

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 2014

Contents

For the Year Ended 30 June 2014

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

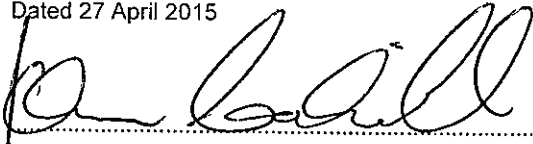
A.B.N 11 681 811 732

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 2014, 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 27 April 2015, and
- (c) the full report was presented to a meeting of the Branch Council on 27 April 2015 in accordance with S.266 of the *Fair Work (Registered Organisations) Act 2009*.

Dated 27 April 2015



.....
John Cahill (Branch Secretary)

Operating Report

For the Year Ended 30 June 2014

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 2014.

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	
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 \$ (97,793) (2013: \$ (81,224)).

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 2014

3. Financial review

Discussion and analysis of the financial statements

During the 12 months to June 2014, the Community and Public Sector Union (SPSF) New South Wales Branch recorded an operating deficit of \$ (97,793). This compares with an operating deficit of \$ (81,224) achieved over the previous 12 months.

Membership revenue decreased by 3.3% from \$778,200 in 2013 to \$752,872 in 2014 which is reflective of the decrease in the number of members over the period 1 July 2013 to 30 June 2014.

In regards to expenditure Federal Capitation Fees decreased by approximately 3% to \$595,842 in 2014 (\$613,494 in 2013). This decrease is a result of the declining membership over the period.

Travelling costs increased significantly over the 12 months to June 2014 to \$10,100 (2013: \$2,244) due to a decrease in the number of Council members holding equivalent positions in the Public Service Association of New South Wales, meaning that more travelling costs now have to be paid by the Branch and not the PSA. Further travelling costs were absorbed as a result of all NSW Branch Executive attending Union Governance training as a result of the changes to the Fair Work Act and to ensure compliance with the legislative requirements under the Act.

The decrease in revenue has contributed significantly to the overall deficit for the year. This resulting deficit has resulted in a Net Liability position of \$21,963 for the Branch. In 2013 the Branch held a Net Asset position of \$75,830.

To ensure the Community and Public Sector Union (SPSF) New South Wales Branch remains a going concern the Executive needs to consider the alternatives in which to increase subscription revenue as this is the major driver in regards to the financial performance of the Branch. To this end the Branch is currently in the process of putting in place an increase in the annual member subscription.

The amount of \$83,108 shown under campaigns levy in Note 5 and the expenditure section of the Profit and Loss Account is a levy imposed by the ACTU on the Federal CPSU. While the SPSF Federal Executive has requested, as a matter of administration, that this amount be paid by the Branch, it will not be in a position to do so until the membership subscription increase is in place.

In February 2015, the Public Service Association of NSW (the Branch's associated body) provided a donation of \$45,709 and an interest free loan of \$45,709 to the Branch to enable the Branch to pay the 2013 Campaign Levy to the ACTU.

A further interest free loan of \$86,618 was obtained by the Branch from the CPSU-SPSF Federal Office to cover the 2014 ACTU Campaign Levy.

The repayment of the interest free loans to both the Public Service Association of NSW and the CPSU-SPSF Federal Office is contingent on the increase in membership fees which the Branch Council will consider at its March 2015 meeting.

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.

Events after the reporting date

In February 2015, the Public Service Association (PSA) made a donation of \$45,709, and loaned a further \$45,709, to the Branch, to cover the ACTU levy for the 2013 financial year. In addition, the Federal Branch of the CPSU made a loan of \$86,618 to the NSW Branch to cover the ACTU levy for the 2014 financial year. These loans are interest-free and contingent on an increase in the membership fee income.

In order to improve the financial position of the Branch, on 26 March 2015, the Branch Council passed a resolution to increase members' fees to 1.5% of the top membership rate per year set for the PSA NSW. This increase is scheduled to take effect from 1 April 2015.

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.

Operating Report

For the Year Ended 30 June 2014

4. Other items continued

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 2014 was 38,524 (2013: 40,392).

