



13 January 2015

Ms Nadine Flood
National Secretary CPSU PSU Group
CPSU, The Community and Public Sector Union-PSU Group
Level 10, 440 Collins Street
MELBOURNE VIC 3000

Dear Ms Flood

CPSU, The Community and Public Sector Union-PSU Group Financial Report for the year ended 30 June 2014 - [FR2014/89]

I acknowledge receipt of the financial report of the CPSU, The Community and Public Sector Union-PSU Group (the reporting unit). The documents were lodged with the Fair Work Commission (FWC) on 11 December 2014.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that 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 that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contact on (03) 8661 7886 or via email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



Certificate Of Secretary

s268 Fair Work (Registered Organisations) Act 2009

I, Nadine Flood, being the National Secretary of the Community and Public Sector Union (PSU Group) certify:

- that the documents lodged herewith are copies of the full report for the Community and Public Sector Union PSU Group for the period ended 30 June 2014 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on the 30th of November 2014; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on the 10th of December 2014; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

A handwritten signature in black ink, appearing to read 'N. Flood', is written over a faint, larger version of the signature.

Nadine Flood
National Secretary

11 December 2014

COMMUNITY AND PUBLIC SECTOR UNION

PSU GROUP



OPERATING REPORT

FOR THE YEAR ENDED 30 JUNE 2014

With a Federal Election and change of government, enterprise bargaining for 165,000 Commonwealth public servants, pressure on ACT and NT public services and ongoing job cuts in Telstra and other telecommunication companies, 2013/14 was always going to be a busy and important year for CPSU members.

Internally our focus was on giving delegates the support and resources they need to build a bigger, more powerful union capable of taking on the many challenges facing our members. We are happy to report that we had our second best recruitment results in a decade with 8160 new members joining in the 2013/14 year.

Financially the union remains in a strong position. As a result of effective management we ended the 2013-14 financial year with a modest surplus.

A handwritten signature in black ink, appearing to read 'Nadine Flood', is positioned above the printed name.

Nadine Flood

National Secretary

28 November 2014

Review of principal activities

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

Our *Shaping Our Future* strategic plan breaks our activities down into five areas. All of these areas depend on having a strong union, led from the workplace with great delegates driving our efforts.

1. Being a union most employees want to join:

Increased membership provides us with the resources, capacity and credibility to secure outcomes for our members. During 2013/14 financial year we:

- recruited 8160 new members, our second best outcome in a decade;
- refined our recruitment approaches and produced new tools for delegates;
- increased our use of social media and online campaigning to engage with more members and non-members; and
- upgraded our website to enhance the value of CPSU membership.

2. Making positive changes every day:

As well as taking on complex, collective issues and national campaigns, CPSU members expect professional advice from their union on the workplace issues they come across day to day. Our Member Service Centre and our delegates are central to providing this support. Their work included:

- handling 12,300 workplace / industrial queries;
- providing advice and support to 4,196 members and 874 workplace delegates;
- participating in more than 600 telephone hook-ups with members and their employers; and
- training more than 1000 delegates.

3. Taking on the big public and political issues:

While some issues can be resolved through workplace organising and industrial representation, our members are also affected by issues that can only be effectively addressed by also using broad union, media, community and political approaches. During 2013/14 the CPSU campaigned around a range of issues which impact on our members and their industries, including:

- Abbott Government budget cuts which have seen 8000 jobs axed, with thousands more to come;
- a public service job 'freeze';
- funding cuts to the CSIRO, ABC and SBS;
- National Commission of Audit proposals to cut jobs and outsource public services;
- plans to privatise Medicare payments and Australia Post; and
- the offshoring of call centre and other telecommunication jobs.

4. Delivering in bargaining:

Protecting and improving the pay, conditions, jobs and rights of members is a key focus of the CPSU. As well as bargaining in workplaces such as the NTPS and Stellar last year, we spent much of 2013 getting ready for major bargaining campaigns in SBS, the CSIRO and the APS. This included:

- extensive research, planning and bargaining preparation;
- consultation with many thousands of members around our claim;
- training of hundreds of delegates;
- production of extensive bargaining and campaigning materials; and
- commencement of negotiations in over 70 agencies.

5. Being a modern, professional and credible union:

As a union we strive to uphold the highest standards of conduct, governance and accountability. Everyone who represents our union - including officials, staff, and delegates - is expected to operate ethically and effectively. During 2013/14 we took a number of measures in this regard including;

- the provision of detailed information to all members about our financial and governance processes;
- working with the ACTU to develop best practice national union governance protocols;
- meeting all formal financial and industrial reporting requirements;
- ensuring all CPSU officers and staff were aware of their governance obligations; and
- providing specific training and information on governance issues for CPSU employees and officials, including CPSU Governing Council.

