



Australian Government
Registered Organisations Commission

25 June 2021

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

Dear Anthony,

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 2020 (FR2020/281)

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 2020. The application was lodged with the Registered Organisations Commission on 17 June 2021.

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 dark ink, appearing to be 'CE', with a small horizontal line 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
(FR2020/281)

MR ENRIGHT

MELBOURNE, 25 JUNE 2021

Reporting unit's financial affairs encompassed by associated State body

[1] On 17 June 2021 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 2020.

[2] On 17 June 2021, 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 2020, are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



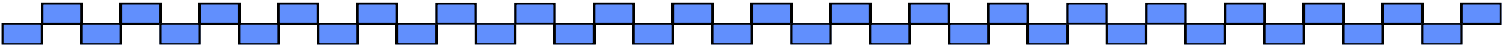
DELEGATE OF THE COMMISSIONER

Printed by authority of the Commonwealth Government Printer

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/2021
Ref: 269App
16 June 2021

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 2020 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 2020 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 2020.

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

A handwritten signature in black ink, appearing to read 'T King'.

ANTHONY KING
Branch President

Police Association of NSW

ABN: 86 047 021 267

Operating Report

31 December 2020

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 2020.

Information on committee of management members

The names of each person who has been a member during the year and to the date of this report are:

Name	Position	Period of office
Tony King	President	1 January - 31 December 2020
Kevin Morton	Vice President	1 January - 31 December 2020
Craig Partridge	Treasurer	1 January - 31 December 2020
Ian Allwood	Member - Northern 1	1 January - 31 December 2020
Oliver Behrens	Member - Central Metro 1	1 January - 31 December 2020
Jeff Budd	Member - Commissioned Officers	1 January - 31 December 2020
Mick Buko	Member - Non LAC 4	1 January - 31 December 2020
Roger Campton	Member - Southern 1	1 January - 31 December 2020
Alison Dixon	Member - North West Metro 2	1 January - 31 December 2020
Matt Harmer	Member - Non LAC 3	1 January - 13 July 2020
Brett Henderson-Smith	Member - Northern 2	1 January - 31 December 2020
Simon Henry	Member - Non LAC 2	1 January - 31 December 2020
Jason Hogan	Member - Southern 2	1 January - 31 December 2020
Stephen McDonald	Member - Non LAC 1	1 January - 31 December 2020
Anthony Roberts	Member - South West Metro 1	1 January - 31 December 2020
Aaron Rynehart	Member - North West Metro 1	1 January - 31 December 2020
Graham Condon	Member - Central Metro 2	14 December - 31 December 2020
Chris Jordan	Member - Western	28 February - 31 December 2020

Members have been in office since the start of the financial year to the date of this report unless otherwise stated.

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.

During the year the Association was impacted by the COVID-19 pandemic with periodic office closures occurring. Due to this, there were changes in the manner in which trading activities were completed.

Police Association of NSW

ABN: 86 047 021 267

Operating Report

31 December 2020

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.

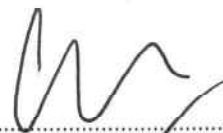
Number of members

The number of financial members at 31 December 2020 was 16,851 (2019: 16,703).

Number of employees

The number of full time equivalent employees at 31 December 2020 was 52 (2019: 57).


.....
Tony King
President


.....
Craig Partridge
Treasurer

Dated: 21 April 2021

Police Association of NSW

Summary of Financial information

For the Year Ended 31 December 2020

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.

	2020 \$	2019 \$
SUMMARY STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDING 31 DECEMBER 2020		
Membership revenue	17,657,896	17,546,860
Other income	2,038,812	3,447,225
TOTAL INCOME	19,696,708	20,994,085
LESS TOTAL EXPENDITURE	17,251,870	16,338,822
RESULT FOR THE YEAR	2,444,838	4,655,263
Re-measurement of net defined benefit obligations	33,249	53,176
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS	2,478,087	4,708,439
SUMMARY BALANCE SHEET AS AT 31 DECEMBER 2020		
TOTAL EQUITY	54,039,116	51,581,029
Represented by:		
Current assets	3,271,087	6,819,001
Non-current assets	56,361,698	49,268,442
TOTAL ASSETS	59,632,785	56,087,443
Current liabilities	5,447,793	4,363,308
Non-current liabilities	145,876	143,106
TOTAL LIABILITIES	5,593,669	4,506,414
NET ASSETS	54,039,116	51,581,029

INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

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

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

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

Opinion

The summary financial statements, which comprise the summary balance sheet as at 31 December 2020 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 2020. 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 21 April 2021. The audited financial report is included in the 2020 Annual Report. Our Independent Auditor's Report to the members dated 21 April 2021 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 Audit



Michael Mundt
Partner

21 April 2021
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 2020

Police Association of NSW

ABN: 86 047 021 267

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For the Year Ended 31 December 2020

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Police Association of NSW

ABN: 86 047 021 267

Operating Report

31 December 2020

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 2020.

Information on committee of management members

The names of each person who has been a member during the year and to the date of this report are:

Name	Position	Period of office
Tony King	President	1 January - 31 December 2020
Kevin Morton	Vice President	1 January - 31 December 2020
Craig Partridge	Treasurer	1 January - 31 December 2020
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Police Association of NSW

ABN: 86 047 021 267

Operating Report

31 December 2020

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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

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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.

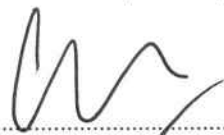
Number of members

The number of financial members at 31 December 2020 was 16,851 (2019: 16,703).

Number of employees

The number of full time equivalent employees at 31 December 2020 was 52 (2019: 57).


.....
Tony King
President


.....
Craig Partridge
Treasurer

Dated: 21 April 2021

Police Association of NSW

ABN: 86 047 021 267


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 2020, 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 2020;
- ii) In the opinion of the Executive, meetings of the Executive were held during the year ended 31 December 2020 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: 21 April 2021

Police Association of NSW

ABN: 86 047 021 267

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 16,851 persons that were full members of the Association as at the end of the financial year ended 31 December 2020, and in my opinion;

- v) The attached financial statements show a true and fair view of the financial affairs of the Association as at 31 December 2020;
- vi) 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;
- vii) 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;
- viii) 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;
- ix) Any loans or financial benefits granted to persons holding office in the Association were authorised in accordance with the Rules of the Association; and
- x) The register of members of the Association was maintained in accordance with the *Industrial Relations Act 1996 [NSW]*.


.....
Tony King
Accounting Officer

Dated: 21 April 2021

Police Association of NSW

ABN: 86 047 021 267

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue	4	17,657,896	17,546,860
Other income	4	2,038,812	3,447,225
		<u>19,696,708</u>	<u>20,994,085</u>
Affiliation fees		(511,344)	(447,037)
Branch organising, visits, forums		(283,732)	(593,997)
Computer systems expenses		(412,925)	(381,507)
Conference expenses		(60,541)	(10,140)
Consulting, accounting and audit fees		(264,911)	(208,466)
Depreciation, amortisation and impairment expense		(1,105,102)	(294,939)
Employee benefits expense		(9,468,906)	(9,035,303)
Executive expenses		(151,874)	(246,760)
Finance expenses	10	(7,737)	(5,203)
Legal assistance		(2,922,129)	(2,817,591)
Member benefits expense		(1,083,146)	(1,273,879)
Motor vehicle expenses		(133,398)	(152,001)
Property maintenance costs		(367,445)	(318,256)
Sponsorships and donations		(54,283)	(109,864)
Training and education expenses		(22,011)	(39,751)
Travel expenses		(57,148)	(90,918)
Other expenses		(345,238)	(313,210)
Surplus for the year		<u>2,444,838</u>	<u>4,655,263</u>
Remeasurements of net defined benefit obligations		<u>33,249</u>	<u>53,176</u>
Other comprehensive income for the year		<u>33,249</u>	<u>53,176</u>
Total comprehensive income for the year		<u><u>2,478,087</u></u>	<u><u>4,708,439</u></u>

