
	<u>(318,256)</u>	<u>(319,563)</u>
Sponsorships and donations		
Sponsorships and donations	(109,864)	(85,389)
	<u>(109,864)</u>	<u>(85,389)</u>
Training and education expenses		
Training and education expenses	(39,751)	(40,063)
	<u>(39,751)</u>	<u>(40,063)</u>
Travel expenses		
Travel expenses	(90,918)	(52,049)
	<u>(90,918)</u>	<u>(52,049)</u>
Finance Expense		
Finance expense	(5,203)	(2,826)
	<u>(5,203)</u>	<u>(2,826)</u>

Refer to accompanying Compilation Report

Detailed Income Statement

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Other expenses		
Telephone and fax expense	(37,786)	(40,480)
Printing and stationery expense	(44,667)	(45,845)
Operating lease expense	9,527	(31,276)
Courier charges	(7,258)	(6,980)
Staff amenities expense	(12,884)	(17,591)
Insurance expense	(115,926)	(107,036)
Investment management costs	(50,589)	(60,463)
Magazines, journals and periodicals expense	(22,227)	(23,119)
Repairs and maintenance expense	(20,732)	(22,065)
Bank charges	(343)	(518)
Sundry expenses	(10,325)	(34,632)
	<u>(313,210)</u>	<u>(390,005)</u>
Total expense	<u>(16,338,822)</u>	<u>(15,328,018)</u>
Surplus for the year	<u>4,655,263</u>	<u>5,953,108</u>

Refer to accompanying Compilation Report