Number of employees

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

Indemnification and insurance of officers and auditors

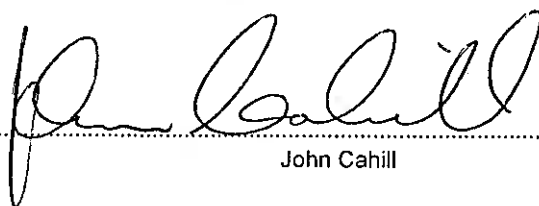
No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Community & Public Sector Union (SPSF Group) New South Wales Branch.

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 2014 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Branch Council:

Branch Secretary:



John Cahill

Dated 27 April 2015

Statement by Members of the Branch Council

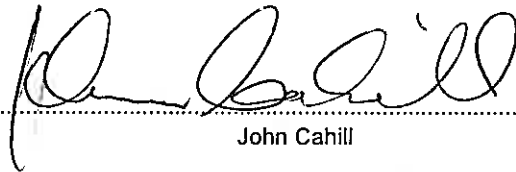
On 27 April 2015, the Members of the Branch Council passed the following resolution in relation to the general purpose financial report for the year ended 30 June 2014:

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.

Branch Secretary



John Cahill

Dated 27 April 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 2014, 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

27 April 2015

Sydney

We make it happen!

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue	4	752,918	778,271
Other expenses	5	<u>(850,711)</u>	<u>(859,495)</u>
(Loss)/Profit before income tax		(97,793)	(81,224)
Income tax expense	2(a)	<u>-</u>	<u>-</u>
(Loss)/Profit for the year		<u>(97,793)</u>	<u>(81,224)</u>
Other comprehensive income, net of income tax			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year		<u>(97,793)</u>	<u>(81,224)</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	140,636	203,029
Trade and other receivables	7	68,367	70,349
TOTAL CURRENT ASSETS		<u>209,003</u>	<u>273,378</u>
TOTAL ASSETS		<u>209,003</u>	<u>273,378</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	230,966	197,548
TOTAL CURRENT LIABILITIES		<u>230,966</u>	<u>197,548</u>
TOTAL LIABILITIES		<u>230,966</u>	<u>197,548</u>
NET ASSETS		<u>(21,963)</u>	<u>75,830</u>
EQUITY			
Retained earnings/ (accumulated losses)		<u>(21,963)</u>	<u>75,830</u>
TOTAL EQUITY		<u>(21,963)</u>	<u>75,830</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

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

2013

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2012	157,054	157,054
(Loss) attributable to members	(81,224)	(81,224)
Balance at 30 June 2013	<u>75,830</u>	<u>75,830</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 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	754,853	778,649
Interest received	46	71
Fees paid to Federal body	(597,141)	(613,484)
ACTU Fees paid	(107,344)	(105,723)
Payments to suppliers	(112,807)	(14,980)
Net cash provided by/(used in) operating activities	16 <u>(62,393)</u>	<u>44,533</u>
Net increase/(decrease) in cash and cash equivalents held	(62,393)	44,533
Cash and cash equivalents at beginning of year	<u>203,029</u>	<u>158,496</u>
Cash and cash equivalents at end of financial year	6 <u><u>140,636</u></u>	<u><u>203,029</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2014

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.

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 27 April 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

Other income

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Summary of Significant Accounting Policies continued

(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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Summary of Significant Accounting Policies continued

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 as the Branch has received financial support from the Public Service Association and the Federal Branch, by way of interest-free loans and donations in February 2015, to allow the Branch to meet its liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Summary of Significant Accounting Policies continued

(g) Going concern continued

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.

(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 2014

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:

	2014	2013
	\$	\$
Finance income		
- other interest received	46	71
Finance income	46	71
Other revenue		
- capitation fees	-	-
- levies	-	-
- grants or donations	-	-
- member subscriptions	752,872	778,200
Total Revenue	752,918	778,271

(a) 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.