FINANCIAL MATTERS

Operating result

The CPSU delivered another modest surplus of \$116,600 for the 2013/14 financial year.

Significant changes in financial affairs

There was no significant change in the financial affairs of the CPSU PSU Group during the year.

About our results

We predicted that there would be an increased pressure on our budget to underwrite whole of union campaigns including Australian Public Service bargaining.

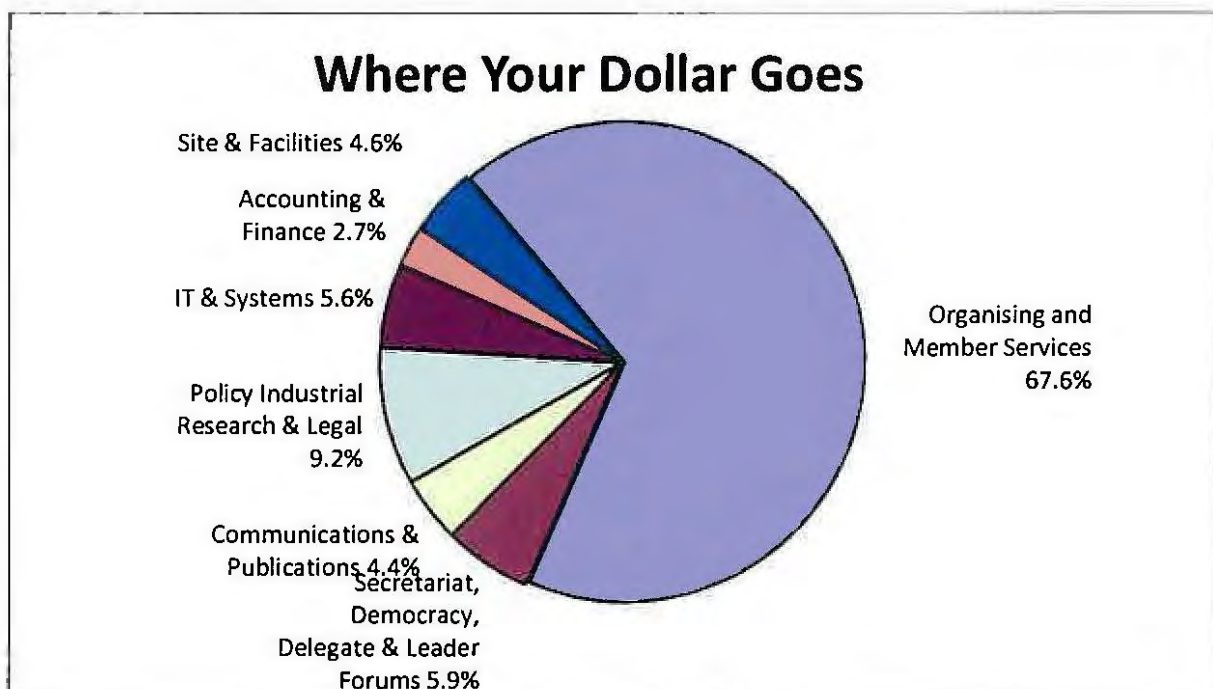
Our investment in a new CPSU website and a new Client Relationship Management (CRM) system continued during the financial year.

Once again we are pleased to report our continued best practice on member financiality, achieving 99.69% financiality.

Financial accountability and governance

The CPSU has made available to all members detailed information on our financial accountability and governance process. This information can be accessed by members through the CPSU website: www.cpsu.org.au/about-cpsu/governance

Where your dollar goes



Number of staff and members

The CPSU employed 225 staff as at 30 June 2014.

As at 30 June 2014 the CPSU had 54,725 members. This figure includes members of the CSIRO Staff Association, which had 2743 members at 30 June 2014.

Names of Committee of Management members and period positions held during the financial year

Members of the Executive Committee during the 2013/14 financial year are as follows:

- **Nadine Flood** (National Secretary) 1 July 2013 – 30 June 2014
- **Louise Perse** (Assistant National Secretary) 1 July 2013 – 30 June 2014
- **Michael Tull** (National President) 1 July 2013 – 30 June 2014
- **Lisa Newman** (Deputy National President) 1 July 2013 – 30 June 2014
- **Alistair Waters** (Deputy National President) 1 July 2013 – 30 June 2014
- **Rupert Evans** (Deputy Secretary) 1 July 2013 – 30 June 2014
- **Kristin van Barneveld** (Deputy Secretary) 1 July 2013 – 22 November 2013
- **Beth Vincent-Pietsch** (Deputy Secretary) 22 November 2013 – 30 June 2014

Remuneration and disclosures

Relevant remuneration of CPSU officials

Under section 148A of the Fair Work (Registered Organisations) Act 2009 and rule 4A.5 of the CPSU Rules, the CPSU is required to report on the remuneration of the CPSU's five highest paid officers for the reporting period. We report relevant remuneration information for all CPSU PSU Group elected officials. This information can be found at **Attachment A**.

