



8 November 2017

Ms Karen Batt
Federal Secretary
Community and Public Sector Union, SPSF Group

Sent via email

Dear Ms Batt

Re: – Community and Public Sector Union, SPSF Group - financial report for year ending 30 June 2017 (FR2017/156)

I refer to the financial report of the Community and Public Sector Union, SPSF Group. The documents were lodged with the Registered Organisations Commission ('the ROC') on 31 October 2017.

The financial report has now 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.

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the period ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC 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](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years *commencing* on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett".

Stephen Kellett
Financial Reporting
Registered Organisations Commission

From: Gosia Mostowska [<mailto:gmostowska@cpsuVIC.org>]
Sent: Tuesday, 31 October 2017 11:21 AM
To: ROC - Registered Org Commission
Subject: HPRM: ON CMS FR2017/156 CPSU SPSF GROUP - 2016/2017 FINANCIAL REPORT - ABN: 31 572 641 712
Importance: High

[FR2017/156](#)

To Whom It May Concern

Please find two attachments, which contain financial return for the year ended 30 June 2017 and accept the lodgement of CPSU/SPSF Group, Financial Report return.

If you require any further information please contact me directly on 03 9631 6905. Please acknowledge receipt of this documentation.

Gosia Mostowska | Finance Manager
CPSU Victoria | Level 4 128 Exhibition Street Melbourne 3000 VIC PO Box 24233 Melbourne 3001 VIC | p: (03) 9639 1822 | f: (03) 9662 4591 | gmostowska@cpsuVIC.org | www.cpsuVIC.org

-----Original Message-----

From: DocuCentre-IV C2263 [<mailto:melbourneprinter@spsf.asn.au>]
Sent: Tuesday, 31 October 2017 11:57 AM
To: Gosia Mostowska
Subject: Scan Data from FX-E2419C

Number of Images: 2

Attachment File Type: PDF

Device Name: DocuCentre-IV C2263

Device Location:



CFED 2017 FINAL financial report.pdf



31102017105651-00 01.pdf



COMMUNITY & PUBLIC SECTOR UNION
STATE PUBLIC SERVICES FEDERATION GROUP

Melbourne Office

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VICTORIA 8003

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Tel: (02) 9299 5655 Fax: (02) 9299 7181

ABN 31 572 641 712

31st October 2017

Registered Organisations Commission

Fair Work Australia

Level 5

11 Exhibition Street

MELBOURNE VIC 3000

By Email: regorgs@roc.gov.au

To Whom It May Concern

RE: CPSU/SPSF GROUP – 2016 / 2017 Financial Report

Please find attached the Financial Report for the year ended 30 June 2017 for the CPSU/SPSF GROUP as required under section 268 of the Fair Work (Registered Organisations) Act 2009.

If you require any further information please contact Gosia Mostowska on 03 9639 1822.

Yours faithfully

Karen Batt

Federal Secretary

Section 268 of the Fair Work (Registered Organisations) Act 2009

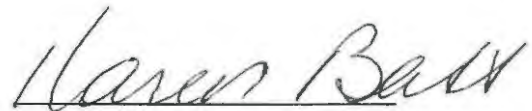
Certificate by Prescribed Designated Officer

Certificate for the period ended 30 June 2017

I, Karen Batt, being the Federal Secretary of the Community and Public Sector Union, SPSF Group certify:

- that the documents lodged herewith are copies of the full financial report for the CPSU SPSF GROUP for the period ended 30th June 2017 referred to in section 268 of the Fair Work (Registered Organisations) Act 2009; and
- that the audited full financial report had been published on 30th October 2017 on the reporting unit's web site, www.cpsu-spsf.asn.au; and
- that a full financial report was presented to a Committee of Management meeting of the reporting unit on 19th October 2017 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature:



Name:

KAREN BATT

Title:

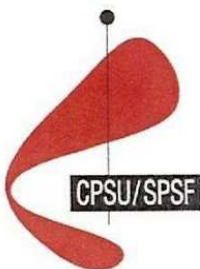
Federal Secretary

Dated:

31st October 2017

**COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL
FUND
ABN 31 572 641 712**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**



**COMMUNITY & PUBLIC SECTOR UNION
STATE PUBLIC SERVICES FEDERATION GROUP**

Melbourne Office

All mail to:-

**PO Box 18090 Collins Street East
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COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

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This financial report covers the Community and Public Sector Union SPSF Group - Federal Fund as an individual entity. The financial report is presented in the Australian currency.

The Community and Public Sector Union SPSF Group - Federal Fund is a registered body under *the Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia.

The principal place of business is:

Community and Public Sector Union SPSF Group - Federal Fund
Level 10, 128 Exhibition Street
Melbourne VIC 3000

The financial report was authorised for issue by the committee of management on 19th October 2017.

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND ABN 31 572 641 712

OPERATING REPORT

The Federal Executive presents their report on the Community and Public Sector Union SPSF Group - Federal Fund (The CPSU) for the financial year ended 30 June 2017.

Members of Federal Executive

The name of each person who has been a member of the Federal Executive at any time during or since the end of the financial year is as follows:

| Name | Position |
|---------------|---|
| K. Batt ** | Federal Secretary |
| J. McMahon | Federal President – SA (term of office ended 8 December 2016) |
| T. Lynch ** | Federal President (elected 9 December 2016) |
| S. Walsh | Federal Vice President – NSW (term of office ended) |
| S. Turner | Federal Vice President – NSW (20 August 2016; resigned 29 April 2017) |
| J. McMahon | Federal Vice President – SA (term of office ended 27 September 2016) |
| M. Griffiths | Federal Vice President – SA |
| T. Lynch ** | Federal Vice President – TAS |
| C. Davies ** | Federal Vice President – VIC |
| T. Walkington | Federal Vice President – WA |
| J. Welch | Federal Vice President – WAPOU |
| S. Turner | NSW Branch Delegate (term of office ended 20 August 2016) |
| R. Reilly | NSW Branch Delegate |
| N. Kitchin | SA Branch Delegate |
| L. Oxlad | SA Branch Delegate (term of office ended 27 September 2016) |
| G Ransley ** | Tasmanian Branch Delegate |
| P. Lillywhite | Victorian Branch Delegate |
| B. Dodds** | WA Branch Delegate |
| K. Brown | WAPOU Delegate (new position from 31 October 2016) |

** - Member of Finance, Administration and Governance Committee

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

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND ABN 31 572 641 712

OPERATING REPORT (Continued)

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

INTERNATIONAL WORK

CPSU SPSF Federal Office continued to work collaboratively with the Public Service International (PSI), our Global Union Federation (GUF). In February 2017 we sent a delegation to the OSRAC (Oceania Sub-Regional Advisory Committee) meeting, ahead of the PSI World Congress which is occurring in October 2017. At OSRAC we build closer relationships with PSI affiliates in our region, and committed to a plan of action which includes working together on issues such as privatisation, free trade agreements, and collaborating on sectoral issues. Our union representative Clare Middleman was elected to the Youth Titular position for Oceania, to take up the position after the PSI World Congress.

