

7 October 2021



Daley Audit

98 Kembla St
WOLLONGONG NSW 2500

ATTN: Michael Mundt

Dear Sir,

This representation letter is provided in connection with your examination of the financial report of the Police Federation of Australia - Australian Federal Police Association Branch ("the Branch") for the period ended 30 June 2021, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Fair Work (Registered Organisations) Act 2009.

Certain representations in this letter are described as being limited to matters that are material. We submit the following representations on behalf of the Branch, after making appropriate enquiries and according to the best of our knowledge and belief:

General

1. We acknowledge our responsibility for the fair presentation of the financial report in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the *Fair Work (Registered Organisations) Act 2009* and the appropriate disclosures of all information required by statute.
2. In selecting the appropriate Australian Accounting Standards, policies and disclosures for preparation of the financial report we have considered the substance of the underlying transactions as well as their form. All material and or contentious issues which management or the members of the Committee of Management have discussed in the course of preparing the annual financial report and the resolution of such issues have been discussed with you.
3. We have made available to you:
 - (a) all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
 - (b) minutes of all meetings of the Committee of Management.

4. All matters arising from Committee of Management meetings which impact on the financial report have been adequately disclosed therein.
5. Except as disclosed to you, there have been no:
 - frauds or suspected frauds known to management that may have affected any entity in the economic entity; involving:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial report;
 - allegations of fraud, or suspected fraud, affecting the Branch's financial report communicated by employees, former employees, analysts, regulators or others;
 - violations or possible violations of laws or regulations, that could have a material effect on the annual financial report;
 - communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.
6. We acknowledge our responsibility for the design, implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
7. We understand that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulently financial reporting involve intentional misstatements or omissions of amounts or disclosures in financial reports to deceive financial report users. Misstatements resulting from misappropriations of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.
8. There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report, except as disclosed in the financial report.

Assets and liabilities

9. The Branch has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, other than as reflected in the financial report. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
10. There are no agreements to repurchase assets previously recorded in the accounting records as sold.
11. The Branch has reviewed the adequacy of its insurance cover on all of its assets and insurable risks, and it is considered that all assets and insurable risks are adequately covered by insurance.
12. Presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with Accounting Standards in Australia. The amounts

disclosed represent our best estimate of fair value of assets and liabilities required to be disclosed by these standards, with measurement methods and assumptions used in determining fair value being applied on a consistent basis, and are reasonable.

13. Inventory has been recorded at the lower of cost or net realisable value. There are no obsolete, damaged, unusable, or unsaleable items are included in inventories, except at saleable or net realisable values.
14. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
15. The employee benefit provisions recorded in the financial statements as at the balance date represents the full liability presently payable as a consequence of all employees' past services rendered to the Branch - including allowance for all casual employees. All deductions and accruals of leave entitlements have been properly captured. Consequently the financial statements show a true and fair position of these related liabilities at balance date.
16. Adequate provision has been made for losses which may be incurred in connection with the collection of accounts receivable and non-trade receivables.
17. The carrying amounts of all non-current assets have been reviewed to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have been discounted to their present value.
18. All liabilities have been included in the annual financial report.
19. The Branch has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
20. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
21. There were no material contingent liabilities, including those arising from environmental matters, guarantees and letters of comfort of legal effect, at year-end which are not disclosed in the annual financial report.

Other

22. The following have been correctly recorded in the accounting records and disclosed in the financial report:
 - (a) related party transactions and balances, either where required by Law, applicable Accounting Standard or where such disclosure is necessary for the true and fair presentation of the financial report;
 - (b) arrangements involving restrictions on cash balances;
 - (c) unasserted claims or assessments that our lawyer has advised us are probable of assertion;

- (d) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
- 23. Records maintained during the period were in accordance with the Australian Tax Office requirements and any other relevant legislative requirements.
- 24. There have been no changes to, or introduction of new, information systems or incidents which occurred during the year which could adversely impact the completeness and accuracy of the information systems and underlying data.
- 25. There are no off-balance sheet activities, which have not been properly recorded and where appropriate, adequately disclosed in the financial report.
- 26. There were no open put or call options related to assets or liabilities which could, if exercised, have a material effect on the carrying amount of assets and liabilities and the profit and loss result for the period.
- 27. Other than the matters disclosed in the financial report, no events have occurred subsequent to year end which would require adjustment to or disclosure in the annual financial report.
- 28. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.