Remuneration for elected officials is set by the CPSU Governing Council. Under the CPSU Rules, the Governing Council (comprising 68 elected workplace delegates and the full-time officers of the union) must vote to approve any variation in the CPSU Officials' Salaries and Conditions.

Superannuation trustees

Nadine Flood, Louise Perse and Peter Feltham are CPSU officers who are:

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

It should be noted that superannuation fund directors' fees are paid to the CPSU not to the individuals sitting on those boards.

Employees who are directors of companies that are trustees of superannuation funds

Stephen Thompson is an employee who is the director of a company that is a trustee of a superannuation fund.

Right of members to resign

As per reporting requirements we also note that members have the right to resign in accordance with s174 of the Fair Work (Registered Organisation) Act 2009 and in conjunction with CPSU rule 5.3 Resignation of Membership.

This report has been prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.

A handwritten signature in black ink, appearing to read 'N Flood', written in a cursive style.

Nadine Flood

National Secretary

28 November 2014

ATTACHMENT A

PSU Group and NOC Officers Disclosures

All information is provided in line with the definitions and requirements of section 148A of the Fair Work (Registered Organisations) Act 2009 and rule 4A.5 of the CPSU Rules.

Officer	Period in Office	Remuneration					Relevant non-cash benefits		Total
		Salary Including Annual Leave Taken	Long Service Leave Taken	Long Service Leave Cashed Out	Super	Total Remuneration	Type	Total relevant non-cash benefits	Relevant remuneration and non-cash benefits
Nadine Flood	01/07/2013 - 30/06/2014	156,777	-	-	24,139	180,916	Vehicle	10,784	191,700
Louise Persse	01/07/2013 - 30/06/2014	132,602	-	-	20,421	153,022	Vehicle	9,902	162,925
Michael Tull	01/07/2013 - 30/06/2014	124,490	-	-	19,172	143,662	NIL	-	143,662
Alistair Waters	01/07/2013 - 30/06/2014	118,389	-	-	21,310	139,699	NIL	-	139,699
Lisa Newman	01/07/2013 - 30/06/2014	118,389	-	28,603	20,736	167,728	NIL	-	167,728
Rupert Evans	01/07/2013 - 30/06/2014	118,389	-	-	18,232	136,621	NIL	-	136,621
Beth Vincent-Pietsch ^	22/11/2013 - 30/06/2014	52,562	9,101	-	9,496	71,159	NIL	-	71,159
Kristin Van Barneveld ^	01/07/2013 - 22/11/2013	17,694	12,936	-	5,667	36,297	NIL	-	36,297
TOTAL		839,291	22,037	28,603	139,173	1,029,104		20,686	1,049,790

Fees – No fees are shown as all fees received as a result of an official sitting on a board are paid directly to the CPSU PSU Group and not to the individual

Allowances – No allowances are shown as remuneration as no allowances are paid. CPSU officials receive reimbursement for travel meals and incidentals in line with Governing Council policy under the relevant ATO Determination

^ These officials were part-time and in office for part of the year

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP

**Annual Financial Report For The Year Ended
30 June 2014**

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
30 JUNE 2014

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**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

On 30/10/14 the Committee of Management of CPSU Group Governing Council passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2014:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; 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 concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where information has been sought in any request by a member of the union or the General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - v. 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.
- f) the reporting unit has not engaged in recovery of wages activity which has resulted in the derivation of revenue in respect of such activity.

This declaration is made in accordance with a resolution of the Committee of Management.



Nadine Flood
National Secretary



Louise Persse
Assistant National Secretary

Dated this 30th day of October 2014

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue	3	30,688,221	29,307,279
Depreciation and Amortisation	4	(741,607)	(749,190)
Employee Benefits Expense	4	(20,180,334)	(18,884,753)
Other expenses from ordinary activities	4	<u>(9,649,656)</u>	<u>(9,657,162)</u>
NET INCOME FOR THE YEAR		<u><u>116,624</u></u>	<u><u>16,174</u></u>
Other Comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
Other compensation income		-	-
Total comprehensive income for the year		<u><u>116,624</u></u>	<u><u>16,174</u></u>