The Federal Secretary was asked by the PSI to address the 50th Anniversary Conference of the Asia Development Bank held in Yokohama Japan. The presentation was to focus on the emergence of Public-Private Partnerships in the region for infrastructure investment by the Bank in member countries and the problems associated with that in terms of skills and training for local workers, private ownership of much needed public infrastructure and the concerns about this model moving into the delivery of services.

The New Zealand PSA invited the Federal Secretary and the Victorian Branch Senior Industrial Officer to show case the move from multi individual contracts of employment towards a single public service set of classifications and terms and conditions of employment.

The Senior Legal Officer attended a preparatory meeting for the 2017 International Labour Conference of the ILO in Manila in May. In June he then attended and made interventions before the Committee on the Application of Standards of the ILO.

SUBMISSIONS TO INQUIRIES

During the operating year the union made national submissions to the Productivity Commission's *Human Services Inquiry* and the *NDIS Costs Inquiry*, the Senate inquiry into the *Fairer Paid Parental Leave Bill 2016*, and the Commonwealth Treasury's *Social Impact Investing Discussion Paper*.

The Union made submissions and lobbied politicians concerning a number of bills which were before parliament and Senate Committees, more particularly, the Fair Work (Vulnerable Workers) Bill and the Fair Work (Ensuring Integrity) Bill.

ACTU

Ongoing participation in a range of ACTU committees, from Executive to Growth and Campaigns through to the activities of the 6 Taskforces established to review the state of the movement and to consider options for the movement as we deal with emerging and challenging issues. Staff also participated in a number of these including Women's Committee, COIL, Industrial and Legal and the Youth Committee. Our union participated in the ACTU's *NexGen* conference in June 2017, including being involved in running a number of workshops.

The Union continued its deep involvement in the ACTU's "Change the Rules" project by giving expert advice and advocacy concerning proposals to change the Federal statutory labour law in Australia.

CAMPAIGNS

Our union continued to drive the People's Inquiry into Privatisation campaign, alongside PSI Australia affiliates. The Inquiry was launched in August 2016 with the objective of consulting with communities about the impact of privatisation. The independent Inquiry panel, chaired by David Hetherington, conducted 12 public hearings around the country over September-October 2016. The final report for the inquiry is due to be launched 23 October 2017.

**COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712**

OPERATING REPORT (Continued)

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

ASSISTANCE TO BRANCHES

A large part of the work of the Federal Office has been assisting Branches with a myriad of obligations, case work and advice ranging from liaising with the FWC on Right of Entry permit obligations.

Development continued for 3 branches on the new upgraded membership data base due to go live in late November 2017.

Rule change cases were also undertaken for a number of Branches who sought to follow their members after a decision by a state Government to privatise parts of that states public service.

Assistance was also provided for national bargaining endeavours, particularly for entities created by COAG such as National Heavy Vehicle Regulator and the National Rail Safety Regulator which necessitated a complex process of bringing all the separate jurisdictions of state regulation into the federal sphere, standardising the conditions to be Fair Work compliant and to then develop on single enterprise agreement.

A number of presentations have been made during the year to respective branch membership forums across Australia.

GOVERNANCE

The Union has been involved in an ongoing project to improve the governance of the Federal Union. This has included

- amending the governance policies to take into account changes to the Fair Work (Registered Organisations) Act
- Further modernising and amending the SPSF Group governance rule in Chapter C
- Commencing a project of reforming the eligibility rule of the Group in Chapter A to remove duplication, introduce plain English, and to make it easier to navigate and understand

LEGAL CADETSHIP

Over the course of the year the Federal Office sought applications for and interviewed for a legal cadet to work with the Senior Legal Officer in the Federal Office. The successful candidate has commenced work and has primarily assisted with the governance improvements being undertaken by the Federal Office.

Right of members to resign

Rule 8 of Chapter C of Federal Rule sets out the terms under which a member of the Branch may resign. A member may resign from membership of the Union by notice in writing, addressed to the Branch Secretary, if the member cease to be eligible to become a member of the Union or the member give notice not less than two weeks before the resignation is to take effect.

Union Details

Number of employees

The number of equivalent full time employees at 30 June 2017 was 5 (2016: 5)

Number of members

The number of members across 6 branches at 30 June 2017 was 76,389 (2016: 78,410).

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

OPERATING REPORT (Continued)

Directorships of Superannuation Fund

To the best of our knowledge and belief, the following officer and employee of the CPSU is superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee:

| Name | Company/Board | Principal Activities | Reporting unit position | Status | |
|------------------------|----------------------|--|--------------------------------|---------------|-------------|
| South Australia | | | | | |
| Jan | McMahon | South Australian Superannuation Board | Superannuation | No | Fed officer |
| Jan | McMahon | Southern Select superannuation Corporation Board (from 1/7/2016 to 30/11/2016) | Superannuation | No | Fed officer |
| Neville | Kitchin | UniSuper | Superannuation | Yes | Fed officer |

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer: 

Name of designated officer: Karen Batt
Title of designated officer: Federal Secretary

Date: 19th October 2017

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

| | Notes | 2017 \$ | 2016 \$ |
|--|-------|--------------------|--------------------|
| Revenue from continuing operations | 4 | 1,250,743 | 1,260,132 |
| Other revenue | 4 | 1,056,082 | 154,092 |
| Expenses | | | |
| Administrative and other expenses | 6 | (267,503) | (391,972) |
| Affiliation and capitation fees | 7 | (84,341) | (88,601) |
| Campaign and project expenses | 8 | (23,812) | (82,727) |
| Communication expenses | | (18,722) | (21,390) |
| Employee related expenses | 9 | (585,596) | (643,833) |
| Travel expenses | | (203,279) | (234,564) |
| | | <u>(1,183,253)</u> | <u>(1,463,087)</u> |
| Surplus (Deficit) for the year | | <u>1,123,572</u> | <u>(48,863)</u> |
| Surplus (Deficit) attributable to the members | | 1,123,572 | (48,863) |
| Other comprehensive income | | | |
| Changes in reserves | | - | - |
| Total comprehensive income for the year attributable to the members | | <u>1,123,572</u> | <u>(48,863)</u> |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

