

POLICE FEDERATION OF AUSTRALIA

A B N 31 384 184 778

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, John Laird, being the Treasurer of the Police Federation of Australia, certify:

- (a) that the documents lodged herewith are copies of the full report of the Police Federation of Australia for the year ended 30th of June 2016 referred to in S268 of the Fair Work (Registered Organisations) Act 2009; and
- (b) that the full report was provided to members on the 4th of October 2016; and
- (c) that the full report was presented to a general meeting of members and meeting of the committee of management on the 4th of October 2016 in accordance with S266 of the Fair Work (Registered Organisations) Act 2009.



John Laird
Treasurer

Date: 4th of October 2016

COMMITTEE OF MANAGEMENT'S STATEMENT

On the 4th of October 2016, the Committee of Management of the Police Federation of Australia passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2016.


The committee of Management declares in relation to the GPFR 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 of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the Federation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the Federation including the rules of the branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the R O Act; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the Federation; and
 - (v) the information sought in any request of a member of the reporting unit or a General Manager duly made under section 272 of the R O Act has been furnished to the member of General Manager; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the R O Act.
- (f) In relation to the recovery of wages activity
 - (i) There were no recovery of wages activity for the Police Federation of Australia for the year ended 30th June 2016.

For Committee of Management:



Treasurer John Laird



President Mark Carroll

Date: 4th of October 2016

INDEPENDENT AUDIT REPORT

To the members of the Police Federation of Australia

Report on the Financial Statement

I have audited the accompanying financial report of the Police Federation of Australia for the year ended 30th June 2016 which comprises the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows, a summary of significant accounting policies and other explanatory notes and the Committee of Management statement.

Committee of Management's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENT AUDIT REPORT (continued)

Independence

In conducting my audit, I have complied with the applicable independence requirements of the Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the general purpose financial report of the Police Federation of Australia is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

SIGNED AT CANBERRA this 4th day of October 2016



LOI KAH TSIA, B. Com., F.C.A.
Chartered Accountant
Registered Company Auditor
Suite 201, 2nd Floor
309 Pitt Street
SYDNEY NSW 2000

AUDITOR'S STATEMENT

- (a) In my opinion, the GPFR of the Police Federation of Australia is presented fairly in accordance with the Australian Accounting Standards; and
- (b) In relation to recovery of wages activity and based on representations made to me by the Police Federation of Australia and my audit work undertaken for the year ended 30th June 2016, it appears that there were no recovery of wages activity for the year then ended; and
- (c) That as part of the audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the reporting entity's financial statements is appropriate; and
- (d) Also declared that:
 - (i) I am an approved auditor registered as company auditor with ASIC. My auditor registration number is 3245;
 - (ii) I am a member of my firm L K Tsia Chartered Accountant;
 - (iii) I am a member of the Chartered Accountants Australia and New Zealand, FCA with the registration number 17835; and
 - (iv) I hold a current practising certificate issued to me by the Chartered Accountants Australia and New Zealand.

SIGNED AT CANBERRA this 4th day of October 2016



LOI KAH TSIA, B. Com., F.C.A.
Chartered Accountant
Registered Company Auditor
Suite 201, 2nd Floor
309 Pitt Street
Sydney NSW 2000

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>Accumulated Funds</u>			
Retained Earnings		\$ 1,033,560	\$ 972,941
Reserves		503,751	153,751
		<u>\$ 1,537,311</u>	<u>\$ 1,126,692</u>
<u>Represented by</u>			
<u>Current Assets</u>			
Police Bank Easy Access account		148,932	98,747
Police Bank Market Link account		7,000	6,865
Police Bank Savings Plus account		58,990	47,895
Police Bank membership fees		10	10
Cash on hand	3	15	28
Other Receivables	4	3,377	20,516
		<u>218,324</u>	<u>174,061</u>
<u>Non-Current Assets</u>			
Property - 21 Murray Crescent			
Griffith ACT – At Independent Valuation	5	1,500,000	1,150,000
Plant, Equipment & Furniture	6	57,863	
Less provision for depreciation		36,912	20,951
Motor vehicle	7	44,054	
Less provision for depreciation		11,013	39,649
		<u>1,553,992</u>	<u>1,215,678</u>
Total Assets		<u>1,772,316</u>	<u>1,389,739</u>
<u>Less Current Liabilities</u>			
Trade creditors and accruals	8	62,955	75,197
Provision for annual leave	9	22,177	27,864
Provision for long service leave	10	127,438	129,620
Other payables	12	22,435	30,366
Total liabilities		<u>235,005</u>	<u>263,047</u>
Net Assets		<u>\$ 1,537,311</u>	<u>\$ 1,126,692</u>

