

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Financial Statements

For the Year Ended 30 June 2018

Financial Statements

For the Year Ended 30 June 2018

Contents	Page
Operating Report	1
Committee of Management Statement	3
Statement of Profit or Loss and Other Comprehensive Income	4
Balance Sheet	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Required report under subsection 255 (2A)	31
Officer Declaration Statement	32
Independent Audit Report	34

Operating Report

30 June 2018

The Executive, being the Committee of Management for the purposes of the Fair Work (Registered Organisations) Act 2009 ("RO Act"), presents its operating report of the Police Federation of Australia - Australian Federal Police Association Branch ("the Branch") for the financial year ended 30 June 2018.

Committee of Management

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

Name	Title	Term
Angela Smith	President	1 July 2017 to 30 June 2018
Graeme Cooper	Vice President	1 July 2017 to 30 June 2018
Adrian Smith	Secretary/Treasurer	1 July 2017 to 30 June 2018
Steven Harris	Executive Member	1 July 2017 to 30 June 2018
Alex Caruana	Executive Member	1 July 2017 to 30 June 2018
Vince Pannell	Executive Member	1 July 2017 to 30 June 2018
Scott Henderson	Executive Member	1 July 2017 to 30 June 2018
Kylie Young	Executive Member	1 July 2017 to 30 June 2018
James Cheshire	Executive Member	1 July 2017 to 30 June 2018

Review of principal activities

The principal activities of the Branch during the financial year were to promote and enhance the interests of our members and their profession; promote the interests and effective delivery of the Federal and ACT law enforcement; protect our members from any malicious, capricious or malevolent behaviour directed against them within the context of their professional role and provide professional services.

The Branch's principal activities results in maintaining and improving our members' professional interests, protection and services.

There was no significant change in the nature of the Branch's principal activities occurred during the year.

Review of operations and results of activities

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

Operating Report

30 June 2018

Results of activities

The operating profit for the Branch for the year ended 30 June 2018 was \$65,061 (2017: loss of \$802,957) and the Executive believe that the activities of the Branch have achieved their objectives for the financial year.

Significant Changes in Nature of Activities or Financial Affairs

There were no significant changes in the nature of activities or the state of the affairs of the Branch during the year.

Right of Members to Resign

Members retain the right to resign from the Australian Federal Police Association in accordance with section 10 of the Federal Rules and Section 174 of the RO Act. In accordance with Section 174(1) of the RO Act a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Number of members

The number of members of the Branch at the end of the financial year was 4,028 (2017: 3,914).

Number of employees

The total number of full time equivalent employees as at 30 June 2018 was 15 (30 June 2017: 10).

Superannuation fund trustees

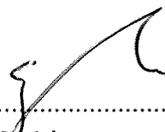
No officer or member of the Branch acts:

- i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- ii) as a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Signed in accordance with a resolution of the Executive:



Angela Smith
President



Adrian Smith
Secretary/Treasurer

Dated 14 November 2018

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

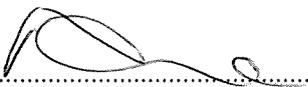
Committee of Management Statement

On the 14 November 2018 the Executive of the Police Federation of Australia - Australian Federal Police Association Branch ("the Branch"), passed the following resolution in relation to the General Purpose Financial Report ("GPFR") of the Branch for the year ended 30 June 2018:

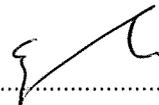
The Branch Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 June 2018;
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 June 2018 and since the end of the financial year:
 - i) meetings of the Executive were held in accordance with the rules of the organisation and the rules of the Branch; and
 - ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - iii) the financial records of the Branch have been kept and maintained in accordance with the RO Act; and
 - iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Executive by:



