

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

Financial Statements

For the Year Ended 30 June 2016

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

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For the Year Ended 30 June 2016

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

Certificate by Prescribed Designated Officer

I, Kirsten Cameron, being Acting 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 2016, referred to in S.268 of the *Fair Work (Registered Organisations) Act 2009*, and
- (b) the amended full report was provided to members of the reporting unit on 28 June 2017 and
- (c) the amended full report was presented to a meeting of the Branch Council on 28 June 2017 in accordance with S.266 of the *Fair Work (Registered Organisations) Act 2009*.

Dated 28 June 2017


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Kirsten Cameron (Acting Branch Secretary)

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

Operating Report

For the Year Ended 30 June 2016

The Members of the Branch Council present their report on Community & Public Sector Union (SPSF Group) New South Wales for the financial year ended 30 June 2016.

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
Mary Court	President	Appointed 14 July 2016
Sue Walsh	President	Resigned 14 July 2016
Wendy Hurry	Vice President	Resigned 14 July 2016
Nicole Jess	Vice President	Appointed 14 July 2016
Rebecca Reilly	Vice President	Appointed 14 July 2016
Jenny Singleton	Vice President	Appointed 14 July 2016
Boyd Kellner	Vice President	Resigned 14 July 2016
Anne Gardiner	Branch Secretary	Appointed 14 July 2016 Resigned 14 March 2017
John Cahill	Branch Secretary	Resigned 14 July 2016
Steve Turner	Assistant Secretary Acting Branch Secretary	Appointed 14 July 2016 Appointed 14 March 2017 Resigned 30 April 2017
Kirsten Cameron	Assistant Secretary Acting Branch Secretary	Appointed 14 July 2016 Appointed 30 April 2017
Ronald Davis	Assistant Secretary (Sub-Branch No. 1)	Resigned 16 June 2016
Jessie Choy	Branch Councillor	Resigned 14 July 2016
Jeff Walters	Branch Councillor	Appointed 14 July 2016
Mark Gordon	Branch Councillor (Sub-Branch No. 1)	Resigned 16 June 2016
Dennis Milling	Branch Councillor (Sub-Branch No. 1)	Resigned 16 June 2016
Sage Benishay	Branch Councillor	Appointed 14 July 2016
Kellie Bottrell	Branch Councillor	Appointed 14 July 2016
Shane Elliott	Branch Councillor	Appointed 14 July 2016
Angela Field	Branch Councillor	Appointed 14 July 2016
Shelley Odewahn	Branch Councillor	Appointed 14 July 2016
Matte Rochford	Branch Councillor	Appointed 14 July 2016
Heather Shields	Branch Councillor	Appointed 14 July 2016
Julie Westacott	Branch Councillor	Appointed 14 July 2016
Michelle Bogatyrov	Branch Councillor	Appointed 14 July 2016 Resigned 24 April 2017
Margaret McLoughlin-Fullick	Branch Councillor	Resigned 14 July 2016
Kaye Hiddlestone	Branch Councillor	Resigned 14 July 2016
Leon Parissi	Branch Councillor	Resigned 14 July 2016
Brian Webb	Branch Councillor	Resigned 14 July 2016
Anne Attwater	Branch Councillor	Resigned 14 July 2016
Linda Barclay-Hales	Branch Councillor	Resigned 14 July 2016
Margaret Jarosz	Branch Councillor	Resigned 14 July 2016
Jenny Singleton	Branch Councillor	Resigned 14 July 2016

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.

Operating Report

For the Year Ended 30 June 2016

1. General information continued

Principal activities

The principal activities of Community & Public Sector Union (SPSF Group) New South Wales 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 profit of the Branch after providing for income tax amounted to (\$91,075) (2015: (\$53,931)).

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.

3. Financial review

Discussion and analysis of the financial statements

During the 12 months to June 2016, the Community and Public Sector Union (SPSF) New South Wales Branch recorded an operating deficit of (\$91,705). This compares with an operating deficit of (\$53,931) achieved over the previous 12 months.

Whilst membership numbers have continued to decline over the period, membership revenue has increased by 7% from \$740,678 in 2015 to \$793,163 in 2016. This increase is reflective of the increase in the annual fee charged per member. The fee charged in 2015 was \$4 per annum per member which was increased in April 2015 to \$6 per annum per member. The fee currently charged by the Branch is \$7 per annum per member which took effect in March 2016.