POLICE FEDERATION OF AUSTRALIA
ABN 31 384 184 778

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>Income</u>			
Trust distributions received	17	17,254	3,777
Compulsory and voluntary levies		-	-
Grants and donations		-	-
Affiliation fees received	13	1,010,224	1,004,990
Capitation fees received	14	-	-
Membership fees received	15	-	-
Interest received	16	1,376	1,984
		<u>\$ 1,028,854</u>	<u>\$ 1,010,751</u>
<u>Less expenditure</u>			
Audit and accounting fees	18	25,500	21,000
Annual leave	9	21,117	31,479
ACTU affiliation fees	19	15,685	97,433
Bank charges and duties		395	903
Capitation fees		-	-
Compulsory levies		-	-
Computer and website design		51,655	49,610
Consideration to employers payroll deduction		-	-
Delegation expenses	20	267,483	235,238
Depreciation	21	11,686	11,342
FBT		24,959	22,809
Fees / allowance - conference and meeting		-	-
General office expenses	22	34,173	28,599
Grants and donations	23	1,000	-
Insurances		11,353	17,664
Legal fees	24	9,991	3,979
Long service leave	10	-	-
Loss on disposal of asset	25	-	11,443
Motor vehicle expenses		7,585	9,241
National Foundation expenses	26	6,629	2,441
Penalties via R O Act or R O Regulations		-	-
Property expenses	27	62,239	78,260
Salary & packaging		319,722	305,945
Superannuation		91,438	84,352
Telephone		5,625	6,818
		<u>\$ 968,235</u>	<u>\$ 1,018,556</u>
Total Expenditure			
Net Surplus/(Loss) for the year		60,619	(7,805)
Accumulated funds at beginning of year		972,941	980,746
Accumulated funds at end of year		<u>\$ 1,033,560</u>	<u>\$ 972,941</u>

POLICE FEDERATION OF AUSTRALIA
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2016

	<u>Retained</u> <u>Earnings</u>	Asset <u>Revaluation</u> <u>Reserve</u>	<u>Total</u>
Balance as at 30th June 2013	1,048,242	153,751	1,201,993
Net Deficit for the year 2014	(67,496)	-	(67,496)
Balance as at 30th June 2014	980,746	153,751	1,134,497
Net Deficit for the year 2015	(7,805)	-	(7,805)
Balance as at 30th June 2015	972,941	153,751	1,126,692
Net Surplus for the year 2016	60,619	350,000	410,619
Balance as at 30th June 2016	\$ 1,033,560	\$ 503,751	\$ 1,537,311

POLICE FEDERATION OF AUSTRALIA
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2016

	<u>2016</u>	<u>2015</u>
<u>Cash from Operating Activities</u>		
Receipts from members	1,108,932	1,106,773
Interest received	1,376	1,984
Other income	17,254	3,777
Payment of other expenses	(589,488)	(509,869)
Payment of ACTU affiliation fees	(17,254)	(106,799)
Payment of FBT	(24,959)	(22,809)
Payment of employees' entitlements	(434,459)	(416,388)
Cash from other reporting unit	-	-
Net cash provided by operating activities	<u>\$ 61,402</u>	<u>\$ 56,669</u>
<u>Cash from Investing Activities</u>		
Proceeds from sale of motor vehicle	-	14,545
Purchase of motor vehicle	-	(44,054)
Purchase of Plant, Equipment & Furniture	-	-
Net cash provided by investing activities	<u>\$ -</u>	<u>\$ (29,509)</u>
<u>Cash from Financing Activities</u>		
Repayment of borrowings	-	-
Net cash outflow from financing activities	<u>\$ -</u>	<u>\$ -</u>
Net increase / (decrease) in cash held	61,402	27,160
Cash at the beginning of the financial year	153,545	126,385
Cash at the end of the financial year	<u>\$ 214,947</u>	<u>\$ 153,545</u>

Cash Reconciliation

For the purpose of the Statement of Cash Flows, cash at the end of the financial year is reconciled to the following items in the Statement of Financial Position.