BALANCE SHEET
AS AT 30 JUNE 2017

| | Notes | 2017 \$ | 2016 \$ |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 10 | 1,208,198 | 45,784 |
| Held-to-maturity financial assets | 11 | 1,622,009 | 1,579,055 |
| Trade and other receivables | 12 | 154,417 | 229,281 |
| Total current assets | | <u>2,984,624</u> | <u>1,854,120</u> |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 153,999 | 175,693 |
| Total non-current assets | | <u>153,999</u> | <u>175,693</u> |
| Total assets | | <u>3,138,623</u> | <u>2,029,813</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 114,057 | 119,524 |
| Provisions | 15 | 136,097 | 131,041 |
| Total current liabilities | | <u>250,154</u> | <u>250,565</u> |
| Non-current liabilities | | | |
| Provisions | 16 | - | 14,351 |
| Total non-current liabilities | | <u>-</u> | <u>14,351</u> |
| Total liabilities | | <u>250,154</u> | <u>264,916</u> |
| Net assets | | <u>2,888,469</u> | <u>1,764,897</u> |
| FUNDS | | | |
| Members fund | 17 | 2,888,469 | 1,764,897 |
| Total funds | | <u>2,888,469</u> | <u>1,764,897</u> |

The above balance sheet should be read in conjunction with the accompanying notes.

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

| | Accumulated surplus \$ | Reserves \$ | Total \$ |
|---|------------------------------|----------------|------------------|
| Balance at 1 July 2015 | 1,813,760 | - | 1,813,760 |
| Total comprehensive income for the year | (48,863) | - | (48,863) |
| Transfer from federal fund | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2016 | <u>1,764,897</u> | <u>-</u> | <u>1,764,897</u> |
| | | | |
| Balance at 1 July 2016 | 1,764,897 | - | 1,764,897 |
| Total comprehensive income for the year | 1,123,572 | - | 1,123,572 |
| Transfer to reserves | <u>(909,091)</u> | <u>909,091</u> | <u>-</u> |
| Balance at 30 June 2017 | <u>1,979,378</u> | <u>909,091</u> | <u>2,888,469</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|---|-------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from other reporting units (inclusive of GST) | | | |
| - PSA of NSW | | 616,800 | 634,692 |
| - SA Branch | | 171,254 | 171,236 |
| - TAS Branch | | 54,341 | 60,839 |
| - VIC Branch | | 236,436 | 232,839 |
| - WA Branch | | 238,983 | 252,891 |
| - WAPOU Branch | | 40,253 | 38,549 |
| Member subscription received (inclusive of GST) | | 8,084 | 330 |
| Receipts from controlled entities | | - | - |
| Distribution received | | 1,000,000 | - |
| Sundry income | | 55,804 | 55,251 |
| Payments to suppliers and employees (inclusive of GST) | | (1,138,835) | (1,202,158) |
| Payments to other reporting units | | | |
| - PSA of NSW | | (14,943) | (26,782) |
| - SA Branch | | (4,258) | (5,370) |
| - TAS Branch | | (32,722) | - |
| - VIC Branch | | (134,799) | (122,748) |
| - WA Branch | | (21,430) | (42,264) |
| - WAPOU Branch | | - | (63,927) |
| Payments to controlled entities | | - | - |
| Interest received | | 43,782 | 45,560 |
| Net cash inflow from operating activities | 24 | <u>1,118,750</u> | <u>28,938</u> |
| Cash flows from investing activities | | | |
| Payments for held-to-maturity investment | | (42,954) | (37,690) |
| Net cash (outflow) from investing activities | | <u>(42,954)</u> | <u>(37,690)</u> |
| Cash flows from financing activities | | | |
| Loan repayment from NSW Branch | | 86,618 | - |
| Net cash inflow from financing activities | | <u>86,618</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | | 1,162,414 | (8,752) |
| Cash and cash equivalents at beginning of financial year | | 45,784 | 54,536 |
| Cash and cash equivalents at end of financial year | 10(a) | <u>1,208,198</u> | <u>45,784</u> |

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report includes the separate financial statements for the Community and Public Sector Union SPSF Group - Federal Fund (CPSU).

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*. The Community and Public Sector Union SPSF Group - Federal Fund is a not-for-profit entity for the purpose of preparing the financial statements.

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.

New and amended standards adopted by the CPSU

The CPSU adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Board (AASB) that are relevant to the operations and effective for the current annual reporting period.

The CPSU has assessed the impact of other new and amended standards that came into effect for the first time for the annual reporting period commencing 1 July 2016. These standards did not result in changes to CPSU's accounting policies and had no effect on the amounts reported for current or prior year financial statements

Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the CPSU 's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

The CPSU recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the CPSU's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The CPSU bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Capitation fees and levies

Capitation fees and levies are recognised when the right to receive the fee or levy has been established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the CPSU reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(c) Income tax

In accordance with section 50-15 of the Income Tax Assessment Act, the CPSU is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(d) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Investment in other financial assets

Classification

The CPSU classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. The CPSU does not hold any investments in the following categories: financial assets at fair value through profit or loss and available-for-sale financial assets.

(i) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the CPSU's management has the positive intention and ability to hold to maturity. If the CPSU were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(ii) Loans and receivables

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

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which the CPSU commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the CPSU has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the CPSU establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(e) Investment in other financial assets (Continued)

Impairment

The CPSU assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(f) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the CPSU is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the CPSU commencing from the time the asset is held ready for use.

| Class of fixed asset | Depreciation rate | Depreciation basis |
|-----------------------------|--------------------------|---------------------------|
| Computer equipment | 40% | diminishing value |
| Leasehold improvements | 10% | Straight line |
| Furniture and equipment | 2.5 - 40% | diminishing value |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the CPSU prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the balance sheet are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow.