Publication on website

- 29. With respect to the publication of the financial report on our web site, we acknowledge:
 - a) we are responsible for the electronic presentation of the financial report;
 - b) we will ensure that the electronic version of the audited financial report and the audit report on the web site will be the same as the final signed hard copy version;
 - c) we will clearly differentiate audited and unaudited information on the web site and that the absence of appropriate controls to address this issue increases the risk of potential misrepresentation to users;
 - d) we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
 - e) we will not present the audit report on the full financial report with extracts only of the full financial report.

Specific Representations – rolled forward from previous year

- 30. We have carefully reviewed and considered the implications of all adjustments proposed by your firm, arising from the conduct of your audit work, which decreased the net assets of the Branch by \$145,718 (from \$1,317,626 to \$1,171,908). These entries have been processed through our general ledger for incorporation into the financial report, having been verified and approved by us for adjustment. There were the no unadjusted differences noted.
- 31. We confirm that the Branch does not control AUSPOL Police Welfare Foundation (AUSPOL), or its corporate Trustee. While the Board/Committee of Management of AUSPOL may be members of the Branch's Committee of Management, the Branch does not have the power to direct the relevant activities of AUSPOL.

32. The following assumptions forming the basis of the annual leave and long service leave calculations are appropriate:

	<u>Annual Leave</u>	<u>LSL</u>
<i>Leave Taken:</i>		
- within 12 months of balance / entitlement date	60%	4%
- 1-2 years	10%	4%
- 2-3 years	7%	4%
- On termination	10%	70%
- Remainder (3-10 years)	13%	18%
 <i>Annual Wage Rate Increases</i>	 5%	 3%

The probability factors that employees with the following years of service attain sufficient service periods that result in long service leave becoming payable:

<i>Years of Service</i>	<i>Probability Factor</i>
0-1	10%
1-2	20%
2-3	30%
3-4	40%
4-5	60%
5-6	80%
6-7	90%
7-8	100%
8-9	100%
9-10	100%
10+	100%

33. We confirm that there are no claims made up to the date of the signing of the financial report for insurable benefits payable under the member Life and Trauma insurance policy, which have an event date prior to 1 July 2021, and which have not already been included in the calculation of the insurance Premium Experience Rebate receivable as at 30 June 2021.
34. Furthermore, there are no other known insurance claims that have been made subsequent to 1 July 2021 which had an event date prior to 1 July 2021, which would impact upon the insurance Premium Experience Rebate receivable as at 30 June 2021.
35. We have advised you of all reports, findings and penalties raised by any of the Branch's regulators that we are aware of, which would require further disclosure in the financial report.
36. We confirm that the following assumptions have been made in recognising the right of use assets and lease liabilities in accordance with AASB 16 - Leases:

- a. The right-of-use asset is measured using the cost model where the cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated costs of removal and restoration less any incentives received;
 - b. We confirm that there are no “make-good provisions” that are required in the lease agreements and hence none have been included in the calculations of capitalised leases as “right-of-use” assets. Specifically, we confirm that there is no provision for make-good required under the terms of the lease agreement in relation to the Blackall Street premises, with there being no structural changes or damage since the time of the Union's occupation of the site;
 - c. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy of the Branch;
 - d. The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the Branch's incremental borrowing rate;
 - e. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Branch's assessment of lease term.
37. We confirm that based upon the best available information on hand at the date of signing this letter, the impact of the COVID-19 pandemic is appropriately reported in the financial statements, which is limited to the disclosure at Note 21 – *Events after the end of the Reporting Period*.

