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

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

COMMUNITY & PUBLIC SECTOR UNION
STATE PUBLIC SERVICES FEDERATION GROUP

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

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

The principal place of business is:
Community and Public Sector Union SPSF Group - Federal Fund
Level 10, 128 Exhibition Street
Melbourne VIC 3000

The financial report was authorised for issue by the committee of management on 26 September 2019.

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
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OPERATING REPORT

The Federal Executive presents their report on the Community and Public Sector Union SPSF Group - Federal Fund (The CPSU) for the financial year ended 30 June 2019.

Members of Federal Executive

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

Name	***Position***
K. Batt **	Federal Secretary
T. Lynch **	Federal President
M. Griffiths	Federal Vice President – SA
S. Little	Federal Vice President – NSW
C. Davies **	Federal Vice President – VIC (resigned 1 March 2019)
P. Lillywhite	Federal Vice President – VIC (from 1 March 2019)
T. Walkington	Federal Vice President – WA (resigned 24 October 2018)
R. Hendon	Federal Vice President – WA (from 24 October 2018)
A. Smith**	Federal Vice President – WAPOU (from 1 November 2018)
R. Reilly	NSW Branch Delegate
N. Kitchin	SA Branch Delegate
G. Ransley **	Tasmanian Branch Delegate
P. Lillywhite	Victorian Branch Delegate (resigned 1 March 2019)
C. Bakker	Victorian Branch Delegate (from 1 March 2019)
B. Dodds**	WA Branch Delegate
K. Brown	WAPOU Delegate
A. Smith	WAPOU Delegate (until 1 November 2018)

** - Member of Finance, Administration and Governance Committee

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

OPERATING REPORT (Continued)

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

INTERNATIONAL WORK

CPSU SPSF Federal Office continued to work collaboratively with the Public Service International (PSI), our Global Union Federation (GUF).

In May 2019 we sent a delegation to the OSRAC (Oceania Sub-Regional Advisory Committee) meeting in Nadi, Fiji, in preparation for the Asia Pacific Regional Conference (APRECON) in Bali, September 2019. At OSRAC we built closer relationships with PSI affiliates in our region and progressed our plan of action which includes working together on issues such as privatisation, free trade agreements, and collaborating on sectoral issues. Our union representative, National Campaigns Officer Clare Middlemas held the positions of Oceania sub-titular and Asia-Pacific young workers' titular for PSI over the 2018-19 year, and attended the PSI Governing Body meeting in Geneva, November 2018 and the United Nations Commission on the Status of Women in New York in March 2019 on behalf of PSI.

The National Campaigns Officer attended the International Labour Conference of the ILO (International Labour Organisation) in Geneva in June 2019 as part of the ACTU delegation.

SUBMISSIONS TO INQUIRIES

During the operating year the union made national submissions to the Human Rights Commission inquiry into Sexual Harassment in Australian Workplaces and the Review of the National Partnership Agreement on Legal Services on behalf of our Legal Aid members.

The Union also made lengthy submissions on the 2019 iteration of the Fair Work (Registered Organisations) Amendment (Ensuring Integrity) Bill and the Fair Work Amendment (Proper Use of Member Benefits) Bill.

ACTU

Ongoing participation in a range of ACTU committees, from Executive to Growth and Campaigns, the Industrial Legislation Committee, the Trade Group, the International Committee Women's Committee and the Youth Committee.

Federal Secretary elected to Vice President of ACTU at the Triennial Congress held in Brisbane in July 2018.

All branches participated in the ACTU's Change the Rules campaign in the lead up to the Federal Election in May 2019.

CAMPAIGNS

Our union lobbied and campaigned on trade issues over the reporting period, including lobbying the Australian Labor Party on their trade policy which now includes a commitment to not sign up to trade agreements while in government that will force the privatisation of public services. Our union has also participated in the stakeholder engagement sessions at the negotiations rounds for the Regional Comprehensive Economic Partnership (RCEP) agreement in Bangkok (July 2018), Auckland (October 2018), and Melbourne (June 2019).

The CPSU is represented on the global governing board of the Centre for International Corporate Tax Accountability (CICTAR). CPSU supported the report released by CICTAR in December 2018 exposing the tax practices of outsourced labour hire corporations in the Australian Taxation Office, including companies such as Serco that hold contracts with state governments.

OPERATING REPORT (Continued)

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

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

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

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

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

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

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

The higher compliance responsibilities since the establishment of the Registered Organisations Commission have required continuous improvement of the Federal and Branch rules of the Union. During the Period relevant to this Report the Federal Office:

- Completed a new iteration of Chapter C which established ex officio positions on the Federal Executive;
- Removed a redundant sub-branch from the rules of the NSW Branch
- Provided a draft to harmonise the NSW Branch rules with that of its Associated Body
- Commenced the work to establish free standing rules for the WAPOU Branch

Right of members to resign

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

Union Details

Number of employees

The number of equivalent full time employees at 30 June 2019 was 5 (2018: 5)

Number of members

The number of financial members across 6 branches at 30 June 2019 was 75,851 (2018: 74,869).