Commitments and contingencies are disclosed inclusive of GST.

(j) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave, RDO and associated leave loading expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave, RDO and associated leave loading is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(k) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the CPSU's functional and presentation currency.

(l) Comparative figures

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

(m) Impairment of assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

| | |
|-------------------|---|
| Title of Standard | AASB 9 Financial Instruments |
| Nature of change | <p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ol style="list-style-type: none"> a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> • the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) • the remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <ul style="list-style-type: none"> • Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: <ul style="list-style-type: none"> • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p> <p>When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.</p> |
| Application date | <p>Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The entity does not intend to adopt AASB 9 before its mandatory date.</p> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(n) New accounting standards and interpretations (Continued)

| | |
|--------------------------|---|
| Title of Standard | AASB 15 Revenue from Contracts with Customers |
| Nature of change | <p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p> <p>When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.</p> |
| Application date | Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the entity: 1 January 2018. |
| Title of Standard | AASB 16 Leases |
| Nature of change | <p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.</p> <p>When this standard is first adopted, there will be no material impact on the transactions and balances recognised in the financial statements.</p> |
| Application date | Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date. |

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

1: Summary of significant accounting policies (Continued)

(n) New accounting standards and interpretations (Continued)

| Title of Standard | AASB 1058 Income of Not-for-Profit Entities |
|-------------------|---|
| Nature of change | <p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 <i>Revenue from Contracts with Customers</i>. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 <i>Property, Plant and Equipment</i>). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:</p> <ul style="list-style-type: none"> a Contributions by owners; b Revenue, or a contract liability arising from a contract with a customer; c A lease liability; d A financial instrument; or e A provision. <p>These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020</p> |
| Application date | Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date. |

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the CPSU and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The CPSU makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(b) Critical judgments in applying the CPSU 's accounting policies

The following are the critical judgements that management has made in the process of applying the CPSU's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee entitlements

Management judgements is applied in determining the following key assumptions in the calculation of long service leave at balance date:

- future increase in wages and salaries;
- future on-costs rates; and
- experience of employees departures and period of service.

3: 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 subsection (1) to (3) of sections 272, which read 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).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

4: Revenue

| | Note | 2017 \$ | 2016 \$ |
|---|------|-------------------------|-------------------------|
| From continuing operations | | | |
| Capitation fees | a | 1,235,328 | 1,259,832 |
| Levies | | - | - |
| Membership subscriptions | | 240 | 300 |
| Associated membership | | 15,175 | - |
| Voluntary contributions and compulsory levies | | - | - |
| | | <u>1,250,743</u> | <u>1,260,132</u> |
| Other revenue | | | |
| Interest | | 41,384 | 44,359 |
| Grants received | | - | - |
| Donations received | | - | - |
| Distribution received | | 963,968 | 59,505 |
| Director fees | | 50,731 | 50,228 |
| Financial support from another reporting unit | | - | - |
| | | <u>1,056,082</u> | <u>154,092</u> |
| | | <u><u>2,306,825</u></u> | <u><u>1,414,224</u></u> |
| (a) Capitation fees | | | |
| | | 2017 \$ | 2016 \$ |
| PSA of NSW | | 559,828 | 575,246 |
| SA Branch | | 155,504 | 155,495 |
| TAS Branch | | 53,747 | 55,073 |
| VIC Branch | | 212,953 | 209,917 |
| WA Branch | | 216,470 | 229,013 |
| WAPOU | | 36,826 | 35,088 |
| | | <u>1,235,328</u> | <u>1,259,832</u> |

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5: Expenses

| | 2017 | 2016 |
|---|----------------------|----------------------|
| | \$ | \$ |
| The surplus (deficit) for the year includes the following specific expenses: | | |
| <i>Depreciation of non-current assets</i> | | |
| Leasehold improvement | 11,823 | 11,822 |
| Office furniture & equipment | 1,106 | 10,663 |
| Computer equipment | 8,765 | 1,817 |
| | <u>21,694</u> | <u>24,302</u> |
| Loss on disposals of fixed assets | - | 14,510 |
| During the year the following fees were paid or payable for services provided by the auditor and its related practices: | | |
| Audit of the financial report | 6,950 | 6,800 |
| Audit of the financial report – Qld Branch | 810 | 9,500 |
| Other services | - | 475 |

**COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
ABN 31 572 641 712**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

6: Administration and other expenses

| | 2017 \$ | 2016 \$ |
|--|----------------|----------------|
| Audit & accounting fee | 7,760 | 16,775 |
| Consideration to employers for payroll deduction | - | - |
| Fees/allowances – meeting and conferences | - | - |
| Grants: | | |
| Total paid that were \$1,000 or less | - | - |
| Total paid that exceeded \$1,000 | - | - |
| Legal fees | | |
| - litigation | - | 68,587 |
| - other legal matters | 39,068 | 38,368 |
| Depreciation | 21,694 | 24,302 |
| Donations: | | |
| Total paid that were \$1,000 or less | 60 | - |
| Total paid that exceeded \$1,000 | 2,284 | 2,310 |
| Occupancy expenses | 121,071 | 140,853 |
| Penalties – RO Act or RO Regulations | - | - |
| IT support | 29,350 | 31,336 |
| Meeting expenses | - | - |
| Records management | 8,112 | 15,274 |
| Loss on disposal of assets | - | 14,510 |
| Subscription | 9,140 | 9,907 |
| Other expenses | 28,964 | 29,750 |
| | <u>267,503</u> | <u>391,972</u> |

7: Affiliation and capitation fees

| | 2017 \$ | 2016 \$ |
|--------------------------|---------------|---------------|
| <i>Affiliation fee</i> | | |
| AFTINET | 200 | - |
| APHEDA | 3,090 | 3,000 |
| PSI | 31,162 | 31,505 |
| ACTU | 49,889 | 54,096 |
| <i>Compulsory levies</i> | - | - |
| <i>Capitation fee</i> | - | - |
| | <u>84,341</u> | <u>88,601</u> |

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

8: Campaign and project expenses

| | 2017 \$ | 2016 \$ |
|-------------------|---------------|---------------|
| Campaign expenses | - | - |
| Research | <u>23,812</u> | <u>82,727</u> |
| | <u>23,812</u> | <u>82,727</u> |

