



FAIR WORK  
COMMISSION

10 March 2016

Mr John Cahill  
Secretary, (SPSF Group) NSW Branch  
Community and Public Sector Union

sent to: [LTwigger@psa.asn.au](mailto:LTwigger@psa.asn.au)

Dear Mr Cahill

**Re: Lodgement of Financial Statements and Accounts - Community and Public Sector Union (SPSF Group), New South Wales Branch - for year ended 30 June 2015 (FR2015/291)**

I acknowledge receipt of the financial report of the Community and Public Sector Union (SPSF Group), New South Wales Branch. The report was lodged with the Fair Work Commission on 13 January 2016. An amended copy of the report was received on 8 March 2016.

The documents have been filed. The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2016 may be subject to an advanced compliance review. You do not have to take any further action in respect of the report lodged but I make the following comments to assist you when preparing the next report.

**Reports must be provided to Members within 5 months of end of financial year where report is presented to committee of management meeting**

The report was not provided to the members until 17 December 2015. Under section 265(5)(b) of the RO Act, where the report is presented, for the purposes of section 266, to a Committee of Management meeting, the report must be provided to members within 5 months of the end of the financial year, i.e. by 30 November. I note your advice today that finalising the preparation and audit of the report was delayed as a result of requiring legal/accounting information or advice.

Please note that in future financial years if a delay is anticipated and an extension of time is required, a written request, signed by a relevant officer, including any reason for the delay, must be made prior to the deadline of 30 November.

**Documents must be lodged with the FWC within 14 days of General Meeting**

Section 268 of the RO Act states that the full report and the designated officer's certificate must be lodged with the FWC within 14 days of the meeting of members referred to in section 266. The Designated Officer's Certificate indicates that this meeting occurred on 17 December 2015. This being the case the full report should have been lodged with the FWC by no later than 31 December 2015.

I note your advice today that the delay in lodging the report with FWC was due to confusion caused by FWC correspondence received and acknowledge that that correspondence was ambiguous and potentially misleading.

If in future financial years the branch cannot lodge on time, a written request for an extension of time under section 268, signed by a relevant officer, including any reason for the delay, must be made prior to the 14<sup>th</sup> day following the meeting at which the report was presented.

#### Revenue recognition – Membership subscriptions – accrual basis

Section 253 requires that ‘...a reporting unit must cause a general purpose financial report to be *prepared*, in accordance with the Australian Accounting Standards, from the financial records kept<sup>1</sup> under subsection 252(1) in relation to the financial year...’. Paragraph 27 of Australian Accounting Standard *AASB101 Presentation of Financial Statements* states that ‘an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting’.

Note 1 to the financial statements states that the financial statements were prepared on an accruals basis and Note 2(b) states that “other income” is recognised on an accruals basis but states that revenue from the provision of membership subscriptions is ‘recognised when received.’ If this means that membership subscriptions revenue is not recognised in the report on the accruals basis, this does not comply with section 253.

Please ensure membership subscriptions are brought to account on an accruals basis in accordance with the Australian Accounting Standards. If this will result in a change of accounting policy, that will need to be disclosed in accordance with AASB 108 (Accounting Policies, Changes in Accounting Estimates and Errors). You may need to discuss this with your auditor.

#### Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or by email at [stephen.kellett@fwc.gov.au](mailto:stephen.kellett@fwc.gov.au).

Yours sincerely



Stephen Kellett  
Senior Adviser, Regulatory Compliance Branch

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<sup>1</sup> There is a distinction between keeping records and preparing the report. Section 252 of the RO Act places obligations upon reporting units to keep financial records. Under section 252(4) an organisation may, although it is not obliged to, *keep* the financial records for its membership subscriptions on a cash basis. This is distinct from the obligation under section 253 to prepare the general purpose financial report (apart from cash flow information) on the accruals basis.



COMMUNITY & PUBLIC SECTOR UNION ♦ SPSF GROUP NSW BRANCH

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State Branch President: Sue Walsh

7 March 2016

Fair Work Commission  
Regulatory Compliance Branch  
Att: Mr Sam Gallichio  
GPO Box 1994  
MELBOURNE VIC 3001



By email: [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au)

Dear Mr Gallichio

**Re: Lodgement of Financial Report [FR2015/291]**  
**Community & Public Sector Union-SPSF Group NSW Branch**

Further to my letter dated 13 January 2016, please find enclosed the amended Community & Public Sector Union (SPSF Group) NSW Branch Financial Report for the year ending 30<sup>th</sup> June 2015.

Kind regards

John Cahill  
Branch Secretary

# **Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

## **Financial Statements**

For the Year Ended 30 June 2015

# Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

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For the Year Ended 30 June 2015

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## **Certificate by Prescribed Designated Officer**

I, John Cahill, being the Branch Secretary of Community & Public Sector Union (SPSF Group) New South Wales Branch, certify that

- (a) the documents lodged herewith are copies of the full report for Community & Public Sector Union (SPSF Group) New South Wales Branch for the period ended 30 June 2015, referred to in S.268 of the *Fair Work (Registered Organisations) Act 2009*, and
- (b) the full report was provided to members of the reporting unit on 25 February 2016, and
- (c) the full report was presented to a meeting of the Branch Council on 25 February 2016 in accordance with S.266 of the *Fair Work (Registered Organisations) Act 2009*.

Dated 25 February 2016



.....  
John Cahill (Branch Secretary)

## Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

# Operating Report

## For the Year Ended 30 June 2015

The Members of the Branch Council present their report on Community & Public Sector Union (SPSF Group) New South Wales Branch for the financial year ended 30 June 2015.

### 1. General information

#### Members of the Branch Council

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

Names	Position	Appointed/Resigned
Sue Walsh	President	
Wendy Hurry	Vice President	
Nicole Jess	Vice President	
Boyd Kellner	Vice President	
John Cahill	Branch Secretary	
Steve Turner	Assistant Secretary	
Kirsten Cameron	Assistant Secretary	
Ronald Davis	Assistant Secretary (Sub-Branch No. 1)	
Jessie Choy	Branch Councillor	
Jeff Walters	Branch Councillor	
Mark Gordon	Branch Councillor (Sub-Branch No. 1)	
Dennis Milling	Branch Councillor (Sub-Branch No. 1)	
Michael Sergent	Branch Councillor (Sub-Branch No. 1)	Resigned 26 June 2014
Margaret McLoughlin-Fullick	Branch Councillor	
Kaye Hiddlestone	Branch Councillor	
Leon Parissi	Branch Councillor	
Brian Webb	Branch Councillor	
Anne Attwater	Branch Councillor	
Linda Barclay-Hales	Branch Councillor	
Margaret Jarosz	Branch Councillor	
Jenny Singleton	Branch Councillor	

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

#### Principal activities

The principal activities of Community & Public Sector Union (SPSF Group) New South Wales Branch during the financial year were to operate as an industrial organisation, providing advice to its members within the areas of industrial disputes, pay negotiations, unfair dismissals etc .

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

### 2. Operating results and review of operations for the year

#### Operating results

The loss of the Branch after providing for income tax amounted to \$ (53,931) (2014: \$ (97,793)).

#### Review of operations

A review of the operations of the Branch during the financial year and the results of those operations are contained in the discussion and analysis of the financial statements.