Specific Representations – new in the current year

38. There are no new representations noted in the current year.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the Branch taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully



.....
Ujjwal Kumar
General Manager



.....
Alex Caruana
President

Dated: 7 October 2021

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Financial Statements

For the Year Ended 30 June 2021

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Financial Statements

For the Year Ended 30 June 2021

Contents	Page
Operating Report	1
Committee of Management Statement	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Report required under subsection 255(2A)	40
Officer Declaration Statement	41
Independent Audit Report	44

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Operating Report

30 June 2021

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 2021.

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

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

Name	Title	Term
Alex Caruana	President	30 July 2020 to 30 June 2021
	Vice President	01 July 2020 to 30 July 2020
Clare Fitzpatrick	Vice President	25 March 2021 to 30 June 2021
	National Executive Member	1 July 2020 to 25 March 2021
Adrian Smith	Secretary/Treasurer	1 July 2020 to 30 June 2021
Vince Pannell	National Executive Member	25 March 2021 to 30 June 2021
	Vice President	13 August 2020 to 25 March 2021
	National Executive Member	1 July 2020 to 13 August 2020
Rod Higgins	National Executive Member	1 July 2020 to 30 June 2021
Troy Gordon	National Executive Member	1 July 2020 to 30 June 2021
Eric Davies	National Executive Member	25 March 2021 to 30 June 2021
Jane Thompson	National Executive Member	25 March 2021 to 30 June 2021
John Hawkins	National Executive Member	13 August 2020 to 30 June 2021
Kane Johnson	National Executive Member	1 July 2020 to 25 March 2021
Scott Henderson	National Executive Member	1 July 2020 to 25 March 2021
Angela Smith	Former President	1 July 2020 to 30 July 2020

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

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 were no significant changes in the nature of the Branch's principal activities occurred during the year.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Operating Report

30 June 2021

Review of operations and results of activities

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

Results of activities

The surplus for the Branch for the year ended 30 June 2021 was \$1,171,907 (2020: \$77,179) and the Executive believe that the activities of the Branch have achieved their objectives for the financial year.

Significant changes in 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 Branch 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 3,967 (2020: 4,019).

Number of employees

The total number of full time equivalent employees as at 30 June 2021 was 11 (2020: 13).

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Operating Report

30 June 2021

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

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:



.....
Alex Caruana

President



.....
Adrian Smith

Secretary/Treasurer

Dated: 21 October 2021

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Committee of Management Statement

30 June 2021

On the 21 October 2021 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 2021:

The 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 any other requirement imposed by 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 to which they relate;
- (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 to which the GPFR relates and since the end of that year:
 - i) meetings of the Executive were held in accordance with the rules of the organisation and the rules of the Branch concerned;
 - ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch;
 - iii) the financial records of the Branch have been kept and maintained in accordance with the RO Act;
 - iv) where the organisation consists of two or more reporting units, the financial records of the Branch have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
 - v) where information has been sought in any request by a member of the Branch or Commissioner duly made under section 272 of the RO Act, that information 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 Committee of Management.



.....
Alex Caruana
President



.....
Adrian Smith
Secretary/Treasurer

Dated: 21 October 2021

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 2021

	Note	2021 \$	2020 \$
Revenue	3	4,613,172	4,596,882
Other income	3	773,697	244,148
		5,386,869	4,841,030
Accounting and audit fees		(104,731)	(105,531)
Capitation fees	19	(72,360)	(73,414)
Communications expense		(194,685)	(152,281)
Conference and meeting expense		(74,284)	(14,519)
Consultant expense		(36,645)	(47,845)
Depreciation and amortisation expense		(224,440)	(227,194)
Employee benefits expense	4	(1,602,404)	(1,749,731)
Finance expenses	9	(200,711)	(121,947)
Insurance expense - members		(1,142,401)	(1,266,436)
Insurance expense - association		(84,705)	(80,889)
Legal fees	4	(70,693)	(280,967)
Loss on movement in fair value on investments		-	(285,836)
Net gain/(loss) on disposal of property, plant and equipment		(86,968)	(5,659)
Property expenses		(13,254)	(12,153)
Travel expenses		(24,421)	(59,247)
Other expenses		(282,260)	(280,202)
		(4,214,962)	(4,763,851)
Result for the year		1,171,907	77,179
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,171,907	77,179