9: Employee related expenses

| | 2017 \$ | 2016 \$ |
|---|----------------|----------------|
| <i>Employees other than holders of office</i> | | |
| - wages and salaries | 386,035 | 427,625 |
| - superannuation | 59,796 | 69,801 |
| - leave and other entitlements (net) | (9,560) | 13,220 |
| - separation and redundancies | - | - |
| - other employee expenses | - | - |
| <i>Holders of office</i> | | |
| - wages and salaries | - | - |
| - superannuation | 13,416 | 13,416 |
| - leave and other entitlements (net) | - | - |
| - separation and redundancies | - | - |
| - other employee expenses | - | - |
| Professional development | 1,087 | 3,123 |
| Salary reimbursement | 108,340 | 97,686 |
| Other staff costs ** | <u>26,482</u> | <u>18,962</u> |
| | <u>585,596</u> | <u>643,833</u> |

** Other staff costs primarily comprise payroll tax and workcover

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

10: Current assets – Cash and cash equivalents

| | 2017 \$ | 2016 \$ |
|--------------|------------------|---------------|
| Cash at bank | <u>1,208,198</u> | <u>45,784</u> |

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

| | | |
|--------------------------------------|------------------|---------------|
| Balances as above | <u>1,208,198</u> | 45,784 |
| Balances per statement of cash flows | <u>1,208,198</u> | <u>45,784</u> |

11: Current assets – Held-to-maturity financial assets

| | 2017 \$ | 2016 \$ |
|---------------|------------------|------------------|
| Term deposits | <u>1,622,009</u> | <u>1,579,055</u> |

(i) Impairment and risk exposure

None of the held-to-maturity investments are either past due or impaired.

All held-to-maturity investments are denominated in Australian dollars. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

(ii) Security

One of the term deposits is used as a bank guarantee for the rental property.

12: Current assets – Trade and other receivables

| | Note | 2017 \$ | 2016 \$ |
|----------------------------------|------|----------------|----------------|
| <i>Amount due from Branches:</i> | | | |
| - PSA of NSW | | 51,241 | 52,231 |
| - SA Branch | | 14,201 | 14,402 |
| - TAS Branch | | 9,732 | 4,952 |
| - VIC Branch | | 19,821 | 22,008 |
| - WA Branch | | 19,591 | 20,457 |
| - WAPOU Branch | | <u>3,503</u> | <u>3,246</u> |
| | | 118,089 | 117,296 |
| Provision for impairment | | - | - |
| | | <u>118,089</u> | <u>117,296</u> |
| Loan to NSW Branch | | - | 86,618 |
| Prepayments | | 20,113 | 15,626 |
| Other – associate member | | 8,872 | - |
| Other receivables | | <u>7,343</u> | <u>9,741</u> |
| | | <u>154,417</u> | <u>229,281</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

12: Current assets – Trade and other receivables (Continued)

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(iii) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within administration expenses. Subsequent recoveries of amounts previously written off are credited against administration expenses.

13: Non-current assets – Property, plant and equipment

| | 2017 \$ | 2016 \$ |
|--|-----------------|-----------------|
| Plant and equipment | | |
| Leasehold improvement | | |
| At cost | 118,227 | 118,227 |
| Less accumulated amortisation | <u>(27,112)</u> | <u>(15,289)</u> |
| | <u>91,115</u> | <u>102,938</u> |
| | | |
| Office furniture and equipment | | |
| At cost | 155,749 | 155,749 |
| Less accumulated depreciation | <u>(94,618)</u> | <u>(85,853)</u> |
| | <u>61,131</u> | <u>69,896</u> |
| | | |
| Computers | | |
| At cost | 7,473 | 7,473 |
| Less accumulated depreciation | <u>(5,720)</u> | <u>(4,614)</u> |
| | <u>1,753</u> | <u>2,859</u> |
| | | |
| Total property, plant and equipment | <u>153,999</u> | <u>175,693</u> |

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

13: Non-current assets – Property, plant and equipment (Continued)

(a) Non-current assets pledged as security

None of the non-currents assets are pledged as security.

(b) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

| | Leasehold improvement | Office Furniture & equipment | Computers | Total |
|-------------------------|----------------------------------|---|------------------|-----------------|
| | \$ | \$ | \$ | \$ |
| 2016 | | | | |
| Opening net book amount | 114,760 | 90,972 | 8,773 | 214,505 |
| Disposals | - | (10,413) | (4,097) | (14,510) |
| Depreciation | <u>(11,822)</u> | <u>(10,663)</u> | <u>(1,817)</u> | <u>(24,302)</u> |
| Closing net book amount | <u>102,938</u> | <u>69,896</u> | <u>2,859</u> | <u>175,693</u> |
| 2017 | | | | |
| | Leasehold improvement | Office Furniture & equipment | Computers | Total |
| | \$ | \$ | \$ | \$ |
| Opening net book amount | 102,938 | 69,896 | 2,859 | 175,693 |
| Depreciation | <u>(11,823)</u> | <u>(8,765)</u> | <u>(1,106)</u> | <u>(21,694)</u> |
| Closing net book amount | <u>91,115</u> | <u>61,131</u> | <u>1,753</u> | <u>153,999</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

14: Current liabilities – Trade and other payables

| | 2017 | 2016 |
|--|----------------|----------------|
| | \$ | \$ |
| <i>Unsecured:</i> | | |
| Trade creditors | 40,474 | 42,379 |
| Legal fee payable – other matters | 17,143 | 739 |
| Legal fee payable – litigation | - | 43,082 |
| <i>Amount due to Branches:</i> | | |
| - VIC Branch | 9,270 | 11,430 |
| - TAS Branch | 15,867 | 19,353 |
| - WA Branch | 19,452 | - |
| - WAPOU Branch | 7,591 | - |
| | <u>52,180</u> | <u>30,783</u> |
| Payable to employers for making payroll deductions | - | - |
| Other payables and accruals | 4,260 | 2,541 |
| | <u>114,057</u> | <u>119,524</u> |

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature

15: Current liabilities – Provisions

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| Employee benefit obligations: | | |
| <i>Office holders:</i> | | |
| Annual leave | - | - |
| Long service leave | - | - |
| Separations and redundancies | - | - |
| Other | - | - |
| | <u>-</u> | <u>-</u> |
| <i>Employees other than office holders:</i> | | |
| Annual leave | 55,545 | 60,465 |
| Long service leave | 71,376 | 61,666 |
| Separations and redundancies | - | - |
| Other | - | - |
| | <u>126,921</u> | <u>122,131</u> |
| Total employee provisions | <u>126,921</u> | <u>122,131</u> |
| Other provision – makegood provision | 9,176 | 8,910 |
| | <u>9,176</u> | <u>8,910</u> |
| Total provision | <u>136,097</u> | <u>131,041</u> |

