



27 November 2020

Stewart Calder-Little
Secretary, New South Wales Branch, SPSF Group
CPSU, the Community and Public Sector Union

Dear Stewart,

Re: – Financial reporting – CPSU, the Community and Public Sector Union, SPSF Group, New South Wales Branch – for year ending 30 June 2020 – (FR2020/128)

I refer to the financial report of the New South Wales Branch of the CPSU, the Community and Public Sector Union, SPSF Group in respect of the year ending 30 June 2020. The documents were lodged with the Registered Organisations Commission ('the ROC') on 26 October 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 30 June 2021 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comment to assist when preparing the next report.

General fund – meaning

The officer declaration statement included a nil activity disclosure in respect of "have a balance within the general fund". Having regard to the definition of "general fund" in the glossary on page 11/13 of the Reporting Guidelines, it would appear that the retained earnings figure of \$30,499 is equity other than in relation to any special purpose fund and therefore no nil activity disclosure was applicable.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.¹ The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully

Stephen Kellett
Financial Reporting
Registered Organisations Commission

**Certificate by prescribed designated officer
for the year ended 30 June 2020**

I Stewart Calder-Little being the Branch Secretary of the CPSU, Community & Public Sector Union (SPSF Group) New South Wales Branch certify:

- that the documents lodged herewith are copies of the full report for the CPSU, Community & Public Sector Union (SPSF Group) New South Wales Branch for the period ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 16th October 2020; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 21st October 2020 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer: 

Name of prescribed designated officer: Stewart Calder-Little

Title of prescribed designated officer: Branch Secretary

Dated: 21st October 2020

CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch

Financial Statements

For the Year Ended 30 June 2020

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For the year ended 30 June 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch

Opinion

I have audited the financial report of CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2020, 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 my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch as at 30 June 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of CPSU, the Community & Public Sector Union (SPSF Group) New South Wales 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Committee of Management for the Financial Report

The committee of management of CPSU, the Community & Public Sector Union (SPSF Group) New South Wales 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 CPSU, the Community & Public Sector Union (SPSF Group) New South Wales 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 CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch 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 CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

INDEPENDENT AUDITOR'S REPORT (continued)

However, future events or conditions may cause CPSU, the Community & Public Sector Union (SPSF Group) New South Wales 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. There were no matters to report.

Distinctive Assurance Pty Ltd



Michael Payne
Director

Sydney
13 October 2020


Registration number (as registered by the RO Commissioner under the RO Act): AA2018/15

CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch

**Report Required Under Subsection 255(2A)
for the year ended 30 June 2020**

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2020.

Categories of expenditures	2020	2019
	\$	\$
Remuneration and other employment-related costs and expenses - employees	-	-
Advertising	-	-
Operating costs	867,282	822,817
Donations to political parties	-	-
Legal costs	-	-

Signature of designated officer:

Name of designated officer: Stewart Calder-Little

Title of designated officer: Branch Secretary

Dated: 12 October 2020

CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch

Operating Report for the year ended 30 June 2020

The committee of management present their report on CPSU, Community & Public Sector Union (SPSF Group) New South Wales Branch ('the Branch') for the financial year ended 30 June 2020.

General information

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 operate as an industrial organisation, providing advice to its members within the areas of industrial disputes, pay negotiations, unfair dismissals etc.

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

Discussion and analysis of the financial statements

During the 12 months to June 2020, the Branch recorded an operating profit of \$28,825. This compares with an operating profit of \$17,220 achieved over the previous 12 months.

Membership numbers increased by approximately 5.6% over the period (2019: 3.5%) and this is reflective of the increase in membership revenue for the period.

In regards to expenditure, Federal Capitation Fees increased approximately 7.3% as this is calculated on membership numbers.

The Branch has again reported both positive cash flow and an overall operating profit as a result of the continued increase in membership revenue. With continued focus on membership growth and implementation of expense management strategies the future financial outlook for the Branch is positive

Significant changes in state of affairs

There have been no significant changes in the state of affairs of Branch during the year, except as noted above.