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 Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,657,459	1,123,854
Trade and other receivables	6	92,929	109,445
Inventories		19,023	28,226
Other financial assets	7	4,454,700	3,711,823
Other assets	8	91,039	36,759
TOTAL CURRENT ASSETS		<u>6,315,150</u>	<u>5,010,107</u>
NON-CURRENT ASSETS			
Right-of-use assets	9	1,412,893	1,646,349
Property, plant and equipment	10	-	26,030
Intangible assets	11	-	50,912
TOTAL NON-CURRENT ASSETS		<u>1,412,893</u>	<u>1,723,291</u>
TOTAL ASSETS		<u>7,728,043</u>	<u>6,733,398</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	328,351	408,919
Lease liabilities	9	144,836	122,574
Employee benefits	13	98,700	124,919
TOTAL CURRENT LIABILITIES		<u>571,887</u>	<u>656,412</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9	1,506,448	1,608,243
Employee benefits	13	18,309	9,251
TOTAL NON-CURRENT LIABILITIES		<u>1,524,757</u>	<u>1,617,494</u>
TOTAL LIABILITIES		<u>2,096,644</u>	<u>2,273,906</u>
NET ASSETS		<u>5,631,399</u>	<u>4,459,492</u>
EQUITY			
Retained earnings		<u>5,631,399</u>	<u>4,459,492</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 2021

	2021	2020
	\$	\$
Retained Earnings		
Opening balance	4,459,492	4,382,313
Result for the year	1,171,907	77,179
Closing balance	<u>5,631,399</u>	<u>4,459,492</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 Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members and customers		5,141,754	5,500,333
Payments to suppliers and employees		(4,275,396)	(4,910,984)
Interest and dividends received		318,763	144,480
Finance costs		(105,919)	(121,947)
Net cash provided by/(used in) operating activities	20	<u>1,079,202</u>	<u>611,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(34,476)	(6,567)
Purchase of intangible assets		(7,200)	-
Net payments for investments		(373,762)	(405,446)
Net cash provided by/(used in) investing activities		<u>(415,438)</u>	<u>(412,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net repayment of lease liabilities		(130,159)	(109,390)
Net cash provided by/(used in) financing activities		<u>(130,159)</u>	<u>(109,390)</u>
Net increase/(decrease) in cash and cash equivalents held		533,605	90,479
Cash and cash equivalents at beginning of year		<u>1,123,854</u>	<u>1,033,375</u>
Cash and cash equivalents at end of financial year	5	<u>1,657,459</u>	<u>1,123,854</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009* ("RO Act"). For the purpose of preparing the general purpose financial statements, the Branch is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis, 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.

(b) Comparative amounts

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Revenue and other income

Revenue from contracts with customers

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(c) Revenue and other income

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

Membership subscriptions

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

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

If there is more than one distinct good or service promised in the membership subscription, the Branch allocates the transaction price to each performance obligation based on the relative standalone selling price of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Branch charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Branch recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

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

Sale of goods

Revenue is recognised at the point the customer purchases the goods. Payment of the transaction price is due immediately at the time of purchase.

Government COVID-19 stimulus income

Cash flow boost income is recognised as income in the period when the Branch's right to receive payment is established.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(c) Revenue and other income

Investment revenue

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

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

Interest revenue

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

(d) Capitation fees and levies

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

(e) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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.

(f) 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).

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(g) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes 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 and subject to insignificant risk of changes in value.

(h) Financial instruments

Financial instruments are recognised initially 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).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Branch classifies its financial assets into the following categories, those measured at:

- amortised cost; and
- fair value through profit or loss - ("FVTPL").