Angela Smith
President



Adrian Smith
Secretary/Treasurer

Dated this 14th day of November 2018.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Revenue	4	4,296,260	4,024,609
Other income	4	112,806	32,444
Total Income		4,409,066	4,057,053
Accounting and audit fees		(91,479)	(99,833)
Capitation fees	5	(71,271)	(73,926)
Communications expense		(93,869)	(96,307)
Conference and meeting expense		(12,940)	(53,499)
Consultants expense		(180,352)	(180,765)
Depreciation expense		(37,418)	(74,773)
Employee benefits expense	5	(1,624,196)	(1,561,797)
Insurance expense - members		(1,169,647)	(1,248,068)
Insurance expense - association		(89,324)	(66,209)
Legal fees	5	(384,230)	(562,214)
Net gain/(loss) on disposal of property, plant and equipment		971	(321,535)
Property costs		(220,934)	(204,849)
Travel expenses		(102,964)	(126,555)
Other expenses		(266,352)	(189,680)
Total expenditure		(4,344,005)	(4,860,010)
Result for the year		65,061	(802,957)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		65,061	(802,957)

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Balance Sheet

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,586,255	4,257,863
Trade and other receivables	7	777,195	434,096
Inventories		30,837	21,126
Other financial assets	8	1,992,401	-
Other assets	9	36,135	132,503
TOTAL CURRENT ASSETS		<u>4,422,823</u>	<u>4,845,588</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	66,455	81,980
Intangible assets	11	51,000	-
NON-CURRENT ASSETS		<u>117,455</u>	<u>81,980</u>
TOTAL ASSETS		<u>4,540,278</u>	<u>4,927,568</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	298,989	827,394
Employee benefits	13	110,583	36,209
TOTAL CURRENT LIABILITIES		<u>409,572</u>	<u>863,603</u>
NON-CURRENT LIABILITIES			
Employee benefits	13	4,875	3,195
NON-CURRENT LIABILITIES		<u>4,875</u>	<u>3,195</u>
TOTAL LIABILITIES		<u>414,447</u>	<u>866,798</u>
NET ASSETS		<u>4,125,831</u>	<u>4,060,770</u>
RETAINED EARNINGS		<u>4,125,831</u>	<u>4,060,770</u>

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Statement of Changes in Equity

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Retained Earnings		
Balance as at 1 July 2017	4,060,770	4,863,727
Result for the year	65,061	(802,957)
Balance as at 30 June 2018	4,125,831	4,060,770

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	4,896,558	4,595,637
Payments to suppliers and employees	(5,565,565)	(4,457,140)
Interest received	61,722	10,630
Net cash provided by/(used in) operating activities	20 (607,285)	149,127
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	971	1,351,000
Purchase of property, plant and equipment	(21,893)	(10,835)
Purchase of intangible assets	(51,000)	-
Net payments for investments	(1,992,401)	-
Net cash provided by/(used in) investing activities	(2,064,323)	1,340,165
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	(2,671,608)	1,489,292
Cash and cash equivalents at beginning of year	4,257,863	2,768,571
Cash and cash equivalents at end of financial year	6 1,586,255	4,257,863

The accompanying notes form part of these financial statements.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* (the "RO Act"). For the purpose of preparing the general purpose financial statements, the Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Branch and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Interest revenue

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

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Membership subscriptions

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.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Financial instruments

Accounting policies applied from 1 July 2017

From 1 July 2017, the Branch classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), 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.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Branch has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income. No such election has been made.

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Accounting policies applied from 1 July 2017 (continued)

Interest income from these financial assets is included in finance income using the effective interest rate method.

The Branch measures all equity instruments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit or loss.

Impairment

The Branch assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 14 details how the Branch determines whether there has been a significant increase in credit risk.

For trade receivables, the Branch applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Accounting policies applied prior to 1 July 2017

The Branch has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Branch's previous accounting policy:

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Branch becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Financial Assets

Financial assets were categorised as:

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

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Amortised cost

Amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Branch's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Branch renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Branch does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- designated by the entity to be carried at fair value through profit or loss upon initial recognition.

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

The Branch has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the balance sheet at fair value with changes in fair value recognised in finance income in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

The Branch's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment

At the end of the reporting period the Branch assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(e) Fair value measurement

The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(f) 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.

(g) Employee benefits

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(h) Capitation fees

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

(i) Adoption of new and revised accounting standards

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

(j) New Accounting Standards and Interpretations

The Branch has elected to apply AASB 9 Financial Instruments as issued in December 2014, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows. In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated, notwithstanding that the Branch did not have any investments that required restatement.