The accompanying notes form part of these financial statements.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	12,983,526	12,528,498
Trade and other receivables	6	516,995	464,970
Other current assets	7	647,795	625,653
TOTAL CURRENT ASSETS		14,148,316	13,619,121
NON-CURRENT ASSETS			
Financial assets	8	140,000	140,000
Property, plant and equipment	9	16,833,820	17,138,269
TOTAL NON-CURRENT ASSETS		16,973,820	17,278,269
TOTAL ASSETS		31,122,136	30,897,390
CURRENT LIABILITIES			
Trade and other payables	10	1,870,939	1,937,700
Provisions - employee benefits	11	4,038,846	3,844,879
TOTAL CURRENT LIABILITIES		5,909,785	5,782,579
NON-CURRENT LIABILITIES			
Provisions - employee benefits	11	505,749	524,833
TOTAL NON-CURRENT LIABILITIES		505,749	524,833
TOTAL LIABILITIES		6,415,534	6,307,412
NET ASSETS		24,706,602	24,589,978
EQUITY			
Reserves	13	9,597,761	11,104,155
General fund balance		15,108,841	13,485,823
		24,706,602	24,589,978

The accompanying notes form part of these financial statements.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Capital Profits and Asset Revaluation Reserve	Death and Benevolent Fund	Levy Reserve	Superannuation Trust Fund	General Fund	Total
Balance at 1 July 2012	9,546,597	51,164	1,489,810	16,584	13,469,649	24,573,804
Net income for the year	-	-	-	-	16,174	16,174
Balance at 30 June 2013	9,546,597	51,164	1,489,810	16,584	13,485,823	24,589,978
Funds transferred	-	-	(1,489,810)	(16,584)	1,506,394	-
Net income for the year	-	-	-	-	116,624	116,624
Balance at 30 June 2014	9,546,597	51,164	-	-	15,108,841	24,706,602

The accompanying notes form part of these financial statements.

CPSU, THE COMMUNITIES AND PUBLIC SECTOR UNION, PSU GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others		30,200,570	28,657,355
Payments to suppliers and employees		(29,721,868)	(28,464,558)
Interest received		413,484	521,372
Net cash provided by operating activities	14	<u>892,186</u>	<u>714,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(437,158)	(305,534)
Net cash (used in) investing activities		<u>(437,158)</u>	<u>(305,534)</u>
Net increase in cash held		455,028	408,635
Cash at beginning of financial year		12,528,498	12,119,863
Cash at end of financial year	5	<u><u>12,983,526</u></u>	<u><u>12,528,498</u></u>

The accompanying notes form part of these financial statements.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
CASH ASSETS IN RESPECT OF RECOVERED MONEY AT BEGINNING OF YEAR	-	-
Receipts		
Amounts recovered from employers in respect of wages	-	-
Interest received on recovered money	-	-
Total Receipts	-	-
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of	-	-
Deductions of fees or reimbursements of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total Payments	-	-
Cash Assets in Respect of Recovered Money at End of Year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed:		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

The Union assists a member for the claim for any recovery of the member's wages, such recoveries are received directly by the member. Any expense in relation to the assistance provided to the member is borne by the Union as a service to the member.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 Statement of Significant Accounting Policies

Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the Union is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars.

On 19 June 2001, the Deputy Industrial Registrar approved changes to certain rules pertaining to financial management. Those changes included, amongst others, preparation of a single set of accounts for the PSU group for the year ended 30 June 2002 and beyond. Resulting from the change, all funds, property and liabilities of the Sections, Branches and Professional Division as at 30 June 2001 were transferred to the National Council.

The following is a summary of the material policies adopted in the preparation of the financial statements.

(a) Changes in Accounting Policies

(i) New and Amended Standards Adopted by the Union

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

The accounting policies are consistent with those of the previous financial year.

(ii) Accounting Standards Issued but not yet effective and not been adopted early by the Union

The AASB has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt. The Committee of Management is of the view that these will not impact the future reporting requirements.

(b) Impairment of non-financial Assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset/CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(c) Property, Plant and Equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation.

Properties are brought to account at cost and or independent valuation less, where applicable, any accumulated depreciation or amortisation.

During the year, the Union obtained an independent valuation of its property at Wood Street, Darwin. The resultant increase was credited to asset revaluation reserve.

Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

The depreciable amount of all fixed assets and capitalised lease assets, excluding freehold land, is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Land and Buildings	2.50%
Leasehold Improvement	10 - 20%
Freehold improvement	10 - 20%
Computer System	20%
Office Equipment	5-40%
Telephone System	20 - 33.33%
Information Systems Project	20%
CRM Membership System	25%

All minor purchases of assets (under \$2,000) are considered by the committee as having a useful life relative only to the period of purchase and as such are written off during that period.

(d) Income Tax

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

(e) Provisions - Employee Leave Entitlements

(a) Short-term employee benefits

Provision is made for the Union's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Union's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Union's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(b) Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur

The Union's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(c) Other benefits

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

Contributions made by the Union to employee superannuation funds are charged as expenses when incurred.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are expensed on a straight-line basis which is representative of the pattern of benefits derived from leased assets.