There were no donations in the 2016 financial year, which is a decrease of \$41,554 from 2015.

In regards to expenditure, Federal Capitation Fees decreased by approximately 2% to \$575,246 in 2016 (\$584,111 in 2015). This decrease is a result of the declining membership over the period.

The 2015 ACTU levy of \$78,744 and the imposition of a \$2 increase per member per annum in the affiliation fees charged by the ACTU from January 1 2016 contributed significantly to the overall deficit for the year.

The resulting deficit has resulted in a Net Liability position of \$166,969 for the Branch. In 2015, the Branch held a Net Liability position of \$75,894.

The Branch however has now increased its fees, which will be sufficient to cover the ACTU affiliation fees for the 2016/17 financial year (as discussed in the 2016 Report) and other Branch expenditure. This increase is also now agreed by the PSA NSW and will therefore be paid.

The position in relation to the ACTU levy, and rising affiliation fees, has been mentioned in the previous two reports. Outstanding levies were part-paid by loans that have now been repaid with one outstanding levy still to be paid. Please refer to Note 15.

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

Operating Report

For the Year Ended 30 June 2016

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

- (1) The PSA NSW, the associated body of the CPSU, resolved on 14 November 2016 to increase subscriptions to \$7 per member to the SPSF NSW Branch, to take effect from 14 March 2016, which correlates with the NSW Branch resolution and therefore resolves differences in fees payable between the PSA NSW and SPSF NSW Branch;
- (2) A motion to rescind the increase in fees paid by PSA NSW on behalf of the SPSF members by 1.5% (which has been in disagreement between the two parties) was passed by the SPSF NSW Branch, in August 2016. Further a motion to increase the fees to \$7 per member was also passed (August 2016) and the Branch noted to increase fees in future years (to help cover rising ACTU costs and other rising expenses);
- (3) With the recession of the disputed "fee increase" motion by the SPSF NSW Branch in August 2016, the PSA converted the \$41,554 loan to the Branch into a donation;
- (4) The SPSF NSW Branch has fully paid the outstanding loan to the CPSU Federal Office in December 2016 and with the PSA conversion of the loan to a donation, 2 significant outstanding debts of the Branch have been met. The only longer term outstanding debt that remains is the 2015 ACTU levy of \$78,744.
- (5) The Branch Council of SPSF NSW Branch resolved on 15 November 2016 to approach the PSA to cover the final outstanding ACTU levy invoice and, if this is not agreed to, the Branch resolved to set a one off levy for members to cover this invoice;
- (6) On 14 March 2017, Ms Anne Gardiner resigned her position as Branch Secretary. As she did not hold office as Branch Secretary for more than 12 months, her resignation has triggered an election for that position. Mr Steve Turner, the Assistant Branch Secretary, is now the Acting Branch Secretary, until the election for the position of Branch Secretary is held.
- (7) On 24 April 2017, Ms Michelle Bogatyrov resigned her position as Branch Councillor. As she did not hold office as Branch Councillor for more than 12 months, her resignation triggered an election for that position.
- (8) On 30 April 2017, Mr Steve Turner resigned his position as Assistant Branch Secretary. At the time, Mr Turner had been appointed Acting Branch Secretary, in lieu of Ms Gardiner's resignation on 14 March 2017. As Mr Turner did not hold office as Assistant Branch Secretary for more than 12 months, his resignation has triggered an election for that position. Ms Kirsten Cameron, the Assistant Branch Secretary, is now the Acting Branch Secretary, until the election for the position of Branch Secretary and Assistant Branch Secretary is held.
- (9) On 19 June 2017, the PSA NSW resolved to pay the Branch a one-off levy of \$78,744 to cover the outstanding 2015 ACTU Levy. This payment by the PSA NSW was made on 20 June 2017.

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

During the financial year, Ms Sue Walsh, President was also President of the Public Service Association of NSW (PSA NSW), and National Executive Member of the Community and Public Sector Union.

Operating Report

For the Year Ended 30 June 2016

4. Other items continued

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

Ms Walsh elected not to be a candidate in the 2016 CPSU-SPSF NSW Branch elections in 2016 and, as a consequence, relinquished the position of President of the CPSU-SPSF NSW Branch at the date that the result was declared (July 2016). This further resulted in Ms Walsh relinquishing her position as a member of the National Executive of the CPSU.