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(j) New Accounting Standards and Interpretations (continued)

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates during the current reporting period. These standards and amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. Other than noted above, the Association has decided not to early adopt these Standards. The following summarises those future requirements, and their impact on the Branch where the standard is relevant:

AASB 15 Revenue from contracts with customers

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

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

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

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

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(j) New Accounting Standards and Interpretations (continued)

AASB 16 Leases

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

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

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Branch does not intend to adopt the standard before its effective date.

3 Critical Accounting Estimates and Judgments

The Executive 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 - 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.

Key estimates - impairment of property, plant and equipment

The Branch assesses impairment at the end of each reporting period by evaluating conditions specific to the Branch that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

3 Critical Accounting Estimates and Judgments (continued)

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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

4 Revenue and Other Income

	2018	2017
	\$	\$
Membership subscriptions	4,234,538	4,013,979
Interest income	61,722	10,630
	<u>4,296,260</u>	4,024,609
Capitation fees	-	-
Levies	-	-
Grants or donations	-	-
Financial support received from another reporting unit	-	-
Sundry income	33,628	32,444
Sponsorship income	55,417	-
Gains from fair value adjustment on investments	23,762	-
	<u>112,807</u>	32,444
	<u>4,409,067</u>	<u>4,057,053</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

5 Result for the year

	2018	2017
	\$	\$
Employee expenses		
<i>Office holders</i>		
Wages and salaries	342,972	268,893
Superannuation	38,833	32,859
Leave and other entitlements	36,503	15,743
Separation and redundancies	-	296,111
Other employee expenses	33,904	15,018
	<u>452,212</u>	<u>628,624</u>
<i>Employees other than office holders</i>		
Wages and salaries	963,089	800,922
Superannuation	126,224	109,378
Leave and other entitlements	39,550	5,822
Separation and redundancies	-	-
Other employee expenses	43,121	17,051
	<u>1,171,984</u>	<u>933,173</u>
	<u><u>1,624,196</u></u>	<u><u>1,561,797</u></u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

5 Result for the year (continued)

	2018	2017
	\$	\$
Affiliation fees	-	-
Cost of sales	41,136	16,024
Depreciation expense	37,418	74,773
Capitation fees	71,271	73,926
Rental expense on operating leases - minimum lease payments	207,210	69,686
Penalties - via RO Act or RO Regulations	-	-
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	-	-
Grants or donations		
Grants - total paid that were \$1,000 or less	-	-
Grants - total paid that exceeded \$1,000	-	-
Donations - total paid that were \$1,000 or less	-	208
Donations - total paid that exceeded \$1,000	-	5,000
	-	5,208
Litigation costs		
Legal costs - litigation	43,602	153,215
Legal costs - other matters	340,628	408,999
	384,230	562,214

6 Cash and Cash Equivalents

Cash at bank and on hand	1,586,255	4,257,863
--------------------------	-----------	-----------

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

7 Trade and Other Receivables

	2018	2017
	\$	\$
Trade receivables	115,093	23,450
Insurance rebate receivable	662,102	410,646
	<u>777,195</u>	<u>434,096</u>

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

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

Receivables from other reporting units

Receivables from other reporting units	-	-
Less: provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>

8 Other financial assets

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

9 Other Assets

Prepayments	36,135	132,503
-------------	--------	---------

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

10 Property, plant and equipment

	2018	2017
	\$	\$
Plant and equipment		
At cost	203,727	181,834
Accumulated depreciation	(137,272)	(99,854)
	<u>66,455</u>	<u>81,980</u>

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:

Balance at the beginning of year	81,980	169,350
Additions	21,893	10,835
Disposals	-	(61,083)
Depreciation expense	(37,418)	(37,122)
Balance at the end of the year	<u>66,455</u>	<u>81,980</u>

11 Intangible Assets

Computer software - at cost	<u>51,000</u>	-
-----------------------------	---------------	---

Movements in carrying amounts of intangible assets

Balance at the beginning of year	-	-
Additions	51,000	-
Disposals	-	-
Amortisation	-	-
Balance at the end of year	<u>51,000</u>	-