Right of members to resign

It is declared that a member has the right to resign from membership, in accordance with Rule 58 of the SPSF Group Rules and under Section 174 of the Fair Work (Registered Organisations) Act 2009.

Officers and employees who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

Mr Stewart Calder-Little was a Director of SAS Trustee Corporation (State Super)

No other officer or member of 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.

Number of members

The number of members as at 30 June 2020 was 37,612 (2019: 35,610).

Number of employees

There were no employees employed by the organisation during the financial year.

CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch

Joint employment arrangement

Employees of the Public Service Association of NSW (PSA NSW), who were declared to be "joint employees" of the Federal Office of the Branch and the PSA NSW, were remunerated by the PSA NSW, but not by the Branch, or the Federal Office. The employees were declared to be "joint employees" to obtain federal Right of Entry permits, in order to assist the Branch members employed in the federal arena.

The number of "joint employees" at 30 June 2020 was 74 (2019 = 75)

Members of the Branch Council

The names of the members of the Branch, and positions held, in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Mary Court	President	
Nicole Jess	Vice President	
Rebecca Reilly	Vice President	
Kylie McKelvie	Vice President	
Stewart Calder-Little	Branch Secretary	
Troy Wright	Assistant Secretary	
Shelley Odewahn	Assistant Secretary	
Sage Benishay	Branch Councillor	Resigned: 11 th June 2020
Jason Charlton	Branch Councillor	
Brook Down	Branch Councillor	
Shane Elliott	Branch Councillor	
Janice Hartmann	Branch Councillor	Appointed: 10 th June 2020
Wendy Hurry	Branch Councillor	
Anabel Morales-Nogues	Branch Councillor	
Matte Rochford	Branch Councillor	
Heather Shields	Branch Councillor	
Juliette Sizer	Branch Councillor	Appointed: 11 th June 2020
Jeff Walters	Branch Councillor	Deceased: 10 th June 2020
Julie Westacott	Branch Councillor	

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

Signature of designated officer:

Name of designated officer: Stewart Calder-Little

Title of designated officer: Branch Secretary

Dated: 12 October 2020


**Committee of management statement
for the year ended 30 June 2020**

On 12 October 2020, the members of the committee of management of the Branch passed the following resolution in relation to the general purpose financial report for the year ended 30 June 2020:

The committee of management 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 requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the 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 general purpose financial report relates, and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation, including the rules of the Branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of the Branch; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, it has been provided to the member or the 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.

Signature of designated officer: 

Name of designated officer: Stewart Calder-Little

Title of designated officer: Branch Secretary

Dated: 12 October 2020

Statement of comprehensive income for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Membership subscription	3	896,095	839,994
Levies	3b	-	-
Capitation fees and other revenue from another reporting unit	3	-	-
Interest		12	43
Total revenue		896,107	840,037
Other Income			
Grants and/or donations	3	-	-
Revenue from recovery of wages activity		-	-
Total other income		-	-
Total income		896,107	840,037
Expenses			
Capitation fees and other expense to another reporting unit	4	(844,587)	(788,884)
Administration expenses		(14,485)	(22,133)
Audit fees		(8,210)	(11,800)
Total expenses		(867,282)	(822,817)
Surplus for the year		28,825	17,220
Other comprehensive income		-	-
Total comprehensive income for the year		28,825	17,220

Statement of financial position
as at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		92,387	51,471
Trade and other receivables	5	84,674	82,257
TOTAL CURRENT ASSETS		177,061	133,728
TOTAL ASSETS		177,061	133,728
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	6	14,425	13,728
Other payables	6	132,137	118,326
TOTAL CURRENT LIABILITIES		146,562	132,054
TOTAL LIABILITIES		146,562	132,054
NET ASSETS		30,499	1,674
EQUITY			
Retained earnings		30,499	1,674
TOTAL EQUITY		30,499	1,674