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Branch's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and other financial assets in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Branch considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Branch's historical experience and informed credit assessment and forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Branch in full, without recourse to the Branch to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due, without extenuating circumstances attached to a specific debtor.

Credit losses are measured as the present value of the difference between the cash flows due to the Branch in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Branch has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

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

Where the Branch renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Branch measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Branch comprise trade and other payables and lease liabilities.

(i) Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(i) Impairment of non-financial assets

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(j) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life of the Branch's intangible assets are:

Intangible asset class	Amortisation rate
Website costs	20%

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(k) Leases

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

This involves an assessment of whether:

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Lessee accounting

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

Right-of-use asset

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(k) Leases

Lease liability

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

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

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

(l) Property, plant and equipment

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

Under the cost model, the asset is carried at its cost less any accumulated depreciation and impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Branch, commencing when the asset is ready for use.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(l) Property, plant and equipment

Depreciation Rates

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

Fixed asset class	Depreciation rate
Furniture, fixtures and fittings	3 - 50%
Motor vehicles	20%
Computer equipment	20 - 66.67%

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

(m) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Other long term employee benefit obligations

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(n) Fair value measurement

The Branch measures financial instruments, such as, financial assets as at fair value through the profit and loss, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortised costs are disclosed in note 15.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(n) Fair value measurement

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.

(o) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(p) Adoption of new and revised accounting standards

The Branch has adopted all standards which became effective for the first time during the year, none of the new standards had a material impact on the reported financial position of performance.

(q) New accounting standards for application in future periods

Certain new accounting standards have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Branch. These standards are not expected to have a material impact on the Branch in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Significant Accounting Estimates and Judgements

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 - 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.

Key estimates - useful lives of depreciable assets

Management reviews its estimates 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 for employee entitlements 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 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

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Revenue and Other Income

	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Membership subscriptions	4,514,005	4,481,408
Sponsorship income	99,167	115,474
	<u>4,613,172</u>	<u>4,596,882</u>
<i>Other income</i>		
Fair value movement on financial assets	371,057	-
Investment income	336,908	175,747
Government subsidies	50,000	50,000
Other income	15,732	18,401
	<u>773,697</u>	<u>244,148</u>
	<u>5,386,869</u>	<u>4,841,030</u>

Disaggregation of revenue from contracts with customers

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

Timing of revenue recognition

- Over time	4,613,172	4,596,882
- At a point in time	-	-
Revenue from contracts with customers	<u>4,613,172</u>	<u>4,596,882</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

4 Result for the year

	2021	2020
	\$	\$
Employee expenses		
<i>Office holders</i>		
Wages and salaries	241,746	332,750
Superannuation	24,517	40,511
Leave and other entitlements	(35,765)	16,982
Other employee expenses	6,809	10,871
	<u>237,307</u>	<u>401,114</u>
<i>Employees other than office holders</i>		
Wages and salaries	1,136,109	1,169,205
Superannuation	151,941	157,011
Leave and other entitlements	18,602	7,632
Separation and redundancies	40,000	-
Other employee expenses	18,445	14,769
	<u>1,365,097</u>	<u>1,348,617</u>
Total employee benefits expense	<u>1,602,404</u>	<u>1,749,731</u>
Other expenses		
Cost of sales	12,687	34,145
Conference and meeting expenses	74,284	14,519
Donations		
Donations - total paid that were \$1,000 or less	200	-
Donations - total paid that exceeded \$1,000	3,500	-
	<u>3,700</u>	<u>-</u>
Litigation costs		
Legal costs - litigation	11,055	267,335
Legal costs - other matters	59,638	13,632
	<u>70,693</u>	<u>280,967</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	<u>1,657,459</u>	<u>1,123,854</u>

6 Trade and Other Receivables

Trade receivables	4,280	8,278
Provision for impairment	(a) -	-
	<u>4,280</u>	<u>8,278</u>
Other receivables	<u>88,649</u>	101,167
	<u>92,929</u>	<u>109,445</u>

(a) Impairment of receivable

The Branch applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 is determined as follows, the expected credit losses incorporate forward looking information.