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Balance Sheet

As At 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,779,375	4,157,085
Trade and other receivables	7	625,881	581,032
Other financial assets	8	550,000	1,828,583
Prepayments	9	315,831	252,301
TOTAL CURRENT ASSETS		3,271,087	6,819,001
NON-CURRENT ASSETS			
Other financial assets	8	40,665,972	32,702,011
Right-of-use assets	10	134,088	59,486
Property, plant and equipment	11	12,619,171	12,765,314
Investment property	12	2,730,000	3,530,052
Employee benefits	15	212,467	211,579
TOTAL NON-CURRENT ASSETS		56,361,698	49,268,442
TOTAL ASSETS		59,632,785	56,087,443
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,614,197	2,010,665
Lease liabilities	10	55,656	25,778
Employee benefits	14	2,777,940	2,326,865
TOTAL CURRENT LIABILITIES		5,447,793	4,363,308
NON-CURRENT LIABILITIES			
Lease liabilities	10	81,407	34,896
Employee benefits	14	64,469	108,210
TOTAL NON-CURRENT LIABILITIES		145,876	143,106
TOTAL LIABILITIES		5,593,669	4,506,414
NET ASSETS		54,039,116	51,581,029
EQUITY			
Reserves	16	6,690,906	6,710,906
Retained earnings		47,348,210	44,870,123
TOTAL EQUITY		54,039,116	51,581,029

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Statement of Changes in Equity

For the Year Ended 31 December 2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2020	44,870,123	6,710,906	51,581,029
Result of the year	2,444,838	-	2,444,838
Fair value movement in land and buildings	-	(20,000)	(20,000)
Other comprehensive income for the year	33,249	-	33,249
Balance at 31 December 2020	47,348,210	6,690,906	54,039,116
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

The accompanying notes form part of these financial statements.

Police Association of NSW

ABN: 86 047 021 267

Statement of Cash Flows

For the Year Ended 31 December 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	19,555,734	19,248,514
Receipts from other income	861,575	643,030
Payments to suppliers and employees	(17,036,636)	(17,123,196)
Finance costs	-	(2,207)
Net cash provided by operating activities	23 <u>3,380,673</u>	<u>2,766,141</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of financial assets	(6,685,378)	(2,311,530)
Purchase of investment property	-	(3,530,052)
Purchase of property, plant and equipment	(254,744)	(271,108)
Proceeds from sale of plant and equipment	115,723	112,334
Dividends and distributions received	866,326	2,049,248
Interest received	251,455	582,204
Net cash used by investing activities	<u>(5,706,618)</u>	<u>(3,368,904)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(51,765)	(27,756)
Net cash used by financing activities	<u>(51,765)</u>	<u>(27,756)</u>
Net decrease in cash and cash equivalents held	(2,377,710)	(630,519)
Cash and cash equivalents at beginning of year	4,157,085	4,787,604
Cash and cash equivalents at end of financial year	6 <u>1,779,375</u>	<u>4,157,085</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

The financial report covers Police Association of NSW ("the Association") 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 the Association is Australian dollars.

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 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; and
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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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.

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

Membership income

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Association.

There is only one distinct membership service promised in the arrangement. Accordingly, the Association recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Association's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Association has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Association at their standalone selling price, the Association accounts for those sales as a separate contract with a customer.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Investment revenue

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

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

Rental income

Rental income 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.

Government COVID-19 stimulus income

Income is recognised in the period it is earned. This is generally consistent with when payment is received.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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) Leases

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.

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(b) Leases

Lease liability

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.

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.

(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.

(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).

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(f) Financial instruments

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 Association'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 2020

2 Summary of Significant Accounting Policies

(f) Financial instruments

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, 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 2020

2 Summary of Significant Accounting Policies

(f) Financial instruments

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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

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

Where this indicator exists, the recoverable amount of the asset is estimated.

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(i) Property, plant and equipment

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.