## **Operating Report**

### **For the Year Ended 30 June 2015**

#### **3. Financial review**

##### **Discussion and analysis of the financial statements**

During the 12 months to June 2015, the Community and Public Sector Union (SPSF) New South Wales Branch recorded an operating deficit of \$ (53,931). This compares with an operating deficit of \$ (97,793) achieved over the previous 12 months.

Membership revenue decreased by 1.7% from \$752,872 in 2014 to \$740,678 in 2015 which is reflective of the decrease in the number of members over the period 1 July 2014 to 30 June 2015.

In regards to expenditure, Federal Capitation Fees decreased by approximately 2% to \$584,111 in 2015 (\$595,842 in 2014). This decrease is a result of the declining membership over the period.

The decrease in revenue, together with an increase in ACTU fees/levies has contributed significantly to the overall deficit for the year. This resulting deficit has resulted in a Net Liability position of \$75,894 for the Branch. In 2014 the Branch held a Net Liability position of \$21,963, down from a Net Asset position of \$75,830 in 2013.

The amount of \$78,744 shown under campaigns levy in Note 5 within the expenditure section of the Profit and Loss Account is a levy imposed by the ACTU on the Federal CPSU. The Federal Executive of the SPSF Division of the CPSU has requested, as a matter of administration, that this amount be paid by the Branch.

The position in relation to ACTU levies was also mentioned in the Report for 2014. The ACTU levies continue to pose a challenge for the Branch in 2015 and in the future, and that challenge arises from a combination of factors, as follows:

- (i) For some years prior to March 2015, the membership fee for membership of the Branch was set at \$4.00 per member (that rate being increased to \$10.52 by the Branch Council in March 2015).
- (ii) In 2012, the ACTU imposed levies of \$2.00 per member upon affiliates.
- (iii) By the end of the 2014 reporting period, the outstanding amount for such levies by the Branch for 2013 and 2014 was \$83,108. In February 2015, the Public Service Association of NSW (the Branch's associated body) ("the PSA") provided a donation of \$45,709 and what is described as "an interest free loan" of \$45,709 to the Branch to enable the Branch to pay the 2013 Campaign Levy to the ACTU.
- (iv) A further payment also referred to as an "interest free loan" of \$86,618 was obtained by the Branch from the CPSU-SPSF Federal Office to cover the 2014 ACTU Campaign Levy.
- (v) Repayment of these "loans" was contingent on the Branch increasing its revenue from membership fees by increasing the fee per member substantially.
- (vi) In March 2015, the Branch resolved to increase membership fees from \$4 per member to \$10.
- (vii) Subsequently, the Central Council of the PSA resolved to increase the amount paid to the Branch in respect of the Branch's membership fees, but in doing so, it departed from past practice by not passing on to the Branch the full amount of the increase in Branch membership determined by the Branch.
- (viii) Currently the PSA is passing on to the Branch an amount equal to \$6 per member, rather than the \$10.52 fixed by the Branch Council in March 2015.

In these circumstances, the Branch will be pursuing all available avenues and option to ensure that the obligation of the CPSU to pay the ACTU levies and fees will be met.

#### **4. Other items**

##### **Significant changes in state of affairs**

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

##### **Events after the reporting date**

At the ACTU Congress in 2015, the ACTU resolved that affiliation fees for the three (3) calendar years, commencing on 1 January 2016 will be increased as follows:

2016 Calendar year:	\$6.27 per member, inclusive of GST
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## Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

### Operating Report

For the Year Ended 30 June 2015

#### 4. Other items continued

##### Events after the reporting date continued

2017 Calendar year	\$6.47 per member, inclusive of GST
2018 Calendar year.	\$6.65 per member, inclusive of GST

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

##### Right of members to resign

It is declared that a member has the right to resign from membership, in accordance with Rule 8 of the SPSF Group Rules and under Section 174 of the Fair Work (Registered Organisations) Act 2009.

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

Ms Sue Walsh, President, is also President of the Public Service Association of NSW, National Executive Member of the Community and Public Sector Union, and Executive Member of Unions NSW. Ms Walsh was a Director of State Super Financial Services Australia Limited, and Board Member of State Super Trustee Corporation, until her resignation from these positions on 24 March 2015.

Mr Ronald Davis, Branch Assistant Secretary, is an Employee Representative and full-time Board member of the State Super SAS Trustee Corporation.

##### Number of members

The number of members as at 30 June 2015 was 37,191 (2014: 38,524).

##### Number of employees

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

##### Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Community & Public Sector Union (SPSF Group) New South Wales Branch.

##### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2015 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Branch Council:

Director: 

John Cahill

Dated 25 February 2016

## Statement by Members of the Branch Council

On 25 February 2016, the Members of the Branch Council passed the following resolution in relation to the general purpose financial report for the year ended 30 June 2015:

The Branch Council declares that in its opinion (in accordance with paragraph 34 of the Reporting Guidelines for the Purposes of Section 253 of the *Fair Work (Registered Organisations) Act 2009*):

- (a) the financial statements and notes comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) (paragraph 35(a));
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager (paragraph 35(b));
- (c) give a true and fair view of the financial position and performance of the Branch (paragraph 35(c));
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable, subject to the continuing financial support provided by the Federal Branch, as noted elsewhere in the financial report (paragraph 35(d));
- (e) no revenue has been derived from undertaking recovery of wages activity during the reporting period (paragraph 35(f)), and
- (f) during the financial year to which the general purpose financial report relates, and since the end of that year (paragraph 35(e)).
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation, including the rules of the Branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, it has been provided to the member or General Manager, and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Branch Council.

Director .....



John Cahill

Dated 25 February 2016

**Community & Public Sector Union (SPSF Group) New South Wales Branch**

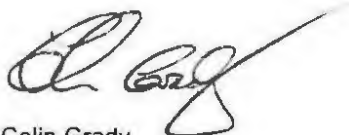
A.B.N 11 681 811 732

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Branch Council Community & Public Sector Union (SPSF Group) New South Wales Branch**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DFK Laurence Varnay



Colin Grady  
Partner

25 February 2016

Sydney

*We make it happen!*

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2015**

		2015	2014
	Note	\$	\$
Revenue	4	782,283	752,918
Other expenses	5	<u>(836,214)</u>	<u>(850,711)</u>
<b>(Loss)/Profit before income tax</b>		<b>(53,931)</b>	<b>(97,793)</b>
Income tax expense	2(a)	<u>-</u>	<u>-</u>
<b>(Loss)/Profit for the year</b>		<b><u>(53,931)</u></b>	<b><u>(97,793)</u></b>
<b>Other comprehensive income, net of income tax</b>			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income for the year</b>		<b><u>(53,931)</u></b>	<b><u>(97,793)</u></b>

**Statement of Financial Position**  
**As At 30 June 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	157,939	140,636
Trade and other receivables	7	25,038	68,367
<b>TOTAL CURRENT ASSETS</b>		<u>182,977</u>	209,003
<b>TOTAL ASSETS</b>		<u>182,977</u>	209,003
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	138,573	230,966
Borrowings		120,298	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>258,871</u>	230,966
<b>TOTAL LIABILITIES</b>		<u>258,871</u>	230,966
<b>NET ASSETS</b>		<u>(75,894)</u>	(21,963)
<b>EQUITY</b>			
Retained earnings/ (accumulated losses)		<u>(75,894)</u>	(21,963)
<b>TOTAL EQUITY</b>		<u>(75,894)</u>	(21,963)

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

A.B.N 11 681 811 732

**Statement of Changes in Equity**

For the Year Ended 30 June 2015

2015

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2014	(21,963)	(21,963)
(Loss) attributable to members	(53,931)	(53,931)
<b>Balance at 30 June 2015</b>	<b>(75,894)</b>	<b>(75,894)</b>

2014

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2013	75,830	75,830
(Loss) attributable to members	(97,793)	(97,793)
<b>Balance at 30 June 2014</b>	<b>(21,963)</b>	<b>(21,963)</b>

The accompanying notes form part of these financial statements.

## Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

### Statement of Cash Flows For the Year Ended 30 June 2015

	2015	2014
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members	825,560	754,853
Interest received	51	46
Fees paid to Federal body	(638,353)	(597,141)
ACTU Fees paid	(111,345)	(107,344)
Payments to suppliers	(178,908)	(112,807)
Net cash provided by/(used in) operating activities	16 (102,995)	(62,393)
Proceeds from borrowings	120,298	-
Net cash used by financing activities	120,298	-
Net increase/(decrease) in cash and cash equivalents held	17,303	(62,393)
Cash and cash equivalents at beginning of year	140,636	203,029
Cash and cash equivalents at end of financial year	6 157,939	140,636

The accompanying notes form part of these financial statements.

## Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

### Notes to the Financial Statements

For the Year Ended 30 June 2015

The financial report covers Community & Public Sector Union (SPSF Group) New South Wales Branch as an individual entity. Community & Public Sector Union (SPSF Group) New South Wales Branch is a not-for-profit Branch, domiciled in Australia.

Community & Public Sector Union (SPSF Group) New South Wales Branch is treated as an individual reporting unit under the *Fair Work (Registered Organisations) Act 2009 (Cth)*. It is a Branch of the (Federal) Community and Public Sector Union, and although it has a separate ABN and separate GST registration, it is not a separate legal entity.

The functional and presentation currency of Community & Public Sector Union (SPSF Group) New South Wales Branch is Australian dollars.

The financial report was authorised for issue by the Branch Council on 25 February 2016.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board which apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

#### 2 Summary of Significant Accounting Policies

##### (a) Income Tax

The Branch is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

##### (b) Revenue and other income

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

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

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

##### Interest revenue

Interest is recognised as revenue when received.

##### Subscriptions

Revenue from the provision of membership subscriptions is recognised as revenue when received.



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### Other income

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

#### (c) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) Financial instruments

Financial instruments are recognised initially using trade date accounting (i.e. on the date that the Branch becomes party to the contractual provisions of the instrument).

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *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 arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Branch's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Branch renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Branch does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Branch has no financial assets which are designated as financial assets at fair value through profit or loss.

#### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

#### (e) Impairment of non-financial assets

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

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

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

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

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

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

#### (f) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### (g) Going concern

Notwithstanding the Branch's deficiency in net assets, the financial report has been prepared on the going concern basis. This basis has been adopted because:

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### (g) Going concern continued

- (i) the Branch is a Branch of the CPSU, and is not itself a (separate) legal entity;
- (ii) the Branch has received financial support from the PSA and the CPSU, by way of interest-free loans and donations in February 2015, to allow the Branch to pay arrears of ACTU levies and meet its other regular commitments;
- (iii) In March 2015, the Branch Council resolved to increase the membership fee from \$4.00 to \$10.52 and has consequently received an increase in revenue from the PSA;
- (iv) the Branch Council is pursuing with the PSA the shortfall in the amount per member referred to in (ii) above; and
- (v) the Branch Council will be actively consulting with the CPSU as to necessary arrangements to be put in place to ensure that the CPSU's liability for ACTU affiliation fees and levies that are referable to the Branch's membership is met.

In conjunction with these temporary financial arrangements, the Branch Council has resolved to increase the rate of members' fees to 1.5% of the top membership rate per year set for the PSA NSW, from 1 April 2015, to provide the additional funds required to continue as a going concern.

#### (h) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Branch:

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

In accordance with the transition provisions in the standard, the comparative figures have been restated, where applicable.

#### (i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The members of the Branch Council have decided against early adoption of these Standards, but do not expect the adoption of these standards to have any impact on the reported position or performance of the Branch.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### (j) Capitation fees and levies

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

### 3 Critical Accounting Estimates and Judgments

The members of the Branch Council make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements. However as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### Key estimates - receivables

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

### 4 Revenue and Other Income

#### Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented.

	2015	2014
	\$	\$
Finance income		
- other interest received	51	46
<b>Finance income</b>	<b>51</b>	<b>46</b>
Other revenue		
- capitation fees	-	-
- levies	-	-
- grants	-	-
- donation from PSA	41,554	-
- member subscriptions	740,678	752,872
<b>Total Revenue</b>	<b>782,283</b>	<b>752,918</b>

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

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

#### (b) Fund or account operated for recovery of wages

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

(c) **Recovery of wages activity**

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

	2015	2014
	\$	\$
Cash assets in respect of recovered money at the beginning of year	-	-
Receipts	-	-
Payments	-	-
<b>Cash assets in respect of recovered money at the end of financial year</b>	<b>-</b>	<b>-</b>
Number of workers to which the monies recovered relate	-	-

**5 Result for the Year**

The result for the year includes the following specific expenses:

**Other expenses:**

Affiliation fees	151,294	145,439
Auditors remuneration	11 1,191	1,316
Campaign levy (para 16(d))	78,744	83,108
Employee benefits expense	-	-
Federal capitation fees	584,111	595,842
Meeting expenses of members of the Branch Council (para 16(i))	5,632	9,276
Travel allowances paid to persons to attend conferences or other meetings as representative of the Branch (s16(h))	-	824

**6 Cash and cash equivalents**

Cash at bank and in hand	<u>157,939</u>	<u>140,636</u>
--------------------------	----------------	----------------

**7 Trade and other receivables**

**CURRENT**

Trade receivables	-	8,514
Provision for impairment	-	(8,514)
	-	-
Other receivables	70,867	68,367
Provision for Impairment	(45,829)	-
<b>Total current trade and other receivables</b>	<u><b>25,038</b></u>	<u><b>68,367</b></u>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 8 Trade and other payables

	2015	2014
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	12,985	12,584
GST payable	10,125	4,896
Sundry payables and accrued expenses	115,463	213,486
	<u>138,573</u>	<u>230,966</u>

### 9 Financial Risk Management

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

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

The Branch does not speculate in financial assets.

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

#### Specific risks

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

#### Financial instruments used

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

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

#### Objectives, policies and processes

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

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

#### Liquidity risk

Liquidity risk arises from the Branch's management of working capital. It is the risk that the Branch will encounter difficulty in meeting its financial obligations as they fall due.

The Branch's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Branch maintains cash to meet its liquidity requirements for up to 30-day periods.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 9 Financial Risk Management continued

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

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

	less than 1 year		1 to 5 years		Total	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Trade payables	10,125	4,896	128,448	226,070	138,573	230,966
Borrowings	-	-	120,298	-	120,298	-
<b>Total</b>	<b>10,125</b>	<b>4,896</b>	<b>248,746</b>	<b>226,070</b>	<b>258,871</b>	<b>230,966</b>

#### Market risk

##### (i) Interest rate risk

The Branch is not exposed to significant interest rate risk.

#### Credit risk

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

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

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

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

The Branch Council receives regular reports summarising the turnover and trade receivables balance.