	Current	< 30 days overdue	< 60 days overdue	> 90 days overdue	Total
30 June 2021					
Expected loss rate (%)	-	-	-	-	
Gross carrying amount (\$)	-	-	-	4,280	4,280
ECL provision	-	-	-	-	-
30 June 2020					
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount (\$)	1,145	-	-	7,133	8,278
ECL provision	-	-	-	-	-

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Other financial assets

	2021	2020
	\$	\$
Financial assets at fair value through profit or loss	<u>4,454,700</u>	<u>3,711,823</u>

8 Other Assets

Prepayments and other assets	<u>91,039</u>	<u>36,759</u>
------------------------------	---------------	---------------

9 Leases

Branch as a lessee

The Branch has leases over business premises, a motor vehicle and office equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Business premises has a lease for 7 years with an option to extend by 5 years. The motor vehicles are leased over 60 months with no option to extend. The office equipment lease is over a term of 60 months with no option to extend.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Leases

Right-of-use assets

	Buildings \$	Office Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2021				
Balance at beginning of year	1,613,532	-	32,817	1,646,349
Additions to right-of-use assets	-	20,601	-	20,601
Remeasurement	(33,346)	-	-	(33,346)
Disposals	-	-	(31,421)	(31,421)
Depreciation charge	(186,177)	(1,717)	(1,396)	(189,290)
Balance at end of year	1,394,009	18,884	-	1,412,893

Year ended 30 June 2020

Balance at the beginning of the year	-	-	-	-
Initial adoption of AASB16	1,799,709	-	40,498	1,840,207
Depreciation charge	(186,177)	-	(7,681)	(193,858)
Balance at end of year	1,613,532	-	32,817	1,646,349

Lease liabilities

	2021 \$	2020 \$
CURRENT		
Lease liabilities	144,836	122,574
NON-CURRENT		
Lease liabilities	1,506,448	1,608,243
	1,651,284	1,730,817

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Leases

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

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$	\$
2021					
Lease liabilities	251,087	1,083,777	781,311	2,116,175	1,651,284
2020					
Lease liabilities	241,804	1,052,498	1,063,677	2,357,979	1,730,817

Extension options

The Branch includes available options in the building lease to provide flexibility and certainty to the Branch operations and reduce costs of moving premises. The extension options are at the Branch's discretion.

At commencement date and each subsequent reporting date, the Branch assesses where it is reasonably certain that the extension options will be exercised.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Leases

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Branch is a lessee are shown below:

	2021	2020
	\$	\$
Interest expense on lease liabilities	200,711	121,947
Depreciation of right-of-use assets	189,290	193,858
	<u>390,001</u>	<u>315,805</u>

Statement of Cash Flows

Total cash outflow for leases (ex GST)	<u>241,804</u>	<u>231,337</u>
--	-----------------------	----------------

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Property, plant and equipment

	2021	2020
	\$	\$
Plant and equipment		
At cost	106,450	145,302
Accumulated depreciation	(106,450)	(119,272)
	<u>-</u>	<u>26,030</u>

Reconciliation of opening and closing balances 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:

	2021	2020
	\$	\$
Balance at the beginning of year	26,030	40,864
Additions	34,476	6,567
Disposals	(40,386)	(1,665)
Depreciation expense	(20,120)	(19,736)
Balance at the end of the year	<u>-</u>	<u>26,030</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Intangible Assets

	2021	2020
	\$	\$
Computer software - at cost	-	68,000
Accumulated amortisation and impairment	-	(17,088)
	<u>-</u>	<u>50,912</u>

(a) Reconciliation of opening and closing balances of intangible assets

Balance at beginning of year	50,912	64,512
Additions	7,200	-
Disposals	(43,084)	-
Amortisation	(15,028)	(13,600)
	<u>-</u>	<u>50,912</u>