Cash with financial institutions

Police Bank Easy Access Account	148,932	98,747
Police Bank Market Linked Account	7,000	6,865
Police Bank Savings Plus Account	58,990	47,895
Police Bank Membership Fees	10	10
Cash on Hand	15	28
	<u>\$ 214,947</u>	<u>\$ 153,545</u>

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CASH FLOW	<u>2016</u>	<u>2015</u>
Cash Flow Reconciliation		
<u>Reconciliation of cash and cash equivalents as per</u>		
<u>Statement of Financial Position to Cash Flow Statement</u>		
 <u>Cash and cash equivalents as per:</u>		
Cash flow statement	214,947	153,545
Statement of financial position	214,947	153,545
Difference	<u>\$ -</u>	<u>\$ -</u>
 <u>Reconciliation of profit / (deficit) to net cash</u>		
<u>from operating activities</u>		
Profit / (deficit) for the year	60,619	(7,805)
 <u>Adjustments for non-cash items</u>		
Depreciation / amortisation	11,686	11,342
Loss on disposal of assets	-	11,443
 <u>Changes in assets / liabilities</u>		
(Increase) / decrease in net receivables	17,139	(20,516)
Increase / (decrease) in supplier payables	(12,242)	46,683
Increase / (decrease) in other payables	(7,931)	10,134
Increase / (decrease) in employee provisions	(7,869)	5,388
Net cash from (used by) operating activities	<u>\$ 61,402</u>	<u>\$ 56,669</u>
 <u>Cash flow information</u>		
<u>Cash Inflows</u>		
Australian Federal Police Association	74,410	76,983
Police Association of NSW	300,581	296,661
Police Association of NZ	23,147	23,065
Police Association of SA	85,122	86,616
Police Association of TAS	21,498	21,312
Police Association NT	25,166	26,424
QLD Police Union	207,269	210,801
Police Association of VIC	261,087	251,820
WA Police Union	110,652	109,496
Other receipts	18,630	5,761
Total cash inflow	<u>\$ 1,127,562</u>	<u>\$ 1,108,939</u>
 <u>Cash Outflows</u>		
ACTU affiliation fees	17,254	106,799
Other expenses	1,048,906	974,980
Total cash outflow	<u>\$ 1,066,160</u>	<u>\$ 1,081,779</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose report that has been prepared in accordance with Australian Accounting Standards, Accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board that apply for the reporting period and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Police Federation of Australia is a not-for-profit entity.

The financial report covers the Police Federation of Australia (the Federation) as an individual entity. The financial report has been prepared on an accruals basis and is based on historical costs and do not take into account changing money values or except where stated. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated. The financial statements are presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Federation in the preparation of the financial report.

Accounting Policies

(a) Income Tax

The Federation, being a trade union, is exempt from income tax including capital gains tax, by virtue of the provision of section 50-5 of the Income Tax Assessment Act 1997. However, the entity still has obligations for Fringe Benefit Tax (FBT) and Goods and Services Tax (GST)

(b) Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits held at call with bank, other short term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash.

(c) Investment Property

Investment property comprising land and building is held primarily for its own use as an office. Investment property is carried at fair value, determined annually by the Committee of Management based on prices in an active market for similar property in the same location.

(d) Revenue

Revenue is recognised upon the issue of invoices to all branches of the Federation. Membership incomes have been accounted for on an accrual basis. Membership fees outstanding at balance sheet date have been brought into account as amount due from branches. Membership fees relating to the unexpired part of the membership year are deferred and recognised as income in the next financial year. These are shown as receipt in advance on the financial report.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(e) Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the assets has passed to the buyer.

(f) Property, Plant and Equipment

Each class of property and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and building is carried at independent valuation. The carrying amount is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Plant and Equipment

All other items of plant and equipment are recorded at cost less depreciation and impairment losses

The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present value in determining recoverable amounts

Depreciation

The depreciation rates and method are based on their estimated useful lives commencing from the time it is held ready for use. The depreciation rates and method used for each class of depreciable assets are:-

Asset Class	Depreciation Rate	Depreciation Method
Office Plant and Equipment	7.5%-20%	Straight Line
Motor vehicles	15%	Straight Line

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(g) Employee Entitlements

Provisions for employee benefits in the form of Long Service Leave and Accrued Annual Leave have been made for the estimated accrued entitlements of all employees on the basis of their terms of employment. Long Service Leave has been calculated with reference to period of service and current salary rates. Contributions made by the Federation to an employee superannuation fund are charged as expense in the statement of comprehensive income when paid.