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

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 9 Financial Risk Management continued

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
<b>2015</b>							
Other receivables	70,867	45,829	-	-	-	-	25,038
<b>Total</b>	<b>70,867</b>	<b>45,829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,038</b>
<b>2014</b>							
Trade and term receivables	8,514	8,514	-	-	-	-	-
Other receivables	68,367	-	-	-	-	-	68,367
<b>Total</b>	<b>76,881</b>	<b>8,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,367</b>

The Branch does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets

### 10 Key Management Personnel Disclosures

No remuneration was paid to the key management personnel of Community & Public Sector Union (SPSF Group) New South Wales Branch during the year.

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 14: Related Party Transactions.

### 11 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor, DFK Laurence Varnay, for:		
- auditing or reviewing the financial statements	1,191	1,316

### 12 Fair Value Measurement

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

### 13 Contingencies

In the opinion of the Executive, the Branch did not have any contingencies at 30 June 2015 (30 June 2014: None).



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 14 Related Parties

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

*(i) Entities exercising control over the Branch*

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

Although the Community & Public Sector Union (SPSF Group) New South Wales Branch is treated as an individual reporting unit under the *Fair Work (Registered Organisations) Act 2009 (Cth)*, it is a Branch of the (Federal) Community and Public Sector Union. The NSW Branch has a separate ABN and separate GST registration, but it is not a separate legal entity.

*(ii) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Branch Councillor (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 10: Interests of Key Management Personnel (KMP).

*(iii) Other related parties include close family members of key management personnel and entities that are controlled.*

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

**(b) Transactions with related parties**

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

The payment of Federal Capitation Fees to the Federal Office has been disclosed in Note 5. The donation received from PSA has been disclosed in Note 4. The loans received from PSA and the Federal Office have been disclosed in section 3. of the Operating Report.

No other transactions occurred with related parties.

### 15 Events Occurring After the Reporting Date

At the ACTU Congress in 2015, the ACTU resolved that affiliation fees for the three (3) calendar years, commencing on 1 January 2016 will be increased as follows

2016 Calendar year:	\$6.27 per member, inclusive of GST
2017 Calendar year:	\$6.47 per member, inclusive of GST
2018 Calendar year:	\$6.65 per member, inclusive of GST

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 16 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2015	2014
	\$	\$
(Loss)/Profit for the year	(53,931)	(97 793)
- impairment of receivables	45,829	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(2,500)	1,982
- increase/(decrease) in trade and other payables	(92,393)	33,418
Cashflow from operations	<u>(102,995)</u>	<u>(62,393)</u>

### 17 Branch Details

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

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

### 18 Other disclosures required under the Reporting Guidelines of the Fair Work Commission

#### (a) Financial support received from another reporting entity

As required by Paragraph 13 of the Reporting Guidelines, the Branch Executive confirms that the activity identified in Paragraph 10 of the Reporting Guidelines did occur.

The Community & Public Sector Union (SPSF Group) New South Wales Branch has received financial support from another reporting entity, the CPSU, to ensure that it remains a going concern.

The total amount of financial support received during the year amounted to \$ 178,036, being \$86,618 from the CPSU and \$91,418 from the PSA (which is not a reporting entity) - see Financial Review (in the Operating Report above), Item 3.

#### (b) Other disclosures required:

As required by Paragraphs 13, 15, 17, 19, 21, 23 and 25 of the reporting Guidelines, the Branch Council confirms that the activities identified in paragraphs 10, 11, 12, 14, 16, 18, 20, 22, 24 did not occur, or there was a Nil balance, unless otherwise identified in the Notes. Significant expenses are detailed in Note 5.

**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**Independent Audit Report to the members of Community & Public Sector Union (SPSF Group) New South Wales Branch**

**Report on the Financial Report**

We have audited the accompanying financial report of Community & Public Sector Union (SPSF Group) New South Wales Branch, which comprises the statement of financial position as at 30 June 2015, 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 comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the branch council.

*Branch Executive's Responsibility for the Financial Report*

The Councillors of the Branch Executive 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 management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2, management also states, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

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

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

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

*We make it happen!*

**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**Independent Audit Report to the members of Community & Public Sector Union (SPSF Group) New South Wales Branch**

*Opinion*

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Community & Public Sector Union (SPSF Group) New South Wales Branch as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and *the Fair Work (Registered Organisations) Act 2009*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

*Emphasis of Matter*

We draw attention to Note 2(g) to the financial statements which describes the uncertainty related to the going concern basis, and to Note 15, which describes the measures undertaken by the Branch Council to address the deficiency of assets.

On the basis of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate

Our opinion is not qualified in respect of this matter.

*Report on Other Legal and Regulatory Requirements*

As required by Section 38 of the Reporting Guidelines of the Fair Work Commission, we state that Mr Colin Grady is a partner of DFK Laurence Varnay, where at least one member is an approved auditor. Specifically, Mr Colin Grady is a member of the Institute of Chartered Accountants Australia & New Zealand, and holds a current Public Practice Certificate.

DFK Laurence Varnay



Colin Grady  
Partner

Sydney  
25 February 2016

*We make it happen!*

**Community & Public Sector Union (SPSF Group) New South Wales Branch**

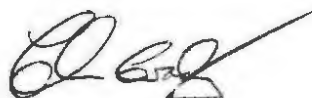
A.B.N 11 681 811 732

**For the Year Ended 30 June 2015**

**Disclaimer**

The additional financial data presented on page 25 is in accordance with the books and records of the Branch which have been subjected to the auditing procedures applied in our statutory audit of the Branch for the year ended 30 June 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Community & Public Sector Union (SPSF Group) New South Wales Branch) in respect of such data, including any errors of omissions therein however caused.

DFK Laurence Varnay



Colin Grady, Partner

Sydney

25 February 2016

*We make it happen!*

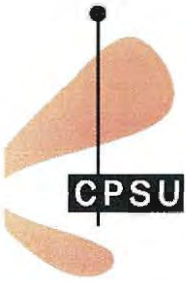
## Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

For the Year Ended 30 June 2015

### Profit and Loss Account

	2015	2014
	\$	\$
<b>Income</b>		
Interest income	51	46
Member subscriptions	740,678	752,872
Donations	41,554	-
<b>Total income</b>	<b>782,283</b>	<b>752,918</b>
<b>Less: Expenses</b>		
Accounting fees	4,967	4,888
ACTU Congress	1,346	-
Affiliation fees	151,294	145,439
Auditors remuneration	1,191	1,316
Bank charges	-	60
Campaign levy	78,744	83,108
Computer expenses	7,400	7,500
Federal capitation fees	584,111	595,842
Meeting expenses	5,632	9,276
Postage	1,088	2,012
Sundry expenses	441	446
Travel - domestic	-	824
<b>Total Expenses</b>	<b>836,214</b>	<b>850,711</b>
<b>(Loss) before income tax</b>	<b>(53,931)</b>	<b>(97,793)</b>



COMMUNITY & PUBLIC SECTOR UNION ♦ SPSF GROUP NSW BRANCH

160 Clarence Street, Sydney NSW  
Email: [cpsu@psa.asn.au](mailto:cpsu@psa.asn.au)  
State Branch Secretary: John Cahill

GPO Box 3365, Sydney NSW 2001  
Internet: <http://www.psa.labor.net.au>

Phone: 1300772679 Fax: (02) 9262 1623  
ABN: 11 681 811 732  
State Branch President: Sue Walsh

13 January 2016

Fair Work Commission  
Regulatory Compliance Branch  
Att: Mr Sam Gallichio  
GPO Box 1994  
MELBOURNE VIC 3001

By email: [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au)

Dear Mr Gallichio

**Re: Lodgement of Financial Report [FR2015/291]**  
**Community & Public Sector Union-SPSF Group NSW Branch**

Please find enclosed the Community & Public Sector Union (SPSF Group) NSW Branch Financial Report for the year ending 30<sup>th</sup> June 2015.