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

12 Trade and Other Payables

	2018	2017
	\$	\$
Trade payables	296,552	823,154
Other payables	2,437	4,240
	<u>298,989</u>	<u>827,394</u>

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

(a) Payables to other reporting units

Payables to other reporting units

-	-
---	---

(b) Payables - additional disclosures

Legal costs

Legal costs - litigation

27,375 12,081

Legal costs - other matters

- -

Total

27,375 12,081

13 Employee Benefits

CURRENT

Annual leave

72,747 36,209

Long service leave

37,836 -

110,583 36,209

NON CURRENT

Long service leave

4,875 3,195

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

13 Employee Benefits (continued)

	2018	2017
	\$	\$
Office Holders:		
Annual leave	26,813	14,385
Long service leave	27,361	976
Separations and redundancies	-	-
Other	-	-
	<u>54,174</u>	<u>15,361</u>
Employees other than office holders:		
Annual leave	45,934	21,824
Long service leave	15,350	2,219
Separations and redundancies	-	-
Other	-	-
	<u>61,284</u>	<u>24,043</u>
Total	<u><u>115,458</u></u>	<u><u>39,404</u></u>

14 Financial Risk Management

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

The Branch's financial instruments consist mainly of deposits with banks, accounts receivable and payable. Accordingly, the Branch is not exposed to any significant market risk.

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

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

14 Financial Risk Management (continued)

	Note	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	6	1,586,255	4,257,863
Trade and other receivables	7	777,195	434,096
Financial assets:			
- fair value through profit or loss	8	1,232,401	-
- amortised cost	8	760,000	-
Total financial assets		4,355,851	4,691,959
Financial Liabilities			
- Trade and other payables	12	298,989	827,394

Liquidity risk

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

The Branch's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Branch manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Branch expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

14 Financial Risk Management (continued)

Liquidity risk (continued)

The Branch's liabilities are summarised below:

	Less than 1 year	
	2018	2017
	\$	\$
Trade and other payables	298,989	827,394

The following table details the Branch's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Branch and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Branch.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
2018							
Trade receivables	115,093	-	-	-	-	-	115,093
Insurance rebate receivable	670,102	-	-	-	-	-	670,102
Total	785,195	-	-	-	-	-	785,195
2017							
Trade receivables	54,084	-	-	-	-	-	54,084
Insurance rebate receivable	380,012	-	-	-	-	-	380,012
Total	434,096	-	-	-	-	-	434,096

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

14 Financial Risk Management (continued)

The Branch does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Net income from financial assets

	2018	2017
	\$	\$
Interest revenue	55,026	10,630
Distributions received	6,696	-
	<u>61,722</u>	<u>10,630</u>

15 Fair Value Measurement

(a) Financial Assets and Liabilities

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

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

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets as at balance date (Level 1).

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

16 Key Management Personnel Disclosures

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

	2018	2017
	\$	\$
Short-term employee benefits	522,413	421,325
Post-employment benefits	87,045	78,594
Other long-term benefits	26,674	7,306
Termination benefits	-	296,111
	<u>636,132</u>	<u>803,336</u>

17 Remuneration of auditor

Remuneration of the auditor:

Audit	31,500	29,000
Accounting and taxation	6,600	28,731
	<u>38,100</u>	<u>57,731</u>

18 Contingencies

In the opinion of the Executive, the Branch did not have any contingencies at 30 June 2018 (30 June 2017: None).

19 Related Parties

(a) Key management personnel:

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

For details of remuneration disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Disclosures.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

19 Related Parties (continued)

(b) Police Federation Australia (PFA)

Capitation fees were paid to the PFA during the financial year totalling \$71,271 (2017: \$73,926). Cashflows relating to these payments for the year totalled \$78,398 (2017: \$81,318).

(c) AUSPOL Police Welfare Foundation (AUSPOL)

The Branch is a member of AUSPOL, and Branch members are referred to this registered charity in certain circumstances. The Trustee of AUSPOL is AFPA Limited.