**Statement of changes in equity
for the year ended 30 June 2020**

2020

	Retained Earnings \$	Total equity \$
Balance at 1 July 2019	1,674	1,674
Surplus	28,825	28,825
Balance at 30 June 2020	<u>30,499</u>	<u>30,499</u>

2019

	Retained Earnings \$	Total equity \$
Balance at 1 July 2018	(15,546)	(15,546)
Surplus	17,220	17,220
Balance at 30 June 2019	<u>1,674</u>	<u>1,674</u>

Statement of cash flows
for the year ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	928,986	865,158
Interest received	12	43
Payments to Federal CPSU	(616,207)	(577,803)
Payments to suppliers	(271,875)	(271,821)
Net cash provided by operating activities	15 <u>40,916</u>	<u>15,577</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	-	-
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	40,916	15,577
Cash and cash equivalents at beginning of year	51,471	38,894
Cash and cash equivalents at end of financial year	<u>92,387</u>	<u>51,471</u>

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Notes to the Financial Statements for the year ended 30 June 2020

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and 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 [reporting unit] is a not-for-profit/ [or for profit] entity.

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The committee of management do not believe any accounting assumptions or estimates applied in preparing this financial report pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions

Impact on adoption of AASB 15 Revenue from Contracts with Customers (AASB 15) and AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1 Summary of significant accounting policies (cont.)

1.4 New Australian Accounting Standards (cont.)

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Branch. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Branch adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, the Branch recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition.

The adoption of AASB 1058 did not impact the CPSU, the Branch's financial statements.

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

1.5 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 future reporting periods are not expected to have a future financial impact on the Branch.

1.6 Revenue and other income

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

Revenue is measured at the fair value of the consideration received or receivable.

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

Donations and bequests are recognised as revenue when received.

Interest is recognised as revenue when received.

Revenue from subscriptions is accounted for on an accruals basis and is recorded as revenue in the year to which it relates.

Other income is recognised on an accruals basis when the Branch is entitled to it.

Notes to the Financial Statements for the year ended 30 June 2020

1 Summary of significant accounting policies (cont.)

1.7 Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

1.8 Financial instruments

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

i. Financial assets

a. Contract assets and receivables

A contract asset is recognised when the Branch's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Branche's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Branch business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Branch initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Notes to the Financial Statements for the year ended 30 June 2020

1 Summary of significant accounting policies (cont.)

1.8 Financial instruments (cont.)

b. Financial assets at amortised cost

The Branch measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Branch's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Branch has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either:
 - a) the Branch has transferred substantially all the risks and rewards of the asset, or
 - b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Branch continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c. Impairment

(i) Expected credit losses

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

Trade receivables

For trade receivables that do not have a significant financing component, the Branch applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements for the year ended 30 June 2020

1 Summary of significant accounting policies (cont.)

1.8 Financial instruments (cont.)

Debt instruments other than trade receivables

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Branch considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii. Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Branch's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements for the year ended 30 June 2020

1 Summary of significant accounting policies (cont.)

1.9 Impairment of non-financial assets

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

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

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

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

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

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

1.10 Cash and cash equivalents

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

1.11 Going concern

The financial report has been prepared on the going concern basis. This basis has been adopted because:

- the Branch of the Federal CPSU, and is not itself a (separate) legal entity;
- the Branch Council has now set the membership fee at \$7.50 per member per year and the PSA NSW has resolved to pay that fee to the Branch;
- the Branch has operated at a Surplus over the past 3 financials years and forecasts indicate a Surplus for the 2021 financial year.

The Branch is not reliant on financial support of any other reporting unit to continue on a going concern basis.

1.12 Capitation fees and levies

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

Notes to the Financial Statements for the year ended 30 June 2020

2 Critical Accounting Estimates and Judgements

The members of the Branch Council 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.