(g) Revenue

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

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the entity and the revenue can be measured reliably.

Revenue from subscriptions is recognised in the period to which it relates.

Rental revenue from operating lease is recognised on a straight line basis over the term of the relevant lease.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

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

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and term deposits with maturity of three months or less, net of outstanding bank overdrafts .

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and generally due for settlement within 30 days.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement as an expense.

(k) Financial Instruments

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

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

Financial Assets

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

(i) Loan and Receivables

Trade receivables, loans and other receivables (including seed funding) that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at cost less impairment.

(ii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Union past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(iii) **Derecognition of financial assets**

The Union derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership for the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. The Union has only other financial liabilities.

(i) **Other financial liabilities**

Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(ii) **Derecognition of financial liabilities**

The Union derecognises financial liabilities when, and only when, the Union's obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) **Trade and other payables**

Trade payables and other accounts payable are recognised when the union becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 30 days.

(m) **Comparative Information**

Where necessary comparative amounts have been adjusted to conform to changes in presentation for the current financial year.

(n) **Significant Management Judgement in Applying Accounting Policies**

When preparing the financial statement, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

(i) **Long Service Leave**

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

(o) Fair value measurement

The Union measures non-financial assets such as land and buildings, at fair value at each balance sheet date.

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 principle 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 Union 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.

External valuers are involved for valuation of significant assets, such as land and buildings.

In May 2012, Herron Todd White was appointed to value the property in Wood Street, Darwin. As suggested by the valuation report, the property value in Wood Street had increased by the amount of \$758,209.

In October 2009, DTZ Australia (NSW) was appointed to value the property in Thomas Street, Sydney. As suggested by the valuation report, the property value in Thomas Street had increased by \$6,346,757.

Note 2 Information to be provided to members or the General Manager of FWA

(a) In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 subsection 272(5), the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272 which read as follows:

- (i) A member of a reporting unit, or General Manager of FWA, 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.
- (ii) 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.
- (iii) A reporting unit must comply with an application made under subsection (1).

(b) There were no recovery of wages activity for the financial year ended 30 June 2014.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3 Revenue

	2014	2013
	\$	\$
Note		
Income from:		
- Subscriptions Received	28,205,166	26,757,458
- Interest Received - deposits with banks	441,185	540,256
- Management Fee - CSIRO Staff Association	90,620	89,326
- Rental Trading - CPSU Properties	1,735,449	1,658,178
- Directors fee	205,679	212,455
- Sundries	10,122	49,606
- Capitation fee	-	-
- Levies	-	-
- Donations or grants	-	-
- Financial support from another reporting unit.	-	-
Total revenue	30,688,221	29,307,279

Note 4 Surplus from Ordinary Activities

	2014	2013
	\$	\$
Expenses		
Administration Expenses		
- Consideration to employers for Payroll Deduction for Subscriptions	7,058	7,665
- ACTU Campaign Industrial Levies (a)	111,476	124,734
- Fees/allowance - Meeting and Conferences	-	-
- Conference and Meeting Expenses	321,002	793,437
- Capitation fee	-	-
- Penalties imposed on the organisation under the RO Act	-	-
	439,536	925,836

(a) The purpose of the levies was to support movement wide community campaigning and related activities in the interests of working people. As has been demonstrated in the past when unions and their members work together in their workplaces and in their communities for a common cause we are a powerful force for social good.

Depreciation and amortisation

- Buildings	217,225	217,225
- Leasehold Improvements	197,158	214,057
- Freehold Improvements	165,674	186,000
- Plant and Equipment	161,350	131,908
Total Depreciation and Amortisation	741,607	749,190

Remuneration of Auditor

- Audit - Current Year	40,084	36,500
- Other Services	11,252	17,261
	51,336	53,761

Other services include services in relation to the audit of the political membership returns, statement of outgoings for rental properties and assistance in the preparation of the general purpose financial report.