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OPERATING REPORT (Continued)

Directorships of Superannuation Fund

To the best of our knowledge and belief, the following Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position:

Name	Company/Board	Principal Activities	Reporting unit position	Status
South Australia				
Neville Kitchin	UniSuper	Superannuation	Yes	Fed officer

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer: Karen Batt

Name of designated officer: Karen Batt

Title of designated officer: Federal Secretary

Dated: 26th September 2019

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Revenue from continuing operations	4	**1,264,877**	1,323,261
Other revenue	4	**198,725**	148,107
Expenses			
Administrative and other expenses	6	**(225,308)**	(238,033)
Affiliation and capitation fees	7	**(46,082)**	(70,420)
Campaign and project expenses	8	**(102,000)**	(191,932)
Communication expenses		**(10,776)**	(13,312)
Employee related expenses	9	**(683,755)**	(610,055)
Travel expenses		**(259,810)**	(246,904)
		(1,327,731)	(1,370,656)
Surplus for the year		**135,871**	100,712
Surplus attributable to the members		**135,871**	100,712
Other comprehensive income			
Changes in reserves		**-**	-
Total comprehensive income for the year attributable to the members		**135,871**	100,712

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

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BALANCE SHEET
AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**350,579**	251,532
Other financial assets	11	**2,721,088**	2,580,974
Trade and other receivables	12	**136,851**	135,035
Other assets	13	**23,788**	46,129
Total current assets		**3,232,306**	3,013,670
Non-current assets			
Property, plant and equipment	14	**133,320**	140,394
Total non-current assets		**133,320**	140,394
Total assets		**3,365,626**	3,154,064
LIABILITIES			
Current liabilities			
Trade and other payables	15	**89,962**	24,387
Provisions	16	**144,852**	136,370
Total current liabilities		**234,814**	160,757
Non-current liabilities			
Provisions	17	**5,760**	4,126
Total non-current liabilities		**5,760**	4,126
Total liabilities		**240,574**	164,883
Net assets		**3,125,052**	2,989,181
FUNDS			
Members fund	18	**3,125,052**	2,989,181
Total funds		**3,125,052**	2,989,181

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

COMMUNITY & PUBLIC SECTOR UNION SPSF GROUP - FEDERAL FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus $	Reserves $	Total $
Balance at 1 July 2017	1,979,378	909,091	2,888,469
Total comprehensive income for the year	100,712	-	100,712
Transfer to reserves	-	-	-
Balance at 30 June 2018	2,080,090	909,091	2,989,181
Balance at 1 July 2018	**2,080,090**	**909,091**	**2,989,181**
Total comprehensive income for the year	**135,871**	**-**	**135,871**
Transfer to reserves	**(65,382)**	**65,382**	**-**
Balance at 30 June 2019	**2,150,579**	**974,473**	**3,125,052**

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from other reporting units (inclusive of GST)			
- PSA of NSW		**637,031**	654,322
- SA Branch		**165,296**	178,468
- TAS Branch		**57,412**	66,511
- VIC Branch		**250,685**	252,318
- WA Branch		**228,460**	245,013
- WAPOU Branch		**44,657**	46,240
Member subscription received (inclusive of GST)		**16,542**	22,028
Receipts from controlled entities		**-**	-
Distribution received		**71,920**	-
Sundry income		**48,887**	58,265
Payments to suppliers and employees (inclusive of GST)		**(1,044,275)**	(1,207,420)
Payments to other reporting units			
- PSA of NSW		**(40,658)**	(13,469)
- SA Branch		**(5,232)**	(8,602)
- TAS Branch		**(58,094)**	(90,869)
- VIC Branch		**(132,582)**	(128,347)
- WA Branch		**(31,823)**	(77,855)
- WAPOU Branch		**(24,661)**	(38,673)
Payments to controlled entities		**-**	-
Interest received		**68,966**	50,619
Net cash inflow from operating activities	24	**252,531**	8,549
Cash flows from investing activities			
Payments for property, plant and equipment		**(13,370)**	(6,250)
Transfer to term deposits		**(140,114)**	(958,965)
Net cash (outflow) from investing activities		**(153,484)**	(965,215)
Net increase (decrease) in cash and cash equivalents		**99,047**	(956,666)
Cash and cash equivalents at beginning of financial year		**251,532**	1,208,198
Cash and cash equivalents at end of financial year	10(a)	**350,579**	251,532

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

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REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR YEAR ENDED 30 JUNE 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 30 June 2019.