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

3 Income

	2020 \$	2019 \$
Operating revenue		
- member subscriptions	896,095	839,994
- donations from PSA	-	-
- capitation fees	-	-
- levies paid from PSA	-	-
- grants	-	-
	<u>896,095</u>	<u>839,994</u>
Finance income		
- other interest received	12	43
Total Revenue	<u><u>896,107</u></u>	<u><u>840,037</u></u>

(a) Aggregate payables to workers attributable to recovered monies but not yet distributed

Payables balance	-	-
Number of workers to which the payables relate	-	-

(b) Fund or account operated for recovery of wages

There was no fund or account operated for recovery of wages.

Notes to the Financial Statements for the year ended 30 June 2020

3 Income (cont.)

(c) Recovery of wages activity

In accordance with Paragraph 35(f) of the Reporting Guidelines of the Fair Work Commission, it is declared that there was no activity relating to the recovery of wages.

	2020	2019
	\$	\$
Cash assets in respect of recovered money at the beginning of year	-	-
Receipts	-	-
Payments	-	-
Cash assets in respect of recovered money at the end of financial year	-	-
Number of workers to which the monies recovered relate	-	-

4 Expenses

The result for the year includes the following specific expenses, including specific amounts required to be reported under the *Reporting Guidelines for the Purposes of Section 253*:

	2020	2019
	\$	\$
Other expenses:		
ACTU Affiliation fees	223,643	210,104
Allowances - meetings	-	-
Auditors remuneration	8,210	11,800
Compulsory levies	-	-
Employee benefits expense	-	-
Federal CPSU capitation fees	620,943	578,780
Legal costs or other litigation expenses incurred	-	-
Conference and meeting expenses	-	8,345
Other	14,485	13,788
Total paid to employers for payroll deductions of membership subscriptions	-	-
Grants - total paid that were \$1,000 or less	-	-
Grants - total paid that exceeded \$1,000	-	-
Donations - paid that were \$1,000 or less	-	-
Donations - total paid that exceeded \$1,000	-	-
Penalties - via RO Act or RO Regulations	-	-

Notes to the Financial Statements for the year ended 30 June 2020

5 Trade and other receivables

	2020	2019
	\$	\$
CURRENT		
Other receivables	84,674	79,235
Provision for doubtful debts	-	-
GST Receivable	-	3,022
Receivable from another reporting unit	-	-
Total current trade and other receivables	84,674	82,257

6 Trade and other payables

CURRENT		
Trade payables	14,425	13,728
GST payable	4,803	-
Sundry payables and accrued expenses	68,518	63,573
Payables to Federal CPSU	58,816	54,753
Consideration to employers for payroll deductions	-	-
Legal costs payable	-	-
	146,562	132,054

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

7 Borrowings

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities:		
Other financial liabilities	-	-
	-	-
Total current borrowings	-	-

8 Financial Risk Management

The Branch is exposed to a variety of financial risks through its use of financial instruments.

The Branch's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

Notes to the Financial Statements for the year ended 30 June 2020

8 Financial Risk Management (cont.)

The Branch does not speculate in financial assets.

The most significant financial risks to which the Branch is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Branch are:

- Trade receivables
- Cash at bank
- Trade and other payables

Objectives, policies and processes

Risk management is carried out by the Branch's committee of management. The Branch Secretary has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Branch, these policies and procedures are then approved by the committee of management.

Specific information regarding the mitigation of each financial risk to which the Branch is exposed is provided below.

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 maintains cash to meet its liquidity requirements for up to 30-day periods.

The Branch manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection.

Notes to the Financial Statements for the year ended 30 June 2020

8 Financial Risk Management (cont.)

Liquidity risk (cont.)