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 2020

2 Summary of Significant Accounting Policies

(j) Employee benefits

Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the balance sheet if the Association 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 2020

2 Summary of Significant Accounting Policies

(l) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time as at 31 December 2020, 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 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 Judgements

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

4 Revenue

	2020	2019
	\$	\$
Revenue from contract with customers		
- Membership fees	17,657,896	17,546,860
Other income		
- Investment income	785,773	2,049,248
- Rental income	447,362	340,039
- Interest income	269,100	582,204
- Government COVID-19 stimulus income	100,000	-
- Fair value movement of financial assets	80,553	-
- Other income	356,024	475,734
	<u>2,038,812</u>	<u>3,447,225</u>
Total Revenue	<u>19,696,708</u>	<u>20,994,085</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		
- Over time	17,657,896	17,546,860
- At a point in time	-	-
Revenue from contracts with customers	<u>17,657,896</u>	<u>17,546,860</u>

5 Result for the Year

The result for the year includes the following specific expenses/(income):

Cost of goods sold	112,880	262,354
Superannuation contributions	818,573	798,088
Impairment on investment property	800,052	-
Profit on sale of non-current assets	(181)	(8,688)

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Notes to the Financial Statements

For the Year Ended 31 December 2020

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	306	1,554
Cash at bank	1,779,069	4,155,531
	<u>1,779,375</u>	<u>4,157,085</u>

7 Trade and Other Receivables

Trade receivables	543,849	483,893
Other receivables	82,032	97,139
	<u>625,881</u>	<u>581,032</u>

8 Financial assets

CURRENT

Financial assets at amortised cost

Term deposits	<u>550,000</u>	<u>1,828,583</u>
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NON-CURRENT

Financial assets at amortised cost

Term deposits	12,921,623	5,000,000
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Financial assets at fair value through surplus and deficit

Listed investments	26,979,810	27,454,665
Cash investments	764,539	247,346
	<u>40,665,972</u>	<u>32,702,011</u>

9 Other Assets

Prepayments	164,648	171,856
Prepayment of Association retirement watches	151,183	80,445
	<u>315,831</u>	<u>252,301</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Leases

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 2020	
Balance at beginning of year	59,486
Additions	120,417
Depreciation	<u>(45,815)</u>
Balance at end of year	<u>134,088</u>
Year ended 31 December 2019	
Balance at beginning of year	85,434
Depreciation	<u>(25,948)</u>
Balance at end of year	<u>59,486</u>

Lease liabilities

	2020	2019
	\$	\$
Current lease liabilities	55,656	25,778
Non-current lease liabilities	<u>81,407</u>	<u>34,896</u>
	<u>137,063</u>	<u>60,674</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Leases

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

	< 1 year \$	1 - 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Balance Sheet \$
2020				
Lease liabilities	61,053	94,917	155,970	137,063
2019				
Lease liabilities	27,756	35,880	63,636	60,674

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:

	2020 \$	2019 \$
Depreciation of right-of-use assets	(45,815)	(25,948)
Lease interest expenses	(7,737)	(5,203)
	<u>(53,552)</u>	<u>(31,151)</u>

Statement of Cash Flows

Total cash outflow for leases	<u>51,765</u>	<u>27,756</u>
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Police Association of NSW

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Notes to the Financial Statements

For the Year Ended 31 December 2020

11 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
At fair value	12,000,000	12,505,000
Accumulated depreciation	-	(395,000)
	<u>12,000,000</u>	<u>12,110,000</u>
MOTOR VEHICLES		
At cost	716,625	672,481
Accumulated depreciation	(186,671)	(162,277)
	<u>529,954</u>	<u>510,204</u>
OFFICE EQUIPMENT		
At cost	953,703	940,304
Accumulated depreciation	(864,486)	(795,194)
	<u>89,217</u>	<u>145,110</u>
	<u><u>12,619,171</u></u>	<u><u>12,765,314</u></u>

(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	12,110,000	510,204	145,110	12,765,314
Reversal of revaluation surplus recognised in equity	(20,000)	-	-	(20,000)
Additions	-	239,545	15,198	254,743
Disposals	-	(114,855)	(686)	(115,541)
Depreciation expense	(90,000)	(104,940)	(70,405)	(265,345)
Balance at the end of the year	<u><u>12,000,000</u></u>	<u><u>529,954</u></u>	<u><u>89,217</u></u>	<u><u>12,619,171</u></u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

11 Property, plant and equipment

(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 2020. A revaluation surplus is credited to the asset revaluation reserve in equity [refer note 16]. All other property, plant and equipment is recognised at historical cost less depreciation.