Whilst there is a degree of commonality in the Board/Committee of Management representation, this entity is not controlled by the Branch. Similarly is not considered to constitute a relationship which meets the definition of being a related party under the Australian Accounting Standards. Accordingly, no further disclosures are considered necessary.

20 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2018	2017
	\$	\$
Result for the year	65,061	(802,957)
Non-cash flows in the operating result:		
- depreciation	37,418	74,773
- net (gain)/loss on sale of property, plant and equipment	(971)	321,535
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(343,099)	234,946
- (increase)/decrease in prepayments	96,368	(107,815)
- (increase)/decrease in inventories	(9,711)	(13,342)
- increase/(decrease) in trade and other payables	(528,405)	420,422
- increase/(decrease) in employee benefits	76,054	21,565
Cashflow from operations	(607,285)	149,127

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer and Related Party Disclosure Information

For the Year Ended 30 June 2018

21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 14 November 2018 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations, or the state of affairs of the Branch in future financial years.

22 Capital and Leasing Commitments

Operating Leases

	2018	2017
	\$	\$
<i>Minimum lease payments under non-cancellable operating leases:</i>		
- not later than one year	243,881	226,954
- between one year and five years	1,042,395	1,002,303
- later than five years	164,769	440,894
	<u>1,451,045</u>	<u>1,670,151</u>

Operating leases have been taken out for property and cars over a period of 7 years. Lease payments are increased on an annual basis to reflect market rentals. All amounts above are GST inclusive.

23 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Required report under subsection 255(2A)

For the Year Ended 30 June 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

	2018	2017
	\$	\$
Remuneration and other employment related costs and expenses - employee	1,624,196	1,561,797
Advertising	-	3,988
Operating costs	2,299,133	2,330,496
Donations to political parties	-	5,208
Legal costs	384,230	562,214



.....
Angela Smith
President

14 November 2018

Officer Declaration Statement

For the Year Ended 30 June 2018

I, Angela Smith, being the President of the Australian Federation Police Association, declare that the following activities did not occur during the reporting period ending 30 June 2018.

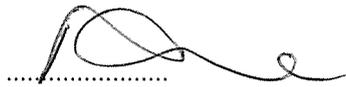
The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern; and
- agree to provide financial support to another reporting unit to ensure they continue as a going concern; and
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission; and
- receive capitation fees from another reporting unit; and
- receive any other revenue from another reporting unit; and
- receive revenue via compulsory levies; and
- receive donations or grants; and
- receive revenue from undertaking recovery of wages activity; and
- incur fees as consideration for employers making payroll deductions of membership subscriptions; and
- pay affiliation fees to other entity; and
- pay compulsory levies; and
- pay a grant that was \$1,000 or less; and
- pay a grant that exceeded \$1,000; and
- pay a donation that was \$1,000 or less; and
- pay a donation that exceeded \$1,000; and
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit; and
- incur expenses due to holding a meeting as required under the rules of the organisation; and
- pay a penalty imposed under the RO Act; and
- have a receivable with another reporting unit(s); and
- have a payable with other reporting unit(s); and
- have a payable to an employer as consideration for that employer making payroll deductions of membership subscriptions; and
- have a payable in respect of legal costs relating to other legal matters; and
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch; and

Officer Declaration Statement

For the Year Ended 30 June 2018

- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity; and
- have a balance within the general fund; and
- receive cash flows from another reporting units and/or controlled entity; and
- have another entity administer the financial affairs of the reporting unit; and
- make a payment to a former related party of the reporting unit.



Angela Smith

President

14 November 2018

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

Report on the Financial Report

Opinion

We have audited the financial report of Police Federation of Australia - Australian Federal Police Association Branch ("the Branch"), which comprises the Statement of financial position as at 30 June 2018 and the statement of comprehensive income, statement of changes in equity and Statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Police Federation of Australia - Australian Federal Police Association Branch as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (a) Australian Accounting Standards; and
- (b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the "RO Act").

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit 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.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the RO Act.

Daley & Co.
Daley & Co
Chartered Accountants

Michael Mundt
Michael Mundt
Partner

14 November 2018
Wollongong

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

Liability limited by a scheme approved under Professional Standards Legislation