Ms Walsh also elected not to contest the President position in the 2016 Public Service Association of NSW election. As a result her position was relinquished at the date of declaration (October 2016).

Number of members

The number of members as at 30 June 2016 was 35,701 (2015: 37,191).

Number of employees

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

Joint employment arrangement

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

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.

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 2016 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Branch Council:



Kirsten Cameron (Acting Branch Secretary)

Dated 28 June 2017

Statement by Members of the Branch Council

On 28 June 2017, the Members of the Branch Council passed the following resolution in relation to the amended general purpose financial report for the year ended 30 June 2016:

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, and the resolution of the outstanding ACTU 2015 levies (as resolved by the Branch Council) (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.



Kirsten Cameron (Acting Branch Secretary)

Dated 28 June 2017

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

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, 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

29 June 2017

Sydney

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue	4	793,265	782,283
Other expenses	5	(884,340)	(836,214)
(Loss)/Profit before income tax		(91,075)	(53,931)
Income tax expense	2(a)	-	-
(Loss)/Profit for the year		(91,075)	(53,931)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive (loss)/income for the year		(91,075)	(53,931)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		72,685	157,939
Trade and other receivables	6	20,707	25,038
TOTAL CURRENT ASSETS		<u>93,392</u>	<u>182,977</u>
TOTAL ASSETS		<u>93,392</u>	<u>182,977</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	140,063	138,573
Borrowings	8	120,298	120,298
TOTAL CURRENT LIABILITIES		<u>260,361</u>	<u>258,871</u>
TOTAL LIABILITIES		<u>260,361</u>	<u>258,871</u>
NET ASSETS		<u>(166,969)</u>	<u>(75,894)</u>
EQUITY			
Retained earnings / (accumulated losses)		<u>(166,969)</u>	<u>(75,894)</u>
TOTAL EQUITY		<u>(166,969)</u>	<u>(75,894)</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2015	(75,894)	(75,894)
(Loss) attributable to members	(91,075)	(91,075)
Balance at 30 June 2016	<u>(166,969)</u>	<u>(166,969)</u>

2015

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

Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members		797,494	825,560
Interest received		102	51
Fees paid to Federal body		(575,246)	(638,353)
ACTU Fees paid		(168,604)	(111,345)
Payments to suppliers		(139,000)	(178,908)
Net cash provided by/(used in) operating activities	16	(85,254)	(102,995)
Proceeds from borrowings		-	120,298
Net cash used by financing activities		-	120,298
Net increase/(decrease) in cash and cash equivalents held		(85,254)	17,303
Cash and cash equivalents at beginning of year		157,939	140,636
Cash and cash equivalents at end of financial year		72,685	157,939

The accompanying notes form part of these financial statements.

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

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

Community & Public Sector Union (SPSF Group) New South Wales 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 is Australian dollars.

The amended financial report was authorised for issue by the Branch Council on 28 June 2017.

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).

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised as revenue when received.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(b) Revenue and other income continued

Subscriptions

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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(d) Financial instruments continued

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 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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(e) Impairment of non-financial assets continued

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

(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.

(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:

- (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. These loans have now been repaid, with part of the loan from PSA NSW being converted to a donation to the Branch; and
- (iii) The Branch Council has now set the membership fee at \$7 per member per year and the PSA NSW has resolved to pay that fee to the Branch;

(h) Adoption of new and revised accounting standards

The Branch has adopted all standards which became effective for the first time at 30 June 2016, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Branch.

(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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

3 Critical Accounting Estimates and Judgments continued

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:

	2016 \$	2015 \$
Finance income		
- other interest received	102	51
Other revenue		
- capitation fees	-	-
- levies	-	-
- grants	-	-
- donations from PSA	-	41,554
- member subscriptions	793,163	740,678
Total Revenue	793,265	782,283

(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.

(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.