(h) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged as expenses in the statement of comprehensive income in the periods in which they are incurred.

(i) Financial Instruments

Financial assets and financial liabilities are recognised when the Federation becomes a party to the contractual provisions to the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the profit or loss as expenses.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified at fair value through profit or loss when they are of the following nature:

- a) They are acquired for trading for the purpose of short term profit taking.
- b) They are derivatives not held for hedging purposes.
- c) They are acquired and determined by the Committee of Management and measured at fair value with changes in carrying amount being included in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(i) **Financial Instruments (continued)**

Held to Maturity Investments

These are financial assets that have fixed maturity dates, fixed or determined payments and the reporting unit with the intentions to hold these investments to maturity. They are measured at amortised cost with gains or losses recognised in profit or loss when the financial asset is derecognised.

Available for Sale Financial Assets

These comprise principally investments in the equity securities with no fixed maturities and fixed or determinable payments, are non-derivatives that are either not capable of being classified into other categories of financial assets due to their nature or they are classified as such by the Committee of Management.

Available for Sale Financial Assets are classified as non current assets when they are not expected to be sold within 12 months after the end of the reporting date.

All other available for sale financial assets are classified as current assets.

When the assets are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains or losses from investment securities.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial Liabilities

Financial liabilities are classified as follows:

- a) Financial liabilities at fair value through profit or loss; or
- b) Other financial liabilities

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

The gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(i) Financial Instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or the assets were transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the assets. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability which is extinguished or transferred to another party and the fair value of consideration paid is recognised in the income statement as gains or losses from investments.

Impairment

At balance date, the Federation assesses whether there is objective evidence that a financial asset has been impaired. A financial asset will be deemed to be impaired if there is a significant or prolonged decline in the fair value of the asset below its cost. Impairment losses are recognised in the Statement of Comprehensive Income.

Fair Value

The determination of fair value is based on the current bid prices of quoted market prices at the end of the reporting period. These relate to publicly traded derivatives and trading of available for sale securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These involve the use of available market data.

(j) Goods and Services Tax (GST)

All incomes, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are included in the cash flow statement on a gross basis – that is GST inclusive.

(k) Reserves

The Asset Revaluation Reserve records revaluation of non current assets – land and building. The revaluation surplus was transferred to the Asset Revaluation Reserve.

(l) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Federation during the reporting period which remain unpaid. The balance is recognised as current liability with the amount normally paid within 30 days of recognition of the liability.

(m) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(n) Accounting Judgements and Estimates

When preparing the financial statements, the Committee of Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These judgements may differ from the actual figures. The procedures taken by the Committee of Management are listed hereunder.

Impairment

An impairment loss is recognised if the amount by which the asset's or cash generating item's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the Committee of Management estimates future cash flows from each cash-generating item and uses a suitable interest rate to calculate the present value of those cash flows. In the process of accessing the future cash flows, the Committee of Management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The final outcomes may differ and may cause significant adjustments to the Federation within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment asset specific risk factors. No impairment losses have been recorded in the financial year just ended.

Useful Lives of Depreciable Assets

The Committee of Management reviews the useful lives and the asset's residual values. Adjustments are made if appropriate at each reporting date.

Provisions

The Federation currently provides for long service leave and annual leave. Estimates are made based on their terms of employment and the length of service. Provisions are calculated with reference to their current salary rate.

(o) Fair Value Measurement of Assets and Liabilities

The Federation measures its assets and liabilities at fair value on either a recurring or non-recurring basis.

Fair value is the price the Federation would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing participants at the measurement date.

As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustment to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise to the extent possible, the use of observable market data.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(o) Fair Value Measurement of Assets and Liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or in the absence of such a market the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability after taking into account transaction cost and transport cost.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best or sell it to another market participant that would put the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued where there is no observable market price in relation to the transfer of such financial instruments by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant are detailed in the respective note to the Financial Statements.

(p) New Australian Accounting Standards

Adoption of new Australian Accounting Standards Requirements.