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

16: Non-current liabilities – Provisions

| | 2017 \$ | 2016 \$ |
|---|------------|---------------|
| Employee benefit obligations: | | |
| <i>Office holders:</i> | | |
| Annual leave | - | - |
| Long service leave | - | - |
| Separations and redundancies | - | - |
| Other | - | - |
| | <u>-</u> | <u>-</u> |
| <i>Employees other than office holders:</i> | | |
| Annual leave | - | - |
| Long service leave | - | 14,351 |
| Separations and redundancies | - | - |
| Other | - | - |
| | <u>-</u> | <u>14,351</u> |
| Total employee benefit obligations | <u>-</u> | <u>14,351</u> |

17: Member funds

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Accumulated surplus | | |
| <i>Movements in the accumulated surplus were as follows:</i> | | |
| Balance 1 July | 1,764,897 | 1,813,760 |
| Surplus(Deficit) for the year | 1,123,572 | (48,863) |
| Transfer to reserve | <u>(909,091)</u> | <u>-</u> |
| Balance 30 June | <u>1,979,378</u> | <u>1,764,897</u> |
| | 2017 \$ | 2016 \$ |
| Reserves | | |
| <i>Movements in the reserve were as follows:</i> | | |
| Balance 1 July | - | - |
| Transfer from accumulated surplus | <u>909,091</u> | <u>-</u> |
| Balance 30 June | <u>909,091</u> | <u>-</u> |
| | 2017 \$ | 2016 \$ |
| Total members fund | <u>2,888,469</u> | <u>1,764,897</u> |

(a) The above reserve records the money set aside to fulfil the requirement of GSA Distribution Deed.

No other specific funds or accounts have been operated or monies invested in any assets in respect of any compulsory levies or voluntary contributions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

18: Contingencies

There are no known contingent assets or liabilities at 30 June 2017.

19: Commitments

| | 2017 | 2016 |
|---|----------------|------------------|
| | \$ | \$ |
| <i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i> | | |
| Within one year | 112,948 | 114,210 |
| Later than one year but no later than five years | 485,494 | 455,674 |
| More than five years | 372,914 | 492,792 |
| | <u>971,356</u> | <u>1,062,676</u> |

General description of leasing arrangement:

The leases are related to the rental of office equipment and offices under non-cancellable operating leases expiring within one to ten years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

20: Events occurring after reporting date

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of the CPSU, the results of those activities or the state of affairs of the CPSU in the ensuing or any subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

21: Other information

(i) Going Concern

Apart from the continued support of the branches, the CPSU Federal Fund's ability to continue as a going concern is not reliant on any particular financial support from another reporting unit.

(ii) Financial Support

- During the year the CPSU paid expense on behalf of the Queensland Branch. The Queensland Branch was deregistered during the year and now no longer exists.
- A loan of \$86,618 made to the NSW Branch in 2015 was fully repaid during the year

(iii) Acquisition of assets and liability under specific sections:

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

- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the Commissioner under s245(1) of the RO Act;
- a revocation by the Commissioner under s249(1) of the RO Act;

Whilst not directly acquisition of the assets and liabilities of the Queensland Branch. The CPSU Federal Fund paid some expenses of the Queensland Branch.

(iv) Acquisition of assets and liability as part of a business combination:

If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

(v) Financial affairs administered by another entity

The CPSU SPSF Federal Fund has entered into service agreements for the CPSU SPSF Vic Branch to:

- Provide finance and administration support. The total amount paid during the year in terms of this agreement was \$23,492 (2016: \$23,118).
- Compensate the CPSU SPSF Vic Branch for the time spent by the Branch Secretary on the affairs of the CPSU SPSF Federal Fund and in lieu of a salary payment for the position of Federal Secretary. The total amount paid during the year in terms of this agreement was \$74,568 (2016: \$74,568).

The CPSU SPSF Federal Fund has entered into a service agreement for the CPSU (SPSFT) Inc to:

- Provide one day a week Federal Office Duties by the Tasmanian Secretary. The total amount paid during the year in terms of this agreement was \$ 10,281 (2016: Nil).

22: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The CPSU has not derived any revenue in respect of these activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

23: Related party transactions

(a) The following persons have held office in the CPSU at any time during or since the end of the financial year are:

Federal Council

| Name | Position |
|------------------|---|
| K. Batt ** | Federal Secretary |
| J. McMahon | Federal President – SA (term of office ended 8 December 2016) |
| T. Lynch ** | Federal President (elected 9 December 2016) |
| S. Walsh | Federal Vice President – NSW (term of office ended) |
| S. Turner | Federal Vice President – NSW (20 August 2016; resigned 29 April 2017) |
| J. McMahon | Federal Vice President – SA (term of office ended 27 September 2016) |
| M. Griffiths | Federal Vice President – SA |
| T. Lynch ** | Federal Vice President – TAS |
| C. Davies ** | Federal Vice President – VIC |
| T. Walkington | Federal Vice President – WA |
| J. Welch | Federal Vice President – WAPOU |
| S. Turner | NSW Branch Delegate (term of office ended 20 August 2016) |
| R. Reilly | NSW Branch Delegate |
| N. Kitchin | SA Branch Delegate |
| L. Oxlad | SA Branch Delegate (term of office ended 27 September 2016) |
| G Ransley ** | Tasmanian Branch Delegate |
| P. Lillywhite | Victorian Branch Delegate |
| B. Dodds | WA Branch Delegate |
| K. Brown | WAPOU Delegate (new position from 31 October 2016) |
| L. Barclay-Hales | New South Wales Branch Delegate (term of office ended 9 August 2016) |
| W. Hurry | New South Wales Branch Delegate (term of office ended 9 August 2016) |
| N. Jess | New South Wales Branch Delegate (term of office ended 9 August 2016) |
| B Kellner | New South Wales Branch Delegate (term of office ended 9 August 2016) |
| B. Webb | New South Wales Branch Delegate (term of office ended 9 August 2016) |
| L. Parissi | New South Wales Branch Delegate (term of office ended 9 August 2016) |
| S. Turner | New South Wales Branch Delegate (resigned 29 April 2017) |
| J. Singleton | New South Wales Branch Delegate |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