The enclosed accounts have been prepared in accordance with the Fair Work (Registered Organisations) Act 2009 (RO Act) and was presented and endorsed at a meeting of the Branch Council on the 17<sup>th</sup> December 2015.

The writer wishes to highlight that subsequent to the meeting on the 17<sup>th</sup> December 2015 an immaterial error was identified in the financial report namely:

- 1) Statement of Financial Position (Page 8) – \$1 variance between Net Assets and Total Equity for 2015

This is the result of a rounding error and due to the immaterial nature of the error has no impact on the financial position of the Branch as at the reporting date.

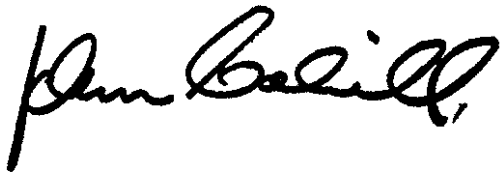
Further, the writer wishes to advise that the error has been corrected and an amended 2015 Financial Report will be presented to the next meeting of the Branch Executive, which is scheduled for March 2016.

The amended financial report will then be lodged with the Fair Work Commission subsequent to the endorsement by the Branch Executive.

The Branch Executive wishes to apologise for this oversight however deemed it prudent to lodge the financial report in its current form to ensure compliance with s.268 of the RO Act.

Should you have any questions or require further information regarding the enclosed financial report please do not hesitate to contact me on 0419 413 577.

Kind regards

A handwritten signature in black ink, appearing to read "John Cahill". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

John Cahill  
Branch Secretary



# **Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

## **Financial Statements**

For the Year Ended 30 June 2015

# Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

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For the Year Ended 30 June 2015

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**Community & Public Sector Union (SPSF Group) New South Wales Branch**


A.B.N 11 681 811 732

**Certificate by Prescribed Designated Officer**

I, John Cahill, being the Branch Secretary of Community & Public Sector Union (SPSF Group) New South Wales Branch, certify that:

- (a) the documents lodged herewith are copies of the full report for Community & Public Sector Union (SPSF Group) New South Wales Branch for the period ended 30 June 2015, referred to in S.268 of the *Fair Work (Registered Organisations) Act 2009*, and
- (b) the full report was provided to members of the reporting unit on 17 December 2015, and
- (c) the full report was presented to a meeting of the Branch Council on 17 December 2015 in accordance with S.266 of the *Fair Work (Registered Organisations) Act 2009*.

Dated 17 December 2015



.....  
John Cahill (Branch Secretary)

# Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

## Operating Report

For the Year Ended 30 June 2015

The Members of the Branch Council present their report on Community & Public Sector Union (SPSF Group) New South Wales Branch for the financial year ended 30 June 2015.

### 1. General information

#### Members of the Branch Council

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

Names	Position	Appointed/Resigned
Sue Walsh	President	
Wendy Hurry	Vice President	
Nicole Jess	Vice President	
Boyd Kellner	Vice President	
John Cahill	Branch Secretary	
Steve Turner	Assistant Secretary	
Kirsten Cameron	Assistant Secretary	
Ronald Davis	Assistant Secretary (Sub-Branch No. 1)	
Jessie Choy	Branch Councillor	
Jeff Walters	Branch Councillor	
Mark Gordon	Branch Councillor (Sub-Branch No. 1)	
Dennis Milling	Branch Councillor (Sub-Branch No. 1)	
Michael Sergent	Branch Councillor (Sub-Branch No. 1)	Resigned 26 June 2014
Margaret McLoughlin-Fullick	Branch Councillor	
Kaye Hiddlestone	Branch Councillor	
Leon Parissi	Branch Councillor	
Brian Webb	Branch Councillor	
Anne Attwater	Branch Councillor	
Linda Barclay-Hales	Branch Councillor	
Margaret Jarosz	Branch Councillor	
Jenny Singleton	Branch Councillor	

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

#### Principal activities

The principal activities of Community & Public Sector Union (SPSF Group) New South Wales Branch during the financial year were to operate as an industrial organisation, providing advice to its members within the areas of industrial disputes, pay negotiations, unfair dismissals etc .

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

### 2. Operating results and review of operations for the year

#### Operating results

The loss of the Branch after providing for income tax amounted to \$ (53,931) (2014: \$ (97,793)).

#### Review of operations

A review of the operations of the Branch during the financial year and the results of those operations are contained in the discussion and analysis of the financial statements.

## Operating Report

For the Year Ended 30 June 2015

### 3. Financial review

#### Discussion and analysis of the financial statements

During the 12 months to June 2015, the Community and Public Sector Union (SPSF) New South Wales Branch recorded an operating deficit of \$ (53,931). This compares with an operating deficit of \$ (97,793) achieved over the previous 12 months.

Membership revenue decreased by 1.7% from \$752,872 in 2014 to \$740,678 in 2015 which is reflective of the decrease in the number of members over the period 1 July 2014 to 30 June 2015.

In regards to expenditure, Federal Capitation Fees decreased by approximately 2% to \$584,111 in 2015 (\$595,842 in 2014). This decrease is a result of the declining membership over the period.

The decrease in revenue, together with an increase in ACTU fees/levies, has contributed significantly to the overall deficit for the year. This resulting deficit has resulted in a Net Liability position of \$75,895 for the Branch. In 2014 the Branch held a Net Liability position of \$21,963, down from a Net Asset position of \$75,830 in 2013.

The amount of \$78,744 shown under campaigns levy in Note 5 within the expenditure section of the Profit and Loss Account is a levy imposed by the ACTU on the Federal CPSU. The Federal Executive of the SPSF Division of the CPSU has requested, as a matter of administration, that this amount be paid by the Branch.

The position in relation to ACTU levies was also mentioned in the Report for 2014. The ACTU levies continue to pose a challenge for the Branch in 2015 and in the future, and that challenge arises from a combination of factors, as follows:

- (i) For some years prior to March 2015, the membership fee for membership of the Branch was set at \$4.00 per member (that rate being increased to \$10.52 by the Branch Council in March 2015).
- (ii) In 2012, the ACTU imposed levies of \$2.00 per member upon affiliates.
- (iii) By the end of the 2014 reporting period, the outstanding amount for such levies by the Branch for 2013 and 2014 was \$83,108. In February 2015, the Public Service Association of NSW (the Branch's associated body) ("the PSA") provided a donation of \$45,709 and what is described as "an interest free loan" of \$45,709 to the Branch to enable the Branch to pay the 2013 Campaign Levy to the ACTU.
- (iv) A further payment also referred to as an "interest free loan" of \$86,618 was obtained by the Branch from the CPSU-SPSF Federal Office to cover the 2014 ACTU Campaign Levy.
- (v) Repayment of these "loans" was contingent on the Branch increasing its revenue from membership fees by increasing the fee per member substantially.
- (vi) In March 2015, the Branch resolved to increase membership fees from \$4 per member to \$10.
- (vii) Subsequently, the Central Council of the PSA resolved to increase the amount paid to the Branch in respect of the Branch's membership fees, but in doing so, it departed from past practice by not passing on to the Branch the full amount of the increase in Branch membership determined by the Branch.
- (viii) Currently the PSA is passing on to the Branch an amount equal to \$6 per member, rather than the \$10.52 fixed by the Branch Council in March 2015.