No accounting standard has been adopted earlier than the application date stated in the standard. The accounting policies adopted are consistent with those of the previous financial year except as follows.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign off date and are applicable to the future reporting period that are expected to have a future financial impact on the Federation include:

AASB 9 Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting period commencing on or after 1 January 2018).

This standard will be applicable retrospectively (subject to the provisions on hedge accounting) and includes revised requirements for the classification and measurement of financial instruments, revise recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

(p) New Australian Accounting Standards (continued)

AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. This new standard provide users of Financial Statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

2. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-Sections (1), (2) and (3) of Section 272 which read as follows:

- (1) A member of a reporting unit, or the general manager, 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).

	<u>2016</u>	<u>2015</u>
<u>3. Cash on Hand</u>		
Petty Cash	\$ 15	\$ 28
<u>4. Other Receivables</u>		
Various Outgoing Receivables	3,377	20,516
Receivables from another reporting unit	-	-
	<u>\$ 3,377</u>	<u>\$ 20,516</u>
<u>5. Property at Independent Valuation</u>		
21 Murray Crescent Griffith ACT		
Settled on 24.1.2003 – cost	996,249	996,249
Year to Date Valuation Increment by Independent Valuer Herron Todd White on 17.3.2016	503,751	153,751
	<u>\$ 1,500,000</u>	<u>\$ 1,150,000</u>
<u>Land and Building</u>		
Carrying amount at the beginning of the year	1,150,000	1,150,000
Valuation Increment	350,000	-
Carrying amount at the end of the year	<u>\$ 1,500,000</u>	<u>\$ 1,150,000</u>

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	<u>2016</u>	<u>2015</u>
<u>6. Plant, equipment and furniture</u>		
Carrying amount at the beginning of the year	26,029	31,109
Additions	-	-
Depreciation	(5,078)	(5,081)
Write off	-	-
Carrying amount at the end of the year	<u>\$ 20,951</u>	<u>\$ 26,028</u>
<u>7. Motor vehicle</u>		
Carrying amount at the beginning of the year	39,649	27,844
Additions	-	44,054
Proceeds from sale	-	(14,545)
Loss from sale	-	(11,443)
Depreciation	(6,608)	(6,261)
Carrying amount at the end of the year	<u>\$ 33,041</u>	<u>\$ 39,649</u>
<u>8. Creditors and accruals</u>		
Audit & accounting fees	28,050	23,100
Deposits held – advance payments	-	37,457
Various expenses	34,905	14,640
	<u>\$ 62,955</u>	<u>\$ 75,197</u>
<u>9. Provision for Annual Leave</u>		
Balance as at 1.7.2015	27,864	16,212
Add additional provision for the year	21,117	31,479
	48,981	47,691
Less paid during the year	26,804	19,827
Balance as at 30.6.2016	<u>\$ 22,177</u>	<u>\$ 27,864</u>
<u>10. Provision for Long Service Leave</u>		
Balance as at 1.7.2015	129,620	135,884
Less paid during the year	2,182	6,264
Balance as at 30.6.2016	<u>\$ 127,438</u>	<u>\$ 129,620</u>
<u>11. Provision for Separation & Redundancy</u>		
Balance as at 1.7.2015	<u>\$ -</u>	<u>\$ -</u>
Balance as at 30.6.2016	<u>\$ -</u>	<u>\$ -</u>
No payment for separation or redundancy during the year.		

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	<u>2016</u>	<u>2015</u>
<u>12. Other payables</u>		
PAYG re staff wages due to ATO	8,796	5,672
GST due to ATO	5,632	17,194
Superannuation	8,007	7,500
Consideration to employers for payroll:		
Deductions	-	-
Legal costs	-	-
Payables to another reporting unit	-	-
	<u>\$ 22,435</u>	<u>\$ 30,366</u>
<u>13. Affiliation Fees Received</u>		
Australian Federal Police Association	67,645	69,985
Police Association of NSW	273,255	269,692
Police Association of NZ	23,147	23,065
Police Association of SA	77,384	78,742
Police Association of TAS	19,544	19,375
Police Association NT	22,878	24,022
QLD Police Union	188,426	191,638
Police Association of VIC	237,352	228,928
WA Police Union	100,593	99,543
	<u>\$ 1,010,224</u>	<u>\$ 1,004,990</u>
<u>14. Capital Fees Received</u>		
Capitation fees received from other reporting units	<u>\$ -</u>	<u>\$ -</u>
<u>15. Membership Fees Received</u>		
The Police Federation of Australia does not receive any membership fees from members.	<u>\$ -</u>	<u>\$ -</u>
<u>16. Interest Received</u>		
Police Bank	<u>\$ 1,376</u>	<u>\$ 1,984</u>