23: Related party transactions (Continued)

(a) The following persons have held office in the CPSU at any time during or since the end of the financial year are:

Federal Council (Continued)

| | |
|---------------|---|
| K Cameron | New South Wales Branch Delegate |
| R. Davis | New South Wales Sub- Branch Delegate (term of office ended 9 August 2016) |
| M. Bogatyrov | New South Wales Branch Delegate (9 August 2016-29 April 2017) |
| M. Court | New South Wales Branch Delegate |
| S. Elliot | New South Wales Branch Delegate |
| A. Gardiner | New South Wales Branch Delegate (9 August 2016– 16 March 2017) |
| S. Odewahn | New South Wales Branch Delegate |
| R. Reilly | New South Wales Branch Delegate |
| H. Shields | New South Wales Branch Delegate |
| P. Lillywhite | Victoria Branch Delegate |
| G. Greaves | Victoria Branch Delegate |
| A. Jones | Victoria Branch Delegate |
| E. Free | Victoria Branch Delegate |
| L. Hughes | South Australia Branch Delegate (term of office ended 11 August 2016) |
| L. Oxlad | South Australia Branch Delegate (term of office ended 11 August 2016) |
| N. Kitchin | South Australia Branch Delegate |
| N. Brown | South Australia Branch Delegate |
| M. Barnes | South Australia Branch Delegate |
| L. Burford | South Australia Branch Delegate |
| T. Walkington | Western Australia Branch Delegate |
| B. Dodds | Western Australia Branch Delegate |
| D. Henden | Western Australia Branch Delegate (term of office ended 18 June 2016) |
| M Sheehy | Western Australia Branch Delegate (18 June 2016 – 29 November 2016) |
| G. Richards | Western Australia Branch Delegate (term of office ended 18 June 2016) |
| T Watson | Western Australia Branch Delegate |
| K. Mayerhofer | Western Australia Branch Delegate |
| T. Lynch | Tasmania Branch Delegate |
| R. Faulks | Tasmania Branch Delegate |
| G Ransley | Tasmania Branch Delegate |
| C White | Tasmania Branch Delegate |
| J. Welch | WAPOU Delegate |
| K. Brown | WAPOU Delegate (new position 4 October 2016) |
| M. Cromb | WAPOU Delegate (new position 4 October 2016) |
| A. J. Smith | WAPOU Delegate (new position 4 October 2016) |

** - Member of Finance, Administration and Governance Committee

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

23: Related party transactions (Continued)

| | 2017 | 2016 |
|--|----------------------|----------------------|
| | \$ | \$ |
| (b) Key management personnel compensation | | |
| <i>Short-term employee benefits</i> | | |
| Salary (including annual leave taken) | - | - |
| Annual leave accrued | - | - |
| Total short-term employee benefits | <u>-</u> | <u>-</u> |
| Post-employment benefits: | | |
| Superannuation | 13,416 | 13,416 |
| Total post-employment benefits | <u>13,416</u> | <u>13,416</u> |
| Other long-term benefits: | | |
| Long-service leave accrued | - | - |
| Total other long-term benefits | <u>-</u> | <u>-</u> |
| Termination benefits | <u>-</u> | <u>-</u> |
| | - | - |
| Total | <u><u>13,416</u></u> | <u><u>13,416</u></u> |

(c) Other transactions with officers

There were no transactions between the officers of the CPSU other than those relating to reimbursement by the CPSU 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 is reasonable to expect would have been adopted by parties at arm's length.

(d) Loans to key management personnel

There are no loans between key management personnel and the CPSU.

(e) Transactions with related parties

| | 2017 | 2016 |
|--|--------|--------|
| | \$ | \$ |
| <i>Purchases of goods and services:</i> | | |
| Rent paid to PSA of NSW | 9,593 | 22,752 |
| Administration support paid to CPSU SPSF Vic Branch | 23,492 | 23,118 |
| Administration support paid to CPSU SPSF Tas Branch | 10,281 | - |
| Salary reimbursement (Federal Secretary) to CPSU SPSF Vic Branch | 74,568 | 74,568 |
| Superannuation contributions on behalf of employees | 73,212 | 83,217 |
| Interest-free loan to the NSW Branch | - | 86,618 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

23: Related party transactions (Continued)

(f) Outstanding balances arising from sales and purchases of goods and services:

These balances are disclosed in the "Trade receivables" and "Trade payables" notes to the accounts.

No provision for impairment has been raised in relation to any of these outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

24: Cash flow information

(a) Reconciliation of cash flow from operations with the surplus (deficit) for the year

| | 2017 \$ | 2016 \$ |
|--|------------------|---------------|
| Surplus (Deficit) for the year | 1,123,572 | (48,863) |
| <i>Non-cash flows in surplus (deficit)</i> | | |
| Depreciation | 21,694 | 24,302 |
| Loss on disposal of fixed assets | - | 14,510 |
| <i>Changes in assets and liabilities</i> | | |
| (Increase) in trade and other receivables | (11,753) | (1,679) |
| (Decrease) Increase in payables | (5,468) | 27,190 |
| (Decrease) Increase in provisions | (9,295) | 13,478 |
| Cash flows from operations | <u>1,118,750</u> | <u>28,938</u> |

25: Capital management

CPSU manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Federal Executive ensure that the overall risk management strategy is in line with this objective.

The capital structure of the entity consists of cash and cash equivalents and members' funds, comprising reserves and retained earnings.

The Federal Executive effectively manages the CPSU's capital by assessing the CPSU's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Federal Executive to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

26: Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by Federal Executive. The Federal Executive identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk

(i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

(ii) Price risk

The entity is not exposed to price risk.