In these circumstances, the Branch will be pursuing all available avenues and option to ensure that the obligation of the CPSU to pay the ACTU levies and fees will be met.

### 4. Other items

#### Significant changes in state of affairs

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

#### Events after the reporting date

At the ACTU Congress in 2015, the ACTU resolved that affiliation fees for the three (3) calendar years, commencing on 1 January 2016 will be increased as follows:

2016 Calendar year: \$6.27 per member, inclusive of GST

## **Operating Report**

### **For the Year Ended 30 June 2015**

#### **4. Other items continued**

##### **Events after the reporting date continued**

2017 Calendar year:	\$6.47 per member, inclusive of GST
2018 Calendar year:	\$6.65 per member, inclusive of GST

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

##### **Right of members to resign**

It is declared that a member has the right to resign from membership, in accordance with Rule 8 of the SPSF Group Rules and under Section 174 of the Fair Work (Registered Organisations) Act 2009.

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

Ms Sue Walsh, President, is also President of the Public Service Association of NSW, National Executive Member of the Community and Public Sector Union, and Executive Member of Unions NSW. Ms Walsh was a Director of State Super Financial Services Australia Limited, and Board Member of State Super Trustee Corporation, until her resignation from these positions on 24 March 2015.

Mr Ronald Davis, Branch Assistant Secretary, is an Employee Representative and full-time Board member of the State Super SAS Trustee Corporation.

##### **Number of members**

The number of members as at 30 June 2015 was 37,191 (2014: 38,524).

##### **Number of employees**

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

##### **Indemnification and insurance of officers and auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Community & Public Sector Union (SPSF Group) New South Wales Branch.

##### **Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2015 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Branch Council:

Director:   
John Cahill

Dated 17 December 2015

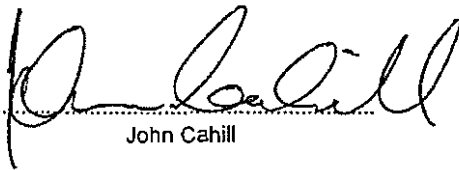
## Statement by Members of the Branch Council

On 17 December 2015, the Members of the Branch Council passed the following resolution in relation to the general purpose financial report for the year ended 30 June 2015:

The Branch Council declares that in its opinion (in accordance with paragraph 34 of the Reporting Guidelines for the Purposes of Section 253 of the *Fair Work (Registered Organisations) Act 2009*):

- (a) the financial statements and notes comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) (paragraph 35(a));
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager (paragraph 35(b));
- (c) give a true and fair view of the financial position and performance of the Branch (paragraph 35(c));
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable, subject to the continuing financial support provided by the Federal Branch, as noted elsewhere in the financial report (paragraph 35(d));
- (e) no revenue has been derived from undertaking recovery of wages activity during the reporting period (paragraph 35(f)); and
- (f) during the financial year to which the general purpose financial report relates, and since the end of that year (paragraph 35(e)):
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation, including the rules of the Branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, it has been provided to the member or General Manager; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Branch Council.

Director .....   
John Cahill

Dated 17 December 2015

Community & Public Sector Union (SPSF Group) New South Wales Branch  
A.B.N 11 681 811 732

**Auditors Independence Declaration under Section 307C of the  
Corporations Act 2001 To the Branch Council Community & Public Sector  
Union (SPSF Group) New South Wales Branch**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DFK Laurence Varnay



Colin Grady  
Partner

17 December 2015

Sydney

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

A.B.N 11 681 811 732

**Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue	4	782,283	752,918
Other expenses	5	<u>(836,214)</u>	<u>(850,711)</u>
<b>(Loss)/Profit before income tax</b>		<b>(53,931)</b>	<b>(97,793)</b>
Income tax expense	2(a)	<u>-</u>	<u>-</u>
<b>(Loss)/Profit for the year</b>		<b><u>(53,931)</u></b>	<b><u>(97,793)</u></b>
<b>Other comprehensive income, net of income tax</b>			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income for the year</b>		<b><u>(53,931)</u></b>	<b><u>(97,793)</u></b>

The accompanying notes form part of these financial statements.

# Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

## Statement of Financial Position

As At 30 June 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	157,939	140,636
Trade and other receivables	7	25,038	68,367
<b>TOTAL CURRENT ASSETS</b>		<b>182,977</b>	<b>209,003</b>
<b>TOTAL ASSETS</b>		<b>182,977</b>	<b>209,003</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	138,574	230,966
Borrowings		120,298	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>258,872</b>	<b>230,966</b>
<b>TOTAL LIABILITIES</b>		<b>258,872</b>	<b>230,966</b>
<b>NET ASSETS</b>		<b>(75,895)</b>	<b>(21,963)</b>
<b>EQUITY</b>			
Retained earnings/ (accumulated losses)		(75,894)	(21,963)
<b>TOTAL EQUITY</b>		<b>(75,894)</b>	<b>(21,963)</b>

The accompanying notes form part of these financial statements.

**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**Statement of Changes in Equity**

**For the Year Ended 30 June 2015**

**2015**

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2014</b>	<u>(21,963)</u>	<u>(21,963)</u>
(Loss) attributable to members	(53,931)	(53,931)
<b>Balance at 30 June 2015</b>	<u>(75,894)</u>	<u>(75,894)</u>

**2014**

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2013</b>	<u>75,830</u>	<u>75,830</u>
(Loss) attributable to members	(97,793)	(97,793)
<b>Balance at 30 June 2014</b>	<u>(21,963)</u>	<u>(21,963)</u>

The accompanying notes form part of these financial statements.

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

A.B.N 11 681 811 732

**Statement of Cash Flows**

For the Year Ended 30 June 2015

	2015	2014
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members	825,560	754,853
Interest received	51	46
Fees paid to Federal body	(638,353)	(597,141)
ACTU Fees paid	(111,345)	(107,344)
Payments to suppliers	(178,908)	(112,807)
Net cash provided by/(used in) operating activities	16 <u>(102,995)</u>	<u>(62,393)</u>
Proceeds from borrowings	<u>120,298</u>	-
Net cash used by financing activities	<u>120,298</u>	-
Net increase/(decrease) in cash and cash equivalents held	17,303	(62,393)
Cash and cash equivalents at beginning of year	<u>140,636</u>	203,029
Cash and cash equivalents at end of financial year	6 <u><u>157,939</u></u>	<u><u>140,636</u></u>

The accompanying notes form part of these financial statements.

## Community & Public Sector Union (SPSF Group) New South Wales Branch

A.B.N 11 681 811 732

### Notes to the Financial Statements

For the Year Ended 30 June 2015

The financial report covers Community & Public Sector Union (SPSF Group) New South Wales Branch as an individual entity. Community & Public Sector Union (SPSF Group) New South Wales Branch is a not-for-profit Branch, domiciled in Australia.

Community & Public Sector Union (SPSF Group) New South Wales Branch is treated as an individual reporting unit under the *Fair Work (Registered Organisations) Act 2009 (Cth)*. It is a Branch of the (Federal) Community and Public Sector Union, and although it has a separate ABN and separate GST registration, it is not a separate legal entity.