12 Investment Property

	2020	2019
	\$	\$
Investment property	<u>2,730,000</u>	<u>3,530,052</u>
Opening balance - at fair value	3,530,052	-
Additions	-	3,530,052
Impairment	<u>(800,052)</u>	-
	<u>2,730,000</u>	<u>3,530,052</u>

13 Trade and Other Payables

Legal fees payable	1,658,039	1,329,341
Trade payables	343,045	195,300
Other payables	389,916	486,024
Income in advance	<u>223,197</u>	-
	<u>2,614,197</u>	<u>2,010,665</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

14 Employee Benefits

	2020	2019
	\$	\$
CURRENT LIABILITIES		
Provision for long service leave	1,577,345	1,607,838
Provision for annual leave	954,465	719,027
Provision for rostered day off	246,130	-
	<u>2,777,940</u>	<u>2,326,865</u>
NON-CURRENT LIABILITIES		
Provision for long service leave	<u>64,469</u>	<u>108,210</u>

15 Employee Benefits - Defined Benefit Fund Plan

NON-CURRENT ASSETS		
Defined benefit plan	<u>212,467</u>	<u>211,579</u>

(a) Reconciliations

2020	Defined benefit liability / asset	Plan assets	Present value of the defined benefit obligation	Effect of the asset ceiling
	\$	\$	\$	\$
Opening balance	(211,579)	1,171,527	911,089	48,858
Current service cost	31,946	-	31,946	-
Net interest	-	32,440	25,200	-
Net Interest on the net defined benefit liability/(asset)	(5,883)	-	-	-
Actual return on Fund assets less Interest income	(21,683)	21,683	-	-
Contributions by participants	-	9,898	9,898	-
Actuarial (gains)/losses from changes in financial assumptions	12,890	-	12,890	-
Actuarial (gains)/losses arising from liability experience	25,761	-	25,761	-
Taxes, premiums and expenses paid	-	(4,831)	(4,831)	-
Interest on effect of asset ceiling	-	-	-	1,358
Change in the effect of the asset ceiling	(50,216)	-	-	(50,216)
Effects of transfers in/out due to business combinations and disposals	6,297	827,983	834,280	-
Closing balance	<u>(212,467)</u>	<u>2,058,700</u>	<u>1,846,233</u>	-

Police Association of NSW

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Notes to the Financial Statements

For the Year Ended 31 December 2020

15 Employee Benefits - Defined Benefit Fund Plan

(b) Actuarial assumptions

	2020	2019
	%	%
Discount rate	2.37 %	2.78 %
Anticipated return on plan assets	7.00 %	7.40 %
Future salary increases	1.70 %	3.20 %

(c) Plan assets

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

Class of asset	2020		2019	
	Total \$'000	% of total	Total \$'000	% of total
Short term securities	3,863,057	9.48	3,761,027	8.87
Australian fixed interest	784,698	1.94	1,474,232	3.48
International fixed interest	1,880,465	4.61	2,054,882	4.85
Australian equities	8,106,675	19.89	8,164,849	19.26
International equities	13,160,259	32.30	13,273,396	31.31
Property	3,371,713	8.27	3,690,300	8.70
Alternatives	9,581,689	23.51	9,980,311	23.53
Total	40,748,556	100.00	42,398,997	100.00

16 Reserves

Asset revaluation reserve

The asset revaluation reserve records fair value movements on land and buildings held under the revaluation model.

Police Association of NSW

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Notes to the Financial Statements

For the Year Ended 31 December 2020

17 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.