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Employee Expenses	2014	2013
	\$	\$
Holders of Office:		
- Salaries and Wages	839,218	851,331
- Superannuation	139,899	151,294
- Leave and Other Entitlements	25,422	14,156
- Separation and Redundancies	-	-
- Remote Locality Allowance	-	-
- Living Away From Home Allowance	-	-
- Other Employee Benefits	-	-
Subtotal Employee Expenses Holders of Office	1,004,339	1,016,781
Employees other than office holders:		
- Salaries and Wages	15,972,614	14,799,109
- Superannuation	2,565,352	2,422,675
- Leave and Other Entitlements	526,240	546,392
- Separation and Redundancies	42,368	44,830
- Remote Locality Allowance	51,106	40,506
- Living Away From Home Allowance	14,885	13,422
- Other Employee Benefits	3,429	1,039
Subtotal Employee Expenses Employees Other Than Office Holders	19,175,994	17,867,972
Total Employee Expenses	20,180,334	18,884,753
Affiliation Fees		
- Australian Council of Trade Unions	186,749	181,185
- Unions NSW	33,498	27,126
- SA Unions	17,133	16,718
- Queensland Council of Unions	42,087	37,322
- Unions ACT	38,029	29,931
- Unions NT	9,772	8,335
- Unions Tasmania	8,114	8,587
- Victorian Trades Hall Council	29,457	37,576
- Unions WA	20,955	19,894
- Geelong Trades Hall Council	138	135
- Gippsland Trades & Labour Council	1,018	764
- Newcastle Trades Hall Council	1,535	1,535
- Queensland Council of Unions Cairns	250	136
- Queensland Council of Unions Rockhampton	45	50
- Queensland Council of Unions Townsville	50	50
- Queensland Council of Unions Sunshine Coast	45	45
- South West Trades and Labour Council Inc.	75	94
- Australian Labor Party VIC Branch	41,748	40,600
- Australian Labor Party NSW Branch	43,528	57,879
- Australian Labor Party QLD Branch	38,629	38,692
- Australian Labor Party SA Branch	12,164	11,215
- Australian Labor Party ACT Branch	31,063	30,188
- Australian Labor Party NT Branch	8,755	8,041
- Australian Labor Party WA Branch	17,074	8,386
- Public Services Internationale	35,758	30,400
- UNI Global Union	11,162	9,559
- Union Shopper Inc.	38,761	38,885
- Shop Rite Enterprises	2,479	2,506
- APHEDA	1,691	1,741
Total Affiliation Fees	671,763	647,577

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Legal Costs		
- Litigation	-	-
- Other legal matters	<u>31,930</u>	<u>(9,978)</u>
Operating Lease Rentals		
- Minimum Lease Payments	<u>1,511,418</u>	<u>1,515,114</u>
Grants & Donations		
- Union Aid Abroad - APHEDA (Education and aid abroad)	44,000	44,000
- Others	705	5,959
	<u>44,705</u>	<u>56,786</u>

Note 5 Cash and Cash Equivalents

	Note	2014	2013
		\$	\$
Cash on Hand		5,412	5,069
Cash at Bank		<u>12,978,114</u>	<u>12,523,429</u>
		<u>12,983,526</u>	<u>12,528,498</u>

Included in cash at bank are term deposits of \$9,135,026 with maturity dates being less than 3 months.

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes:

Cash on Hand	5,412	5,069
Cash at Bank	<u>12,978,114</u>	<u>12,523,429</u>
	<u>12,983,526</u>	<u>12,528,498</u>

Note 6 Trade and Other Receivables

	2014	2013
	\$	\$
Current		
Trade and other debtors	65,665	151,278
Receivables from other reporting unit - CSIRO Staff Association	301,131	153,329
Owing by Shared Advantage Ltd	150,199	160,363
Less provision for doubtful debts	-	-
	<u>516,995</u>	<u>464,970</u>

The amount owing by Shared Advantage Ltd, a controlled entity, is unsecured, interest free and repayable as and when Shared Advantage Ltd has funds to pay.

Note 7 Other Current Assets

	2014	2013
	\$	\$
Prepayments	<u>647,795</u>	<u>625,653</u>
	<u>647,795</u>	<u>625,653</u>

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8 Financial assets

	2014	2013
	\$	\$
Non-current		
Seed Funding to Shared Advantage Limited		
- At cost	225,000	225,000
- Less Provision for Impairment Loss	<u>(85,000)</u>	<u>(85,000)</u>
	<u>140,000</u>	<u>140,000</u>

The seed funding is unsecured, interest free and repayable as and when Shared Advantage Ltd has funds to pay.

Movement in Provision for Impairment Loss

Balance 1 July	85,000	225,000
Impairment loss reversed	-	(140,000)
Balance 30 June	<u>85,000</u>	<u>85,000</u>

The reversal of impairment loss has been applied against other expenses in the Statement of Comprehensive Income.

Note 9 Properties, Plant and equipment

	2014	2013
	\$	\$
Land and Buildings		
Freehold land and buildings at independent valuation (a)	15,768,993	15,768,993
Less Accumulated Depreciation	<u>(1,050,781)</u>	<u>(833,556)</u>
Net Land and Buildings	<u>14,718,212</u>	<u>14,935,437</u>
Leasehold Improvements		
At Cost	2,025,397	2,018,909
Less Accumulated Depreciation	<u>(1,102,831)</u>	<u>(905,673)</u>
Net Leasehold Improvements	<u>922,566</u>	<u>1,113,236</u>
Freehold Improvements		
At Cost	2,588,373	2,515,844
Less Accumulated Depreciation	<u>(2,064,042)</u>	<u>(1,898,168)</u>
Net Freehold Improvements	<u>524,331</u>	<u>617,676</u>
Plant and Equipment		
At Cost	9,807,216	9,487,388
Less Accumulated Depreciation	<u>(9,218,339)</u>	<u>(9,079,796)</u>
Net Plant and Equipment	<u>588,877</u>	<u>407,592</u>
Website		
At Cost	165,732	127,419
Less Accumulated Depreciation	<u>(85,898)</u>	<u>(63,091)</u>
Net Website	<u>79,834</u>	<u>64,328</u>
Total properties, plant and equipment	<u>16,833,820</u>	<u>17,138,269</u>