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	<u>2016</u>	<u>2015</u>
<u>17. Trust Distribution Received</u>		
ACTU John Curtin House Trust	11,249	239
ACTU Building Canberra Trust	6,005	3,538
	<u>\$ 17,254</u>	<u>\$ 3,777</u>
<u>18. Auditor's remuneration</u>		
Audit fees	9,000	8,500
Other services	16,500	12,500
	<u>\$ 25,500</u>	<u>\$ 21,000</u>
<u>19. ACTU Affiliation Fees</u>		
Normal affiliation fee	<u>\$ 15,685</u>	<u>\$ 97,433</u>
The Committee of Management decided to cease affiliation with the ACTU during the year.		
<u>20. Delegation Expenses</u>		
Media Consultancy fees	25,878	300
Conference expenses	52,724	28,047
Executive expenses	66,123	70,130
IPC	33,339	25,833
WAC	6,264	20,957
ANZCOPP	53,354	52,085
Federal Council	29,801	37,886
	<u>\$ 267,483</u>	<u>\$ 235,238</u>
Delegates are not paid any fees or allowances to attend conferences or executive meetings		
<u>21. Depreciation</u>		
Plant, Equipment & Furniture	5,078	5,081
Motor Vehicle	6,608	6,261
	<u>\$ 11,686</u>	<u>\$ 11,342</u>

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	<u>2016</u>	<u>2015</u>
<u>22. General Office Expenses</u>		
Filing fees	301	264
Printing, stationery & postage	12,383	9,726
Sundry office	17,290	15,919
Promotional Merchandise	2,044	2,690
Police Super Administration Fee	2,155	-
	<u>\$ 34,173</u>	<u>\$ 28,599</u>
<u>23. Grants and Donations</u>		
Sydney University Scholarship	<u>\$ 1,000.00</u>	<u>\$ -</u>
<u>24. Legal Fees</u>		
Litigation expenses	-	-
Other legal matters	9,991	3,979
	<u>\$ 9,991</u>	<u>\$ 3,979</u>
<u>25. Loss From Disposal of Asset</u>		
Loss on sale of Motor Vehicle	<u>\$ -</u>	<u>\$ 11,443</u>
<u>26. National Police Foundation Expenses</u>		
Executive expenses	<u>\$ 6,629</u>	<u>\$ 2,441</u>
<u>27. Property Expenses</u>		
Cleaning & waste disposals	5,677	4,969
Council rates	32,852	30,398
Insurance	7,295	175
Security	982	1,078
Light & power	3,581	4,065
Repairs, maintenance & partitions	10,150	35,920
Water rates	1,702	1,655
	<u>\$ 62,239</u>	<u>\$ 78,260</u>

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	<u>2016</u>	<u>2015</u>
<u>28. Employees Benefits</u>		
Employees benefit to holders of office		
Wage and salary	-	-
Annual leave paid to employees	-	-
Annual leave provision	-	-
Long service leave paid	-	-
Long service leave provision	-	-
Superannuation	-	-
Employees benefit to employees (other than holders of office)		
Wage and salary	319,722	305,945
Annual leave paid to employees (see note 9)	26,804	19,827
Annual leave provision (see note 9)	21,117	31,479
Long service leave paid	2,182	6,264
Long service leave provision (see note 10)	-	-
Superannuation	91,438	84,352
<u>29. Employee Provision</u>		
Office Holders		
Annual Leave	-	-
Long Service Leave	-	-
Separations and Redundancies	-	-
Other	-	-
Total Holders of Office	-	-
<u>Employees other than Office Holders</u>		
Annual Leave	22,177	27,864
Long Service Leave	127,438	129,620
Separations and Redundancies	-	-
Other	-	-
Total other than Office Holders	<u>\$ 149,615</u>	<u>\$ 157,484</u>
Total Employee Provisions	<u>\$ 149,615</u>	<u>\$ 157,484</u>

The Police Federation of Australia
does not have paid Office Holders

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

30. EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, there are no known events financial or otherwise that would impact materially on the financial statements of the entity as at 30th June 2016.