	2020	2019
	\$	\$
	Note	
The future minimum lease payments under non-cancellable leases are:		
- no later than 1 year	421,328	456,344
- between 1 year and 5 years	138,062	559,390
Total minimum lease payments	<u>559,390</u>	<u>1,015,734</u>

18 Financial Risk Management

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

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

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	1,779,375	4,157,085
Trade and other receivables	7	625,881	581,031
Financial assets - FVTPL	8	26,979,810	27,702,011
Financial assets - at amortised cost	8	13,686,162	6,828,583
Total financial assets		<u>43,071,228</u>	<u>39,268,710</u>
Financial Liabilities			
Trade and other payables		2,220,974	1,872,296
Lease liability	10	137,063	60,674
Total financial liabilities		<u>2,358,037</u>	<u>1,932,970</u>

Notes to the Financial Statements

For the Year Ended 31 December 2020

19 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 judgement, where changes in assumptions may have a material impact on the amounts estimated.

The Association does not hold any assets or liabilities measured at fair value, other than the financial assets recorded in note 8, land and buildings in note 11 and investment property in note 12.

20 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of Police Association of NSW during the year was \$1,869,238 (2019: \$1,805,162).

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

21 Related Parties

The Association provided office space to the NSW Police Legacy. Payments of \$56,243 were received (2019: \$54,080).

22 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 2020 to be \$1.6 million (2019: \$1.4 million).

Given the nature of the matters and the stages of completion, this is an estimate only and cannot be measured reliably. Accordingly, 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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

22 Contingencies

(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.

23 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2020	2019
	\$	\$
Surplus for the year	2,444,838	4,655,263
Cash flows excluded from result attributable to operating activities		
Non-cash flows in result:		
- depreciation and amortisation	311,160	294,938
- impairment of property, plant and equipment	800,052	-
- interest on lease liability	7,737	2,996
- defined benefit fund costs and interest	-	17,391
- net (gain)/loss on disposal of plant and equipment	(181)	6,482
- Dividends and interest classified as investing activities	(1,135,426)	(2,631,452)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(27,204)	(278,560)
- (increase)/decrease in prepayments	(63,530)	117,053
- increase/(decrease) in trade and other payables	603,532	441,445
- increase/(decrease) in employee benefits	439,695	140,585
Cashflow from operations	<u>3,380,673</u>	<u>2,766,141</u>

24 Events Occurring After the Reporting Date

The financial report was authorised for issue on 21 April 2021 by the Executive.

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Association is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Association. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has 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 subsequent financial periods.

Notes to the Financial Statements

For the Year Ended 31 December 2020

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.

26 Additional disclosures

	2020	2019
	\$	\$
Income		
Levies and voluntary contributions	-	-
Amount of donations or grants	-	-
Expenses		
Levies	-	-
Remuneration of employees	9,543,983	9,035,303
Auditor's remuneration - audit services	27,650	29,700
Auditor's remuneration - other services *	2,000	2,000
Penalties under Industrial Relations Acts or Regulations	-	-
Assets		
Investments in Government, municipal and other public debentures, stock or bonds	-	-

**Other services include extended audit procedures requested by the Association, assistance with the preparation of the general purpose financial report.*

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.

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 2020, 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 2020 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 2020;
 - (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.

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is authorised by a
firm approved under
Australian Standards
legislation



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 - Reduced disclosure requirements 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.ausb.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: 21 April 2021

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Disclaimer

The additional financial data presented on pages 36 to 39 was compiled by Police Association of NSW ("the Association"). This data has not been subjected to the auditing procedures applied in our statutory audit of the Association for the year ended 31 December 2020. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person in respect of such data, including any errors of omissions therein however caused.