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2014	Balance at beginning of year	Additions	Depreciation/ Amortisation expense	Carrying amount at the end year
Land and Buildings	14,935,437	-	217,225	14,718,212
Leasehold Improvements	1,113,236	6,488	197,158	922,566
Freehold Improvements	617,676	72,529	165,874	524,331
Plant and Equipment	407,592	319,829	138,544	588,877
Website	64,328	38,312	22,806	79,834
Total	17,138,269	437,158	741,607	16,833,820

Note 10 Trade and Other Payables

	2014 \$	2013 \$
Current		
Accounts Payable and Accruals	1,321,199	1,453,368
Payables to other reporting unit - CSIRO Staff Association	4,370	4,051
GST Payable	545,370	480,281
Consideration to employers for payroll deductions	-	-
Legal costs payable in relation to:	-	-
- Litigation	-	-
- Other legal matters	-	-
	-	-
	1,870,939	1,937,700

The settlement for trade and other payable is usually made within 30 days

Note 11 Provisions - Employee Benefits

	2014 \$	2013 \$
Current		
Holders of Office:		
Annual Leave	123,709	125,096
Long Service Leave	298,093	298,423
Separation and Redundancies	-	-
Other	-	-
	421,802	423,519
Employees other than office holders:		
Annual Leave	1,455,474	1,423,467
Long Service Leave	2,161,570	1,997,893
Separation and Redundancies	-	-
Other	-	-
	3,617,044	3,421,360
Total Current Provisions - Employee benefits	4,038,846	3,844,879

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Non-Current		
Holders of Office:		
Annual Leave	-	-
Long Service Leave	-	18,789
Separation and Redundancies	-	-
Other	-	-
	-	18,789
Employees other than office holders:		
Annual Leave	-	-
Long Service Leave	505,749	506,044
Separation and Redundancies	-	-
Other	-	-
	505,749	506,044
Total Non-Current Provisions - Employee benefits	505,749	524,833

Note 12 Commitments

(a) Operating Lease Commitments - as lessee

	2014	2013
	\$	\$

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

- not later than 1 year	1,803,254	1,858,820
- later than 1 year but not more than 5 years	2,891,211	4,609,992
Balance at the end of the year	4,694,465	6,468,812

The property lease commitments are non-cancellable operating leases with remaining lease terms of between 5 months and 5 years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

(b) Operating Lease Commitments - as lessor

	2014	2013
	\$	\$

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

- not later than 1 year	1,399,037	1,423,519
- later than 1 year but not more than 5 years	2,073,828	3,472,865
Balance at the end of the year	3,472,865	4,896,384

The property lease commitments are non-cancellable operating leases with remaining lease terms of between 1 year and 5 years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

(c) Capital Commitments

At 30 June 2014 the entity has commitments of \$ 88,500 (2013: \$471,000) relating to a new CRM Membership System.

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 13 Reserves

	2014 \$	2013 \$
Capital Profits and Asset Revaluation Reserve	9,546,597	9,546,597
Death and Benevolent Fund	51,164	51,164
Superannuation Trust Fund (a)	-	16,584
Levy Reserve (b)	-	1,489,810
Balance at the end of the year	9,597,761	11,104,155
(a) Superannuation Trust Fund		
Balance bought forward	16,584	16,584
Transferred to General Fund	(16,584)	-
Balance carried forward	-	16,584
(b) Levy Reserve		
Balance bought forward	1,489,810	1,489,810
Transferred to General Fund	(1,489,810)	-
Balance carried forward	-	1,489,810

Note 14 Cash Flow Information

	2014 \$	2013 \$
(a) Reconciliation of Cash Flow from Operations with Operating Surplus		
Operating surplus	116,624	16,174
Non cash flow in operating surplus:		
Depreciation and amortisation	741,607	749,190
(Increase)/Decrease in trade debtors	(52,024)	(157,912)
(Increase)/Decrease in prepayments	(22,143)	(102,975)
(Increase)/Decrease in financial assets	-	(140,000)
Increase/(Decrease) in provisions	174,885	239,933
Increase/(Decrease) in trade creditors and accruals	(68,763)	109,759
Net cash provided by operating activities	692,186	714,169
(b) Cash Inflow Information		
Cash inflows		
Shared Advantage Limited	-	-
Total cash inflows	-	-
Cash outflows		
Shared Advantage Limited	-	-
Total cash outflows	-	-
(c) Credit standing arrangements with Bank:		
Credit Facility	1,770,000	3,770,000
Amount Utilised	480,801	465,849

**CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 15 Related Party Information

The Union's related parties include the following:

(a) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Union, directly or indirectly, are considered key management personnel. For details of remuneration disclosures relating to key management personnel, refer to Note 16 Key Management Personnel Compensation.