12 Trade and Other Payables

Trade payables	280,982	313,976
Other payables	47,369	94,943
	<u>328,351</u>	<u>408,919</u>

(a) Payables - additional disclosures

Legal costs		
Legal costs - litigation	7,563	58,331
	<u>7,563</u>	<u>58,331</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Employee Benefits

	2021	2020
	\$	\$
<i>CURRENT</i>		
Annual leave	98,700	77,786
Long service leave	-	47,133
	<u>98,700</u>	<u>124,919</u>
<i>NON CURRENT</i>		
Long service leave	<u>18,309</u>	<u>9,251</u>
Office Holders:		
Annual leave	25,540	29,256
Long service leave	2,576	48,530
	<u>28,116</u>	<u>77,786</u>
Employees other than office holders:		
Annual leave	73,160	24,744
Long service leave	15,733	31,640
	<u>88,893</u>	<u>56,384</u>
	<u>117,009</u>	<u>134,170</u>

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Financial Risk Management

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

	Note	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	5	1,657,459	1,123,854
Trade and other receivables	6	92,929	109,445
Financial assets - fair value through profit or loss	7	4,454,700	3,711,823
Total financial assets		6,205,088	4,945,122
Financial Liabilities			
Trade and other payables		283,775	349,990
Lease liabilities	9	1,651,284	1,730,817
Total financial liabilities		1,935,059	2,080,807

(a) 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

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Financial Risk Management

(a) Liquidity risk

The Branch's liabilities are summarised below:

	Note	Less than 1 year		1 to 5+ years	
		2021	2020	2021	2020
		\$	\$	\$	\$
Trade and other payables	12	328,351	408,919	-	-
Lease liabilities	9	144,836	122,574	1,506,448	1,608,243
		473,187	531,493	1,506,448	1,608,243

(b) Credit risk - Trade and Other Receivables

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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Financial Risk Management

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 \$	
2021							
Trade receivables	-	-	-	-	-	4,280	4,280
Other receivables	88,649	-	-	-	-	-	88,649
	88,649	-	-	-	-	4,280	92,929
2020							
Trade receivables	8,278	-	-	-	-	7,133	1,145
Other receivables	101,167	-	-	-	-	-	101,167
	109,445	-	-	-	-	7,133	102,312

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.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Other price risk

The Branch is exposed to a material level of equity securities price risk. This risk arises from listed investments held by the Branch and classified as fair value through profit or loss in the statement of financial position.

The Branch is not exposed to commodity price risk.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Financial Risk Management

(ii) Sensitivity analysis

The following table illustrates sensitivities to the Branch's exposures to changes in the ASX 200 index. The table indicates the impact on how profit and equity values reported at the end of the reporting year would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	2021		2020	
	+10%	-10%	+10%	-10%
ASX index				
Impact on profit	450,563	(450,563)	371,182	(371,182)

(d) Net income and expenses from financial assets and liabilities

	2021	2020
	\$	\$
Financial assets		
- Investment income	336,908	175,747
Financial liabilities		
- Interest expense	(200,711)	(121,947)

15 Fair Value Measurement

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 financial assets through profit and loss is derived from quoted market prices in active markets as at financial position date (Level 1).

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Key Management Personnel Disclosures

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

	2021	2020
	\$	\$
Short-term benefits	391,071	516,539
Post employment benefits	66,556	91,736
Other long-term benefits	5,290	15,067
Termination benefits	40,000	-
	502,917	623,342

17 Remuneration of auditor

Remuneration of the auditor:

- Financial statement audit services	33,300	32,900
- Other services	1,900	-
	35,200	32,900

18 Contingencies

In the opinion of the Executive, the Branch did not have any contingencies at 30 June 2021 (30 June 2020: None).

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Related Parties

(a) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly, including any member of the Executive (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.