Daley & Co.
Daley & Co

Dated: 21 April 2021

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Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Income		
Membership fees received - Full membership	17,657,896	17,546,860
Investment income	785,773	2,049,248
Rental income	447,362	340,039
Interest income	269,100	582,204
Gain on fair value of financial assets	80,553	-
Government COVID stimulus income	100,000	-
Other income	356,024	475,734
	<u>19,696,708</u>	<u>20,994,085</u>
Affiliation fees		
PFA	(333,097)	(277,253)
Unions NSW	(66,565)	(59,359)
Others	(111,682)	(110,425)
	<u>(511,344)</u>	<u>(447,037)</u>
Biennial conference		
Conference expenses	(60,541)	(10,140)
Branch organising, visits, forums		
Branch forums/focus	(170,008)	(485,622)
Branch visits	(103,469)	(69,839)
Representation/promotion	(10,255)	(38,536)
	<u>(283,732)</u>	<u>(593,997)</u>
Computer systems expenses		
Computer systems expenses	(412,925)	(381,507)
Consulting, accounting and audit fees		
Consulting fees	(125,000)	(97,140)
Accounting services	(56,585)	(55,300)
Legal fees	(45,476)	(12,026)
Audit fees	(37,850)	(44,000)
	<u>(264,911)</u>	<u>(208,466)</u>

Refer to accompanying Compilation Report

Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Depreciation and amortisation expense		
Depreciation and amortisation expense	(1,105,102)	(294,939)
Employee costs (salary, leave, superannuation, on costs, etc)		
Salaries, allowances & packaging - Association	(7,326,592)	(6,183,462)
Superannuation contributions	(818,573)	(798,088)
Secondment	(461,110)	(1,215,790)
Fringe Benefits	(390,143)	(386,526)
Payroll tax	(278,924)	(327,878)
Leave provisions	(161,203)	(99,206)
Other employee costs	(32,361)	(24,353)
	(9,468,906)	(9,035,303)
Executive expenses		
Executive meeting and representation	(70,332)	(102,931)
Committee meeting expenses	(19,297)	(31,169)
Police Federation support	-	(4,663)
Travel and motor vehicle expenses	(26,464)	(39,322)
Branch visits and airfares	(4,075)	(41,779)
Telephone and dry cleaning	(22,647)	(23,790)
Training and education expenses	(9,059)	(3,106)
	(151,874)	(246,760)
Legal assistance		
Legal fees - Solicitor	(1,735,797)	(2,012,880)
Legal fees - Counsel	(1,154,665)	(814,539)
Legal reimbursements	32,322	156,430
Disbursements	(63,989)	(146,602)
	(2,922,129)	(2,817,591)

Refer to accompanying Compilation Report

Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Member benefits (death benefit, welfare and scholarship schemes)		
Death benefit scheme	(311,313)	(344,304)
Retirement gifts and Association merchandise	(222,197)	(289,764)
Welfare assistance scheme	(162,966)	(215,859)
Trust payments	(144,000)	(216,000)
Scholarships	(101,273)	(98,364)
Pocket diary	(82,490)	(61,497)
Police News	(21,470)	(14,327)
Other expenses	(37,437)	(33,764)
	(1,083,146)	(1,273,879)
Motor vehicle expenses		
Motor vehicle expenses	(133,398)	(152,001)
Property maintenance costs		
Elizabeth St, Sydney	(349,765)	(309,585)
Holt St, Sydney	(17,680)	(8,671)
	(367,445)	(318,256)
Sponsorships and donations		
Sponsorships and donations	(54,283)	(109,864)
Training and education expenses		
Training and education expenses	(22,011)	(39,751)
Travel expenses		
Travel expenses	(57,148)	(90,918)
Finance Expense		
Finance expense	(7,737)	(5,203)

Refer to accompanying Compilation Report

Police Association of NSW

ABN: 86 047 021 267

Detailed Income Statement

For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Other expenses		
Printing and stationery expense	(72,289)	(44,667)
Insurance expense	(82,529)	(115,926)
Investment management costs	(59,761)	(50,589)
Operating lease expense	25,398	9,527
Magazines, journals and periodicals expense	(22,590)	(22,227)
Telephone and fax expense	(21,799)	(37,786)
Repairs and maintenance expense	(19,627)	(20,732)
Courier charges	(7,308)	(7,258)
Bank charges	(469)	(343)
Staff amenities	(9,167)	(12,884)
Sundry expenses	(75,097)	(10,325)
	<u>(345,238)</u>	<u>(313,210)</u>
Total expenses	<u>(17,251,870)</u>	<u>(16,338,822)</u>
Surplus for the year	<u>2,444,838</u>	<u>4,655,263</u>

Refer to accompanying Compilation Report