31. CONTINGENT LIABILITIES

The Committee of management is not aware of any contingent liabilities during the year.

32. RELATED PARTIES TRANSACTIONS

There are no related parties transactions during the year.

33. FINANCIAL RISK MANAGEMENT

a) General Objectives, Policies and Processes

This note describes the Federation's objectives, policies and processes in managing those risks. The material financial instruments are:

- i. Cash at Bank
- ii. Receivables
- iii. Trade Creditors and Accruals
- iv. Other Payables

There have been no substantive changes in the Federation's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods until otherwise stated in this note.

The Federation does not have any derivative instruments and does not speculate in any types of financial instruments.

The activities of The Federation expose it primarily to the financial risk, associated with its financial instruments, of market risk relating to interest rate risk and other price risk, credit risk and liquidity risk. The Committee of Management is responsible for the monitoring and managing the financial risks of the Federation. These risks are monitored by quarterly meeting by the Committee of Management where management accounts are presented and analysed. Any issues of concern are discussed. Actions are taken and changes are made and implemented.

Market Risk

The risk exposure in relation to interest rate changes on financial assets and financial liabilities recognised at the end of the reporting period is minimal. The financial instruments that expose the Federation to interest rate risk are limited to Cash at Bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

33. FINANCIAL RISK MANAGEMENT (continued)

Price Risk

The Federation is not exposed to price risk in relation to the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices of securities held as the Federation has no direct or indirect investments in such securities.

Credit Risk

Credit risk is the risk relating to financial assets from the contracting entity not able to fulfil its obligations to repay the Federation and thus causing the Federation to make a financial loss. Credit risk of the Federation is minimal as receivables are always paid on time.

Liquidity Risk

Liquidity risk is the risk that the Federation will not be able to meet its financial obligations as they fall due. The Federation manages liquidity risk by maintaining adequate cash reserves by monitoring forecast budget cash flows which reflect Committee of Management's expectations of the settlement of its financial liabilities.

Fair Value Financial Instruments

The carrying amounts of financial assets and liabilities approximate their fair value.

34. FAIR VALUE HIERARCHY

The Police Federation of Australia uses various methods in estimating the fair value of a financial instrument by level of the fair value hierarchy which categorises fair value measurements into one of three possible levels.

Level 1 – The fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3 – The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Cash	214,947	-	-	214,947	153,545	-	-	153,545
Receivables	-	3,377	-	3,377	-	20,516	-	20,516
	<u>214,947</u>	<u>3,377</u>		<u>218,324</u>	<u>153,245</u>	<u>20,516</u>	<u>-</u>	<u>174,061</u>

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34. FAIR VALUE HIERARCHY (continued)

	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-Financial Assets								
Property	-	1,500,000	-	1,500,000	-	1,150,000	-	1,150,000
Plant & Equipment	-	20,951	-	20,951	-	26,029	-	26,029
Motor Vehicles	-	33,041	-	33,041	-	39,649	-	39,649
	-	1,553,992	-	1,553,992	-	1,215,678	-	1,215,678

Property – This is based on an independent valuation completed on the 17th of March, 2016.

Plant, Equipment & Furniture, and) Valuation techniques
 Motor Vehicle) Using cost method

	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities								
Borrowings	-	-	-	-	-	-	-	-
Payables	-	85,390	-	85,390	-	105,563	-	105,563
	-	85,390	-	85,390	-	105,563	-	105,563

Payables – All payables are expected to be settled within 3 months.

There were no transfers between Level 1 and Level 2 during the year.

35. OTHER INFORMATION

i) Going Concern

The Federation's ability to continue as a going concern is not reliant on financial support from another reporting unit.

ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

iii) Acquisition of Assets and Liabilities Under Specific Sections

The Federation did not acquire any asset or liability during the financial year as a result of:

- a) An amalgamation under Part 2 of Chapter 3 of the ROACT
- b) A restructure of other entities
- c) A determination by the General Manager under s245(1) of the ROACT
- d) A revocation by the General Manager under s249(1) of the ROACT

iv) Cash Flow to/from Another Reporting Unit and/or Controlling Entity

This is not applicable to the Federation.