	2016 \$	2015 \$
Cash assets in respect of recovered money at the beginning of year	-	-
Receipts	-	-
Payments	-	-
Cash assets in respect of recovered money at the end of financial year	-	-
Number of workers to which the monies recovered relate	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2016

5 Result for the Year

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

		2016	2015
		\$	\$
Other expenses:			
Affiliation fees (para 16(c))		184,931	151,294
Allowances - meetings (para 16(h))		5,679	-
Auditors remuneration	11	11,765	1,191
Campaign levy (para 16(d))		78,744	78,744
Employee benefits expense		-	-
Federal capitation fees		575,246	584,111
Legal costs or other litigation expenses incurred (para 16(j))		12,037	-
Meeting expenses (para 16(i))		1,902	5,632
Consideration for employers for payroll deductions (para 16 a))		-	-
Grants - total paid that were \$1,000 or less (para 16(e)(i))		-	-
Grants - total paid that exceeded \$1,000 (para 16(e)(ii))		-	-
Donations - total paid that were \$1,000 or less (para 16(e)(iii))		-	-
Donations - total paid that exceeded \$1,000 (para 16(e)(iv))		-	-
Penalties imposed under RO Act (para 16(k))		-	-

(a) Additional information required to be disclosed under Item 16 of the Reporting Guidelines

The Affiliation fees and Campaign levies (compulsory levies) were paid to the ACTU (para 16(c)).

6 Trade and other receivables

CURRENT

Other receivables	213,873	70,867
Provision for Impairment	(193,166)	(45,829)
Receivable from another reporting unit (para 18(a))	-	-
Total current trade and other receivables	20,707	25,038

7 Trade and other payables

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Payable to other reporting unit - Public Service Association of NSW (para 18(b))	12,931	12,985
GST payable	(9,728)	10,125
Sundry payables and accrued expenses	136,860	115,463
Consideration to employers for payroll deductions (para 20(a))	-	-
Legal costs for litigation and other legal matters (para 20(b))	-	-
	140,063	138,573

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the Financial Statements

For the Year Ended 30 June 2016

8 Borrowings

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities:		
Other financial liabilities	120,298	120,298
Total current borrowings	120,298	120,298

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

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

Financial instruments used

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

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

Objectives, policies and processes

Risk management is carried out by the Branch's 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 manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

9 Financial Risk Management continued

Liquidity risk continued

	less than 1 year		1 to 5 years		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Trade payables	-	10,125	149,791	128,448	149,791	138,573
Borrowings	-	-	120,298	120,298	120,298	120,298
Total	-	10,125	270,089	248,746	270,089	258,871

Market 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.

	Past due but not impaired (days overdue)						Within initial trade terms
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2016							
Other receivables	213,873	193,166	-	-	-	-	20,707
Total	213,873	193,166	-	-	-	-	20,707

Notes to the Financial Statements

For the Year Ended 30 June 2016

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	
			\$	\$	\$	\$	
2015							
Other receivables	70,867	45,829	-	-	-	-	25,038
Total	70,867	45,829	-	-	-	-	25,038

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 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

	2016 \$	2015 \$
Remuneration of the auditor, DFK Laurence Varnay, for:		
- auditing or reviewing the financial statements	11,765	1,191

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 2016 (30 June 2015: None).

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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Related Parties continued

(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 in the 2015 financial year from PSA has been disclosed in Note 4. The loans received in the 2015 financial year, 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

- (1) The PSA NSW, the associated body of the CPSU, resolved on 14 November 2016 to increase subscriptions to \$7 per member to the SPSF NSW Branch, to take effect from 14 March 2016, which correlates with the NSW Branch resolution and therefore resolves differences in fees payable between the PSA NSW and SPSF NSW Branch;
- (2) A motion to rescind the increase in fees paid by PSA NSW on behalf of the SPSF members by 1.5% (which has been in disagreement between the two parties) was passed by the SPSF NSW Branch, in August 2016. Further a motion to increase the fees to \$7 per member was also passed (August 2016) and the Branch noted to increase fees in future years (to help cover rising ACTU costs and other rising expenses);
- (3) With the recession of the disputed "fee increase" motion by the SPSF NSW Branch in August 2016, the PSA converted the \$41,554 loan to the Branch into a donation;
- (4) The SPSF NSW Branch has fully paid the outstanding loan to the CPSU Federal Office in December 2016 and with the PSA conversion of the loan to a donation, 2 significant outstanding debts of the Branch have been met. The only longer term outstanding debt that remains is the 2015 ACTU levy of \$78,744;
- (5) The Branch Council of SPSF NSW Branch resolved on 15 November 2016 to approach the PSA to cover the final outstanding ACTU levy invoice and, if this is not agreed to, the Branch resolved to set a one off levy for members to cover this invoice;
- (6) On 14 March 2017, Ms Anne Gardiner resigned her position as Branch Secretary. As she did not hold office as Branch Secretary for more than 12 months, her resignation has triggered an election for that position. Mr Steve Turner, the Assistant Branch Secretary, is now the Acting Branch Secretary, until the election for the position of Branch Secretary is held.
- (7) On 24 April 2017, Ms Michelle Bogatyrov resigned her position as Branch Councillor. As she did not hold office as Branch Councillor for more than 12 months, her resignation triggered an election for that position.
- (8) On 30 April 2017, Mr Steve Turner resigned his position as Assistant Branch Secretary. At the time, Mr Turner had been appointed Acting Branch Secretary, in lieu of Ms Gardiner's resignation on 14 March 2017. As Mr Turner did not hold office as Assistant Branch Secretary for more than 12 months, his resignation has triggered an election for that position. Ms Kirsten Cameron, the Assistant Branch Secretary, is now the Acting Branch Secretary, until the election for the position of Branch Secretary and Assistant Branch Secretary is held.