(b) Police Federation Australia ("PFA"):

Capitation fees were paid to the PFA during the financial year totalling \$72,360 (2020: \$73,413). Cashflows relating to these payments for the year totalled \$79,596 (2020: \$73,414).

(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/Executive 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.

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2021	2020
	\$	\$
Result for the year	1,171,907	77,179
Non-cash flows in the operating result:		
- depreciation and amortisation	224,440	227,060
- net loss on sale of property, plant and equipment	86,968	1,799
- remeasurements of right of use assets	94,792	-
- unrealised (gains)/losses on fair value through profit and loss financial assets	(371,057)	285,836
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	16,516	146,803
- (increase)/decrease in prepayments	(54,280)	55,710
- (increase)/decrease in inventories	9,203	16,892
- increase/(decrease) in trade and other payables	(82,126)	(224,011)
- increase/(decrease) in employee benefits	(17,161)	24,614
Cashflow from operations	<u>1,079,202</u>	<u>611,882</u>

21 Events Occurring After the Reporting Date

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

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Branch is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Branch.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Branch, the results of those operations, or the state of affairs of the Branch in subsequent financial periods.

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 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 Branch 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 Branch.
3. A Branch must comply with an application made under subsection (1).

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Report required under subsection 255(2A)

For the Year Ended 30 June 2021

The Executive presents the expenditure report as required under subsection 255(2A) on the Branch for the year ended 30 June 2021.

	2021 \$	2020 \$
Remuneration and other employment-related costs and expenses - employees	1,602,404	1,749,731
Advertising	-	-
Operating costs	2,029,745	2,092,517
Donations to political parties	-	-
Legal costs	70,693	280,967



Alex Caruana
President

Dated:

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer Declaration Statement For the Year Ended 30 June 2021

I, Alex Caruana, being the President of the Police Federation of Australia - Australian Federal Police Association Branch, declare that the following activities did not occur during the reporting period ending 30 June 2021.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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
- ~~receive periodic or membership subscriptions~~
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- ~~pay a donation that was \$1,000 or less~~
- ~~pay a donation that exceeded \$1,000~~
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- pay separation and redundancy to holders of office
- ~~pay other employee expenses to holders of office~~

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer Declaration Statement For the Year Ended 30 June 2021

- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- ~~pay separation and redundancy to employees (other than holders of office)~~
- ~~pay other employee expenses to employees (other than holders of office)~~
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~pay legal costs relating to litigation~~
- ~~pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- ~~have a payable in respect of legal costs relating to litigation~~
- have a payable in respect of legal costs relating to other legal matters
- ~~have an annual leave provision in respect of holders of office~~
- ~~have a long service leave provision in respect of holders of office~~
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- ~~have an annual leave provision in respect of employees (other than holders of office)~~
- ~~have a long service leave provision in respect of employees (other than holders of office)~~
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- ~~have a balance within the general fund~~

Police Federation of Australia - Australian Federal Police Association Branch

ABN 95 799 543 741

Officer Declaration Statement For the Year Ended 30 June 2021

- ~~provide cash flows to another reporting unit and/or controlled entity~~
- receive cash flows from another reporting unit and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Alex Caruana
President

Dated: 21 October 2021



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 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2021, 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 the Branch as at 30 June 2021, 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 Branch 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 Branch 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.

Wollongong

PO Box 333
Wollongong NSW 2520

☎ 02 4229 6477

✉ wollongong@daley.com.au

Bowral

PO Box 1032
Bowral NSW 2576

☎ 02 4862 1082

✉ bowral@daley.com.au

Sydney

PO Box 903
Sydney NSW 2001

☎ 02 8236 8177

✉ sydney@daley.com.au

🌐 daley.com.au

ABN 43 152 844 291

Liability limited by a
Scheme approved under
Professional Standards
Legislation.





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

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.

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 Branch 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 Branch'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 Branch 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.



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

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.
- 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 Branch'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 Branch'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 Branch 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 Audit

Michael Mundt
Partner

Wollongong

Dated: 21 October 2021

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.