The functional and presentation currency of Community & Public Sector Union (SPSF Group) New South Wales Branch is Australian dollars.

The financial report was authorised for issue by the Branch Council on 17 December 2015.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board which apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

#### 2 Summary of Significant Accounting Policies

##### (a) Income Tax

The Branch is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

##### (b) Revenue and other income

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

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

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

##### Interest revenue

Interest is recognised as revenue when received.

##### Subscriptions

Revenue from the provision of membership subscriptions is recognised as revenue when received.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### Other income

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

#### (c) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) Financial instruments

Financial instruments are recognised initially using trade date accounting (i.e. on the date that the Branch becomes party to the contractual provisions of the instrument).

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

#### *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 arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Branch's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Branch renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Branch does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Branch has no financial assets which are designated as financial assets at fair value through profit or loss.

#### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

#### (e) Impairment of non-financial assets

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

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

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

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

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

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

#### (f) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### (g) Going concern

Notwithstanding the Branch's deficiency in net assets, the financial report has been prepared on the going concern basis. This basis has been adopted because:

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### (g) Going concern continued

- (i) the Branch is a Branch of the CPSU, and is not itself a (separate) legal entity;
- (ii) the Branch has received financial support from the PSA and the CPSU, by way of interest-free loans and donations in February 2015, to allow the Branch to pay arrears of ACTU levies and meet its other regular commitments;
- (iii) In March 2015, the Branch Council resolved to increase the membership fee from \$4.00 to \$10.52 and has consequently received an increase in revenue from the PSA;
- (iv) the Branch Council is pursuing with the PSA the shortfall in the amount per member referred to in (ii) above; and
- (v) the Branch Council will be actively consulting with the CPSU as to necessary arrangements to be put in place to ensure that the CPSU's liability for ACTU affiliation fees and levies that are referable to the Branch's membership is met.

In conjunction with these temporary financial arrangements, the Branch Council has resolved to increase the rate of members' fees to 1.5% of the top membership rate per year set for the PSA NSW, from 1 April 2015, to provide the additional funds required to continue as a going concern.

#### (h) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Branch:

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

In accordance with the transition provisions in the standard, the comparative figures have been restated, where applicable.

#### (i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The members of the Branch Council have decided against early adoption of these Standards, but do not expect the adoption of these standards to have any impact on the reported position or performance of the Branch.



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### (j) Capitation fees and levies

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

### 3 Critical Accounting Estimates and Judgments

The members of the Branch Council make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### Key estimates - receivables

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

### 4 Revenue and Other Income

#### Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

	2015	2014
	\$	\$
Finance income		
- other interest received	51	46
<b>Finance income</b>	<b>51</b>	<b>46</b>
Other revenue		
- capitation fees	-	-
- levies	-	-
- grants or donations	-	-
- donations	41,554	-
- member subscriptions	740,678	752,872
<b>Total Revenue</b>	<b>782,283</b>	<b>752,918</b>

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

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

#### (b) Fund or account operated for recovery of wages

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

(c) **Recovery of wages activity**

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

	2015	2014
	\$	\$
Cash assets in respect of recovered money at the beginning of year	-	-
Receipts	-	-
Payments	-	-
<b>Cash assets in respect of recovered money at the end of financial year</b>	<b>-</b>	<b>-</b>
Number of workers to which the monies recovered relate	-	-

**5 Result for the Year**

The result for the year includes the following specific expenses:

**Other expenses:**

Affiliation fees	151,294	145,439
Auditors remuneration	11 1,191	1,316
Campaign levy (para 16(d))	78,744	83,108
Employee benefits expense	-	-
Federal capitation fees	584,111	595,842
Meeting expenses of members of the Branch Council (para 16(i))	5,632	9,276
Travel allowances paid to persons to attend conferences or other meetings as representative of the Branch (s16(h))	-	824

**6 Cash and cash equivalents**

Cash at bank and in hand	<b>157,939</b>	<b>140,636</b>
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**7 Trade and other receivables**

**CURRENT**

Trade receivables	-	8,514
Provision for impairment	(45,829)	(8,514)
	<b>(45,829)</b>	<b>-</b>
Other receivables	<b>70,867</b>	<b>68,367</b>
<b>Total current trade and other receivables</b>	<b>25,038</b>	<b>68,367</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 8 Trade and other payables

	2015	2014
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	12,985	12,584
GST payable	10,125	4,896
Sundry payables and accrued expenses	115,464	213,486
	<u>138,574</u>	<u>230,966</u>

### 9 Financial Risk Management

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

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

The Branch does not speculate in financial assets.

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

#### Specific risks

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

#### Financial instruments used

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

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

#### Objectives, policies and processes

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

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

#### Liquidity risk

Liquidity risk arises from the Branch's management of working capital. It is the risk that the Branch will encounter difficulty in meeting its financial obligations as they fall due.

The Branch's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Branch maintains cash to meet its liquidity requirements for up to 30-day periods.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 9 Financial Risk Management continued

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

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

	less than 1 year		1 to 5 years		Total	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Trade payables	10,125	4,896	128,449	226,071	138,574	230,967
Borrowings	-	-	120,298	-	120,298	-
<b>Total</b>	<b>10,125</b>	<b>4,896</b>	<b>248,747</b>	<b>226,071</b>	<b>258,872</b>	<b>230,967</b>

#### Market risk

##### (i) Interest rate risk

The Branch is not exposed to significant interest rate risk.

#### Credit risk

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

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

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

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

The Branch Council receives regular reports summarising the turnover and trade receivables balance.

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

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 9 Financial Risk Management continued

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
<b>2015</b>							
Other receivables	70,867	45,829	-	-	-	-	25,038
Total	70,867	45,829	-	-	-	-	25,038
<b>2014</b>							
Trade and term receivables	8,514	8,514	-	-	-	-	-
Other receivables	68,367	-	-	-	-	-	68,367
Total	76,881	8,514	-	-	-	-	68,367

The Branch does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

### 10 Key Management Personnel Disclosures

No remuneration was paid to the key management personnel of Community & Public Sector Union (SPSF Group) New South Wales Branch during the year.

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 14: Related Party Transactions.

### 11 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor, DFK Laurence Varnay, for:		
- auditing or reviewing the financial statements	1,191	1,316

### 12 Fair Value Measurement

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

### 13 Contingencies

In the opinion of the Executive, the Branch did not have any contingencies at 30 June 2015 (30 June 2014:None).

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 14 Related Parties

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

*(i) Entities exercising control over the Branch:*

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

Although the Community & Public Sector Union (SPSF Group) New South Wales Branch is treated as an individual reporting unit under the *Fair Work (Registered Organisations) Act 2009 (Cth)*, it is a Branch of the (Federal) Community and Public Sector Union. The NSW Branch has a separate ABN and separate GST registration, but it is not a separate legal entity.

*(ii) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Branch Councillor (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 10: Interests of Key Management Personnel (KMP).

*(iii) Other related parties include close family members of key management personnel and entities that are controlled.*

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

**(b) Transactions with related parties**

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

No transactions occurred with related parties, other than the payment of Federal capitation fees.