Notes to the Financial Statements

For the Year Ended 30 June 2016

15 Events Occurring After the Reporting Date continued

- (9) On 19 June 2017, the PSA NSW resolved to pay the Branch a one-off levy of \$78,744 to cover the outstanding 2015 ACTU Levy. This payment by the PSA NSW was made on 20 June 2017.

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.

16 Cash Flow Information

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

	2016	2015
	\$	\$
(Loss)/Profit for the year	(91,075)	(53,931)
- impairment of receivables	147,337	45,829
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(143,006)	(2,500)
- increase/(decrease) in trade and other payables	1,490	(92,393)
Cashflow from operations	<u>(85,254)</u>	<u>(102,995)</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
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 not occur during the financial year.

In the 2015 financial year, the Community & Public Sector Union (SPSF Group) New South Wales Branch 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 2015 financial 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 of the reporting Guidelines, the Branch Council confirms that, the reporting unit has not agreed to provide financial support to ensure another reporting unit(s) has the ability to continue as a going concern (para 11);

(c) Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified

Notes to the Financial Statements

For the Year Ended 30 June 2016

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

(c) **Section 272 Fair Work (Registered Organisations) Act 2009 continued**

prescribed information in relation to the reporting unit to be made available to the person making the application.

- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

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

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

Report on the Financial Report

We have audited the accompanying financial report of Community & Public Sector Union (SPSF Group) New South Wales, which comprises the statement of financial position as at 30 June 2016, 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.

Directors' Responsibility for the Financial Report

The Committee members of the Branch 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 Committee members 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 1, the Committee members 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 Committee members, as well as evaluating the overall presentation of the financial report.

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 Committee members of Community & Public Sector Union (SPSF Group) New South Wales, would be in the same terms if given to the Committee members as at the time of this auditor's report.

We make it happen!



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

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

Opinion

In our opinion:

- (a) the financial report of Community & Public Sector Union (SPSF Group) New South Wales is in accordance with the Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, including:
 - (i) giving a true and fair view of the branch's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

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

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

As required by Item 39 of the Reporting Guidelines of the Fair Work Commission, we declare that management's use of the going concern basis of accounting in the preparation of the financial statement is appropriate, subject to the disclosures at Note 2(g) and Note 15, as outlined in the *Emphasis of Matter* above.

DFK Laurence Varnay



Colin Grady
Partner

Sydney
Dated: 29 June 2017

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**Community & Public Sector Union (SPSF Group) New South Wales
For the Year Ended 30 June 2016**

Disclaimer

The additional financial data presented on 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 2016. 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) in respect of such data, including any errors of omissions therein however caused.

DFK Laurence Varnay



Colin Grady, Partner

Sydney

Dated: 29 June 2017

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Community & Public Sector Union (SPSF Group) New South Wales
For the Year Ended 30 June 2016

Profit and Loss Account

	2016 \$	2015 \$
Income		
Interest income	102	51
Member subscriptions	793,163	740,678
Donations	-	41,554
Total income	793,265	782,283
Less: Expenses		
Accounting fees	5,031	4,967
ACTU Congress	1,102	1,346
Affiliation fees	184,931	151,294
Auditors remuneration	11,765	1,191
Campaign levy	78,744	78,744
Computer expenses	7,900	7,400
Consulting and professional fees	12,037	-
Federal capitation fees	575,246	584,111
Meeting allowances	5,679	-
Meeting expenses	1,902	5,632
Postage	-	1,088
Sundry expenses	3	441
Total Expenses	884,340	836,214
(Loss) before income tax	(91,075)	(53,931)