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	-	-

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

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

(c) 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 2014

5 Result for the Year

The result for the year includes the following specific expenses:

	2014	2013
	\$	\$
Other expenses:		
Affiliation fees	145,439	141,858
Auditors remuneration	1,316	1,969
Campaign levy (para 16(d))	83,108	84,348
Employee benefits expense	-	-
Federal capitation fees	595,842	613,494
Meeting expenses of members of the Branch Council (para 16(i))	9,276	2,244
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>140,636</u>	<u>203,029</u>
	<u>140,636</u>	<u>203,029</u>
7 Trade and other receivables		
CURRENT		
Trade receivables	8,514	8,514
Provision for impairment	(8,514)	(8,514)
	-	-
Other receivables	<u>68,367</u>	<u>70,349</u>
Total current trade and other receivables	<u>68,367</u>	<u>70,349</u>
8 Trade and other payables		
CURRENT		
Unsecured liabilities		
Trade payables	12,584	12,736
GST payable	4,896	(6,753)
Sundry payables and accrued expenses	<u>213,486</u>	<u>191,565</u>
	<u>230,966</u>	<u>197,548</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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

9 Financial Risk Management continued

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.

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:

	Not later than 1 month		1 to 3 months		3 months to 1 year	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Trade payables	230,966	197,548	-	-	-	-

Market risk

(i) Interest rate risk

The Branch is not exposed to significant interest rate risk.

Notes to the Financial Statements

For the Year Ended 30 June 2014

9 Financial Risk Management continued

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.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2014							
Trade and term receivables	8,514	8,514	-	-	-	-	-
Other receivables	68,367	-	-	-	-	-	68,367
Total	76,881	8,514	-	-	-	-	68,367
2013							
Trade and term receivables	8,514	8,514	-	-	-	-	-
Other receivables	70,349	-	-	-	-	-	70,349
Total	78,863	8,514	-	-	-	-	70,349

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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

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

	2014	2013
	\$	\$
Remuneration of the auditor, DFK Laurence Varnay, for:		
- auditing or reviewing the financial statements	1,316	1,969

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 2014 (30 June 2013: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 control over the Branch, is the Federal Community & Public Sector Union which is incorporated in Australia and owns 100% of Community & Public Sector Union (SPSF Group) New South Wales Branch.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

15 Events Occurring After the Reporting Date

In February 2015, the Public Service Association (PSA) made a donation of \$45,709, and loaned a further \$45,709, to the Branch, to cover the ACTU levy for the 2013 financial year. In addition, the Federal Branch of the CPSU made a loan of \$86,618 to the NSW Branch to cover the ACTU levy for the 2014 financial year. These loans are interest-free and contingent on an increase in the membership fee income.

In order to improve the financial position of the Branch, on 26 March 2015, the Branch Council passed a resolution to increase members' fees to 1.5% of the top membership rate per year set for the PSA NSW. This increase is scheduled to take effect from 1 April 2015.

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:

	2014	2013
	\$	\$
(Loss)/Profit for the year	(97,793)	(81,224)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,982	449
- increase/(decrease) in trade and other payables	33,418	125,308
Cashflow from operations	<u>(62,393)</u>	<u>44,533</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, to ensure that it remains a going concern.

The total amount of financial support received after the year amounted to \$ 178,036.

(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 2014, 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 *Corporations Act 2001* 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.

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 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; 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
27 April 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 2014

Disclaimer

The additional financial data presented on page 24 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 2014. 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

27 April 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 2014

Profit and Loss Account

	2014	2013
	\$	\$
Income		
Interest income	46	71
Member subscriptions	752,872	778,200
Total income	752,918	778,271
Less: Expenses		
Accounting fees	4,888	4,754
Affiliation fees	145,439	141,858
Auditors remuneration	1,316	1,969
Bank charges	60	60
Federal capitation fees	595,842	613,494
Computer expenses	7,500	7,782
Campaign levy	83,108	84,348
Meeting expenses	9,276	2,244
Postage	2,012	2,067
Sundry expenses	446	919
Travel - domestic	824	-
Total Expenses	850,711	859,495
Profit before income tax	(97,793)	(81,224)