(b) Controlled Entity

The Union has the power to participate in the financial and operating policy of the entity.

Shared Advantage Ltd (a company limited by guarantee) is the controlled entity. The controlled entity's net assets represent less than 1 % of the Union's net assets. The Union apportions the direct cost of the payroll to the entity at cost. For details of amounts due by the controlled entity, refer to Note 6 and 8.

(c) Board Representation

As discussed in the Operating Report, one or more nominees of the Union sit on certain Boards. No director's fee has been received personally by the officers of the Union with respect to these Boards. All such director's fees have been received by the Union and are disclosed in Note 3.

(d) Office Holders

There have been no other transactions between the office holders and their Union other than reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

Note 16 Key Management Personnel Remuneration for the Reporting Period

	2014 \$	2013 \$
Short-term employee benefits		
Salary (including annual leave taken)	2,279,224	2,335,139
Annual leave accrued	189,306	198,437
Remote Localities Allowance	5,175	5,096
Living Away from Home Allowance	-	7,019
Total short-term employee benefits	<u>2,473,705</u>	<u>2,545,691</u>
Post-employment benefits		
Superannuation	369,010	376,574
Total post-employment benefits	<u>369,010</u>	<u>376,574</u>
Other long-term benefits		
Long service leave	65,362	14,980
Total other long-term benefits	<u>65,362</u>	<u>14,980</u>
Total	<u><u>2,908,076</u></u>	<u><u>2,937,245</u></u>

CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 17 Financial Instruments

(a) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Union's exposure to interest rate risk as at 30 June 2014 is limited to cash and term deposits of \$12,983,535.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net Fair Values

For other assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to and forming part of the financial statements.

Note 18 Contingent Liabilities

(a) Guarantees

Bank Guarantees

	2014	2013
	\$	\$
	434,465	434,465
	<u>434,465</u>	<u>434,465</u>

Note 19 Events After the Balance Sheet Date

There were no events that occurred after 30 June 2014, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

Note 20 Financial Support

The Union has agreed to provide financial support to its related entity, Shared Advantage Ltd (a company limited by guarantee) in order that it is able to meet its debts as and when they become due and payable. Such financial support includes initial funding and working capital needs. The amounts are unsecured, interest free and payable as and when the related party has funds to do so.



Hayes Knight
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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
CPSU, THE COMMUNITY AND PUBLIC SECTOR UNION, PSU GROUP**

Scope

Report on the Financial Report

We have audited the accompanying financial report of CPSU, The Community and Public Sector Union, PSU Group ("the Union"), which comprises the Statement of Financial Position at 30 June 2014, the Committee of Management Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes to the financial statements of the Union.

Executive Committee's Responsibility for the Financial Report

The executive committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the executive committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive committee, as well as evaluating the overall presentation of the financial report.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Auditor's Opinion

We have inspected and audited the accounting records kept by CPSU, The Community and Public Sector Union, PSU Group in respect for the year ended 30 June 2014 and have received all the information and explanations we required for the purposes of our audit.

In our opinion:

- a. They were kept by the organisation, in respect of the period, satisfactory accounting records detailing the sources and nature of the income of the organisation (including income from members) and the nature and purposes of the expenditure; and
- b. The general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.


Pran Rathod - Director Audit Services
Registered Company Auditor


Hayes Knight (NSW) Pty Ltd

Dated at Sydney, this 3rd day of November 2014



Hayes Knight
Accountants & Business Advisers

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www.hayesknight.com.au

AUDITOR'S DECLARATION

In accordance with the Reporting Guidelines issued under section 255 of the Fair Work (Registered Organisations) Act 2009, I declare that:

- (i) I am a member of a firm where at least one member is an approved auditor and;
- (ii) I am a member of CPA Australia and hold a current Public Practice Certificate.

As part of the audit of the Union, I have concluded that management's use of the going concern basis of accounting in the preparation of the Union's financial statements is appropriate.


Pran Rathod - Director Audit Services
Registered Company Auditor


Hayes Knight (NSW) Pty Ltd

Dated at Sydney, this 3rd day of November 2014