### 15 Events Occurring After the Reporting Date

At the ACTU Congress in 2015, the ACTU resolved that affiliation fees for the three (3) calendar years, commencing on 1 January 2016 will be increased as follows:

2016 Calendar year:	\$6.27 per member, inclusive of GST
2017 Calendar year:	\$6.47 per member, inclusive of GST
2018 Calendar year:	\$6.65 per member, inclusive of GST

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 16 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2015	2014
	\$	\$
(Loss)/Profit for the year	(53,931)	(97,793)
- impairment of receivables	45,829	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(2,500)	1,982
- increase/(decrease) in trade and other payables	(92,393)	33,418
Cashflow from operations	<u>(102,995)</u>	<u>(62,393)</u>

### 17 Branch Details

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

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

### 18 Other disclosures required under the Reporting Guidelines of the Fair Work Commission

#### (a) Financial support received from another reporting entity

As required by Paragraph 13 of the Reporting Guidelines, the Branch Executive confirms that the activity identified in Paragraph 10 of the Reporting Guidelines did occur.

The Community & Public Sector Union (SPSF Group) New South Wales Branch has received financial support from another reporting entity, the CPSU, to ensure that it remains a going concern.

The total amount of financial support received during the year amounted to \$ 178,036, being \$86,618 from the CPSU and \$91,418 from the PSA (which is not a reporting entity) - see Financial Review (in the Operating Report above), Item 3.

#### (b) Other disclosures required:

As required by Paragraphs 13, 15, 17, 19, 21, 23 and 25 of the reporting Guidelines, the Branch Council confirms that the activities identified in paragraphs 10, 11, 12, 14, 16, 18, 20, 22, 24 did not occur, or there was a Nil balance, unless otherwise identified in the Notes. Significant expenses are detailed in Note 5.

**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**Independent Audit Report to the members of Community & Public Sector Union (SPSF Group) New South Wales Branch**

**Report on the Financial Report**

We have audited the accompanying financial report of Community & Public Sector Union (SPSF Group) New South Wales Branch, which comprises the statement of financial position as at 30 June 2015, 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 comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the branch council.

*Branch Executive's Responsibility for the Financial Report*

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

In Note 2, the Councillors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

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

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

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Councillors of Community & Public Sector Union (SPSF Group) New South Wales Branch, would be in the same terms if given to the Councillors as at the time of this auditor's report.

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**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**Independent Audit Report to the members of Community & Public Sector Union (SPSF Group) New South Wales Branch**

*Opinion*

In our opinion:

- (a) the financial report of Community & Public Sector Union (SPSF Group) New South Wales Branch is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

*Emphasis of Matter*

We draw attention to Note 2(g) to the financial statements which describes the uncertainty related to the going concern basis, and to Note 15, which describes the measures undertaken by the Branch Council to address the deficiency of assets.

On the basis of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate

Our opinion is not qualified in respect of this matter.

*Report on Other Legal and Regulatory Requirements*

As required by Section 38 of the Reporting Guidelines of the Fair Work Commission, we state that Mr Colin Grady is a partner of DFK Laurence Varnay, where at least one member is an approved auditor. Specifically, Mr Colin Grady is a member of the Institute of Chartered Accountants Australia & New Zealand, and holds a current Public Practice Certificate.

DFK Laurence Varnay



Colin Grady  
Partner

Sydney  
17 December 2015

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**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**For the Year Ended 30 June 2015**

**Disclaimer**

The additional financial data presented on page 25 is in accordance with the books and records of the Branch which have been subjected to the auditing procedures applied in our statutory audit of the Branch for the year ended 30 June 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Community & Public Sector Union (SPSF Group) New South Wales Branch) in respect of such data, including any errors of omissions therein however caused.

DFK Laurence Varnay



Colin Grady, Partner

Sydney

17 December 2015

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**Community & Public Sector Union (SPSF Group) New South Wales Branch**

A.B.N 11 681 811 732

**For the Year Ended 30 June 2015**

**Profit and Loss Account**

	2015	2014
	\$	\$
<b>Income</b>		
Interest income	52	46
Member subscriptions	740,678	752,872
Donations	41,554	-
<b>Total income</b>	<u>782,284</u>	<u>752,918</u>
<b>Less: Expenses</b>		
Accounting fees	4,967	4,888
ACTU Congress	1,346	-
Affiliation fees	151,294	145,439
Auditors remuneration	1,191	1,316
Bank charges	-	60
Campaign levy	78,744	83,108
Computer expenses	7,400	7,500
Federal capitation fees	584,111	595,842
Meeting expenses	5,632	9,276
Postage	1,088	2,012
Sundry expenses	442	446
Travel - domestic	-	824
<b>Total Expenses</b>	<u>836,215</u>	<u>850,711</u>
<b>(Loss) before income tax</b>	<u>(53,931)</u>	<u>(97,793)</u>



9 December 2015

Karen Batt  
Branch Secretary  
CPSU, the Community and Public Sector Union-SPSF Group, New South Wales Branch  
Sent via email: [psa@psa.asn.au](mailto:psa@psa.asn.au)

Dear Ms Batt,

**Lodgement of Financial Report - Reminder to lodge on or before 15 January 2016**

The Fair Work Commission's (the FWC) records disclose that the financial year of the CPSU, the Community and Public Sector Union-SPSF Group, New South Wales Branch (the reporting unit) ended on the 30 June 2015.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the completion of the financial reporting process is six months and 14 days after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). For your reporting unit that requires lodgement of its financial report on or before **15 January 2016, and in any event no later than 14 days after the relevant meeting.**

The FWC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the General Manager instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the General Manager following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$51,000 per contravention on the organisation and up to \$10,200 per contravention on the individual officer.

We encourage you to lodge the full financial report directly to [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au). That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at [Sam.Gallichio@fwc.gov.au](mailto:Sam.Gallichio@fwc.gov.au).

Yours sincerely,

Sam Gallichio  
Adviser  
Regulatory Compliance Branch



11 August 2015

Mr John Cahill  
Branch Secretary  
CPSU, the Community and Public Sector Union-SPSF Group, New South Wales Branch  
Sent via email: [psa@psa.asn.au](mailto:psa@psa.asn.au)

Dear Mr Cahill,

**Re: Lodgement of Financial Report - [FR2015/291]  
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the CPSU, the Community and Public Sector Union-SPSF Group, New South Wales Branch (the reporting unit) ended on 30 June 2015.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, namely 15 January 2016 (being the expiry date of 6 months and 14 days from the end of the financial year).

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Further, the General Manager's updated Reporting Guidelines that apply to all financial reports prepared on or after 30 June 2014 are also available on the website supported by a webinar presentation.

The Fair Work Commission has developed a model set of financial statements. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

I request that the financial report and any statement of loans, grants or donations made during the financial year (statement must be lodged within 90 days of end of financial year) be emailed, rather than posted, to [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au). A sample statement of loans, grants or donations is available at [sample documents](#).

**It should be noted that s.268 is a civil penalty provision.** Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$51,000 for a body corporate and \$10,200 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7796 or via email at [Sam.Gallichio@fwc.gov.au](mailto:Sam.Gallichio@fwc.gov.au).

Yours sincerely,

Sam Gallichio  
Adviser  
Regulatory Compliance Branch

## TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<p>Within a reasonable time of having received the GPFR</p> <p>(NB: Auditor's report must be dated on or after date of Committee of Management Statement</p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <ul style="list-style-type: none"> <li>the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>the Auditor's Report; and</li> <li>the Operating Report.</li> </ul>	/ /	<p>(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,</p> <p>or</p> <p>(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.</p>
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

\* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

# The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.