(iii) Cash flow and fair value interest rate risk

The CPSU has no borrowings and is therefore not exposed to interest rate risk on liabilities. It has investments in a variety of interest-bearing assets and its income and operating cash flows are exposed to changes in market interest rates for assets.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The CPSU has no significant concentrations of credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

| | 2017 | 2016 |
|---------------|---------|---------|
| | \$ | \$ |
| Cash at bank | | |
| AA- Rating | 299,107 | 45,784 |
| BBB- Rating | 909,091 | - |
| Term deposits | | |
| AA- Rating | 61,081 | 61,081 |
| BBB+ Rating | 776,466 | 752,100 |
| BBB- Rating | 784,462 | 765,873 |

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

26: Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below:

2017

| | Weighted Average Interest rate % | Floating Interest rate \$ | 1 year or less \$ | 1 to 2 years \$ | 2 to 5 years \$ | Over 5 years \$ | Non Interest bearing \$ | Total \$ |
|------------------------------|--|---------------------------------|-------------------------|--------------------|--------------------|-----------------------|----------------------------------|------------------|
| Financial Assets | | | | | | | | |
| Cash at bank | 0.1 | 299,107 | - | - | - | - | 909,091 | 1,208,198 |
| Deposits at bank | 2.43 | - | 1,622,009 | - | - | - | - | 1,622,009 |
| Other receivables | - | - | - | - | - | - | 134,304 | 134,304 |
| | | <u>299,107</u> | <u>1,622,009</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,043,395</u> | <u>2,964,511</u> |
| Financial Liabilities | | | | | | | | |
| Other payables | - | - | - | - | - | - | 114,057 | 114,057 |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>114,057</u> | <u>114,057</u> |
| Net Financial Assets | | <u>299,107</u> | <u>1,622,009</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>929,338</u> | <u>2,850,454</u> |

2016

| | Weighted Average Interest rate % | Floating Interest rate \$ | 1 year or less \$ | 1 to 2 years \$ | 2 to 5 years \$ | Over 5 years \$ | Non Interest bearing \$ | Total \$ |
|------------------------------|--|---------------------------------|-------------------------|--------------------|--------------------|-----------------------|----------------------------------|------------------|
| Financial Assets | | | | | | | | |
| Cash at bank | 0.1 | 45,784 | - | - | - | - | - | 45,784 |
| Deposits at bank | 2.68 | - | 1,579,055 | - | - | - | - | 1,579,055 |
| Other receivables | - | - | - | - | - | - | 213,655 | 213,655 |
| | | <u>45,784</u> | <u>1,579,055</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>213,655</u> | <u>1,838,494</u> |
| Financial Liabilities | | | | | | | | |
| Other payables | - | - | - | - | - | - | 119,524 | 119,524 |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>119,524</u> | <u>119,524</u> |
| Net Financial Assets | | <u>45,784</u> | <u>1,579,055</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>94,131</u> | <u>1,718,970</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

27: Fair Value Measurements

(a) Financial assets and liabilities

Management of the entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2017 was assessed to be insignificant
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2017 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the entity's financial assets and liabilities:

| | Note | 2017 | | 2016 | |
|------------------------------------|------|------------------|------------------|-----------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash at banks | (i) | 1,208,198 | 1,208,198 | 45,784 | 45,784 |
| Trade and other receivables | (i) | 134,304 | 134,304 | 213,655 | 213,655 |
| Held to maturity financial assets | (i) | 1,622,009 | 1,622,009 | 1,579,055 | 1,579,055 |
| Total financial assets | | 2,964,511 | 2,964,511 | 1,838,494 | 1,838,494 |
| Financial liabilities | | | | | |
| Trade and other payables | (i) | 114,057 | 114,057 | 119,524 | 119,524 |
| Total financial liabilities | | 114,057 | 114,057 | 119,524 | 119,524 |

- (i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

27: Fair Value Measurements (Continued)

(b) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

| Level 1 | Level 2 | Level 3 |
|--|--|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

- *Market approach:* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach:* converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2017 and 30 June 2016:

| Financial Assets & Liabilities | Level 1 | Level 2 | Level 3 |
|--------------------------------|---------|---------|---------|
| | \$ | \$ | \$ |
| 30 June 2017 | | | |
| Assets at fair value | - | - | - |
| Liabilities at fair value | - | - | - |
| Net fair value | - | - | - |
| 30 June 2016 | | | |
| Assets at fair value | - | - | - |
| Liabilities at fair value | - | - | - |
| Net fair value | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

27: Fair Value Measurements (Continued)

| Non-financial Assets & Liabilities | Level 1 | Level 2 | Level 3 |
|---------------------------------------|----------|----------|----------|
| | \$ | \$ | \$ |
| 30 June 2017 | | | |
| Assets at fair value | - | - | - |
| Liabilities at fair value | - | - | - |
| Net fair value | - | - | - |
| 30 June 2016 | | | |
| Assets at fair value | - | - | - |
| Liabilities at fair value | - | - | - |
| Net fair value | - | - | - |

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2016: no transfers).

(c) **Disclosed fair value measurements**

The following assets and liabilities are not measured at fair value in the balance sheet but their fair values are disclosed in the notes:

- Accounts receivable and other debtors;
- fixed interest securities; and
- accounts payable and other payables

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

COMMITTEE OF MANAGEMENT STATEMENT

On 19/10/17 the Committee of Management of the Community and Public Sector Union SPSF Group - Federal Fund passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2017:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards;
2. 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);
3. 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;
4. 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
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - b. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. 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
 - e. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - f. where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period

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

Signature of designated officer Karen Batt

Name of designated officer: Karen Batt

Position held: Federal Secretary

Dated this 19th October 2017.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Community and Public Sector Union SPSF Group - Federal Fund which comprises the balance sheet as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statement including comprising a summary of significant accounting policies and other explanatory information and the Committee of Management Statement.

In our opinion:

- (i) the accompanying financial report of Community and Public Sector Union SPSF Group - Federal Fund:
- a) presents fairly, in all material respects, the financial position of Community and Public Sector Union SPSF Group - Federal Fund as at 30 June 2017 and the results of its operations, its changes in equity and cash flows for the year then ended; and
 - b) complying the Australian Accounting Standards; and
 - c) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.
- (ii) the Committee of Management's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.

Basis for Opinion

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

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

Independence

We are independent of the entity in accordance with auditor independent requirements ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND (Continued)

Committee of Management 's responsibility for the financial report

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

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

Auditor 's responsibility for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND*Liability limited by a scheme approved under professional standards legislation*

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND (Continued)****Auditor's responsibility for the audit of the financial report (Continued)**

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity 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 statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



BGL Partners
Chartered Accountants



I A Hinds - CA – Partner
Registered auditor with ASIC No: 56814
Chartered Accountants Australia and New Zealand
Membership number: 28696

19 October 2017
Melbourne