The Branch's liabilities have contractual maturities which are summarised below:

	Not later than 1 month		1 to 3 months	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables	14,425	13,728	-	-
Other short term financial liabilities	-	-	-	-
Total	14,425	13,728	-	-
	3 months to 1 year		1 to 5 years	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables	-	-	-	-
Other short term financial liabilities	-	-	-	-
Total	-	-	-	-

Interest rate risk

The Branch is not exposed to significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Branch.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Branch has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a number of customers, primarily the Public Service Association of NSW, as the employer of the Branch's members. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives regular reports summarising the turnover, trade receivables balance.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Financial Statements

For the year ended 30 June 2020

8 Financial Risk Management (cont.)

Credit risk (cont.)

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

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

	Gross Amount	Past due & impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31 – 60	61 – 90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2020							
Other Receivables	84,674	-	-	-	-	-	84,674
Total	84,674	-	-	-	-	-	84,674
2019							
Other Receivables	79,235	-	-	-	-	-	79,235
Total	79,235	-	-	-	-	-	79,235

9 Key Management Personnel Disclosures

No remuneration was paid to the key management personnel or office holders of the Branch during the year.

10 Remuneration of Auditors

	2020	2019
	\$	\$
Remuneration of the auditor, Distinctive Assurance for:		
- auditing or reviewing the financial statements	8,210	-
Remuneration of the auditor, Rothsay Chartered Accountants for:		
- auditing or reviewing the financial statements	-	11,800

11 Fair Value Measurement

No assets or liabilities were measured at fair value during, or after, the financial year.

Notes to the Financial Statements

For the year ended 30 June 2020

12 Contingent Liabilities, Assets and Commitments

In the opinion of the Branch Council, the Branch did not have any contingencies at 30 June 2020 (30 June 2019: None).

13 Related Parties

(a) The Branch's main related parties are as follows:

The ultimate parent entity, which exercises control over the Branch, is the Federal Community & Public Sector Union which is incorporated in Australia.

Although the Branch is treated as an individual reporting unit under the Fair Work (Registered Organisations) Act 2009 (Cth), it is a Branch of the (Federal) CPSU. The Branch has a separate ABN and separate GST registration, but it is not a separate legal entity

Key management personnel - refer to Note 9.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The payment of Federal Capitation Fees to the Federal Office has been disclosed in Note 4.

The PSA undertakes accounting and administration services on behalf of the Branch. The following charges from the PSA were incurred by the Branch:

	2020	2019
	\$	\$
Accounting/Secretarial	5,464	5,328
Data Processing	8,961	8,400

The PSA also pays the following fees to Branch on behalf of members:

Membership subscriptions	896,095	839,994
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No other transactions occurred with related parties.

14 Events Occurring After the Reporting Date

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

Notes to the Financial Statements

For the year ended 30 June 2020

15 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:		
	2020	2019
	\$	\$
Profit for the year	28,825	17,220
- impairment of receivables	-	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(2,417)	(6,719)
- increase/(decrease) in trade and other payables	14,508	5,076
	<hr/>	<hr/>
Cash flows from operations	<u>40,916</u>	<u>15,577</u>

16 CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch Details

The registered office of and principal place of business of the Branch is:

CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch
160 Clarence Street
Sydney NSW 2000

17 Other disclosures required under the Reporting Guidelines of the Fair Work Commission

(a) Financial support received from another reporting entity

As required by Paragraph 13 of the Reporting Guidelines, the committee of management confirms that the activity identified in Paragraph 10 of the Reporting Guidelines did not occur during the financial year.

(b) Other disclosures required:

As required by Paragraphs 13 of the reporting Guidelines, the committee of management confirms that, the reporting unit has not agreed to provide financial support to ensure another reporting unit(s) has the ability to continue as a going concern (para 11);

(c) 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 the Commissioner:

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

OFFICER DECLARATION STATEMENT

I, Stewart Calder-Little, being the Branch Secretary of the CPSU, the Community & Public Sector Union (SPSF Group) New South Wales Branch, declare that the following activities did not occur during the reporting period ending 30 June 2020.

The reporting unit did not:

- 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
- 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
- receive cash flows from another reporting units and/or controlled entity

Signed by the officer:



Dated: 12 October 2020