	2019 $	2018 $
Categories of expenditure		
Remuneration and other employment-related costs and expenses - employees	**692,815**	618,512
Advertising	-	-
Operating costs	**418,953**	428,006
Donations to political parties	-	-
Legal costs	**1,469**	22,054

Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.

Signature of designated officer: Karen Batt

Name of designated officer: Karen Batt

Title of designated officer: Federal Secretary

Dated: 26th September 2019

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

1: Summary of significant accounting policies

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

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

(a) Basis of preparation

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

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New and amended standards adopted by the CPSU

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

The CPSU has assessed the impact of other new and amended standards that came into effect for the first time for the annual reporting period commencing 1 July 2018. See Note 1(q) for more information.

Early adoption of standards

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

1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Historical cost convention

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

Critical accounting estimates

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

(b) Revenue recognition

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

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

Revenue is recognised for the major operating activities as follows:

Capitation fees and levies

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

Interest income

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

Other revenue

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

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

(c) Income tax

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

1: Summary of significant accounting policies (Continued)

(d) Cash and cash equivalents

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

(e) Financial instruments

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

(f) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the CPSU's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, CPSU initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

CPSU's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that CPSU commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

1: Summary of significant accounting policies (Continued)

(f) Financial assets (Continued)
Subsequent measurement (Continued)

Financial assets at amortised cost

CPSU measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

CPSU's financial assets at amortised cost includes trade and other receivables.

Derecognition

A financial asset is derecognised when:
- The rights to receive cash flows from the asset have expired or
- CPSU has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) CPSU has transferred substantially all the risks and rewards of the asset, or
  b) CPSU has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When CPSU has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, CPSU continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment
(i) Trade receivables

For trade receivables that do not have a significant financing component, CPSU applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, CPSU does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. CPSU has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1: Summary of significant accounting policies (Continued)

(f) Financial assets (Continued)

Impairment (Continued)

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, CPSU recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the CPSU expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

CPSU considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, CPSU may also consider a financial asset to be in default when internal or external information indicates that CPSU is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(g) Financial Liabilities
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The CPSU's financial liabilities include trade and other payables.

Subsequent measurement
Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1: Summary of significant accounting policies (Continued)

(h) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(i) Property, plant and equipment

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

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

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

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

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

(j) Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if CPSU were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1: Summary of significant accounting policies (Continued)

(k) Fair value measurement

CPSU measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 27.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the CPSU. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

CPSU uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, CPSU determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, CPSU has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1: Summary of significant accounting policies (Continued)

(m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(n) Goods and Service Tax (GST)

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

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

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

Commitments and contingencies are disclosed inclusive of GST.

(o) Functional and presentation currency

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

(p) Comparative figures

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

1: Summary of significant accounting policies (Continued)

(q) New accounting standards and interpretations

In the current year, the union has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the union include:

Standard	*Effective for annual reporting periods beginning on or after*
AASB 9 Financial Instruments	1 January 2018

Impacts of initial application of AASB 9 Financial Instruments and related amending Standards

AASB 9 introduced new requirements for:
- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets, and
- General hedge accounting

The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of financial asset and financial liabilities as at 1 July 2018:

	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount $	AASB 9 carrying amount $
Financial Assets				
Trade and other receivables	Loans and receivables	Amortised cost	181,164	135,035
Term deposits	Held-to-maturity	Amortised cost	2,580,974	2,580,974
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	24,387	24,387

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the union to account for the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, AASB 9 requires the union to recognise a loss allowance for expected credit losses on:
- Debt investments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of AASB 9 apply.

1: Summary of significant accounting policies (Continued)

(q) New accounting standards and interpretations (Continued)

In particular, AASB 9 requires the union to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the union is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The assessment of impairment of financial assets under AASB 9 didn't have a material impact on the union's financial position, profit or loss, other comprehensive income or total comprehensive income in either 2017 or 2018.

(r) Future Australian Accounting Standards Requirements

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 *Leases* (AASB 16)
AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.
For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. CPUS plans to adopt AASB 16 on the required effective date of using full retrospective method.
AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.
Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

1: Summary of significant accounting policies (Continued)

(r) Future Australian Accounting Standards Requirements (Continued)

AASB 16 *Leases* (AASB 16) (Continued)

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:
- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet
- the reported members' fund will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- surplus in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

AASB 1058 *Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)*

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (**NFP**) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions.*

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The union plans to adopt AASB 15 on the required effective date of using full retrospective method.

During the financial year ended 30 June 2019, the union performed a preliminary assessment of AASB 1058 and 15. These amendments have no material impact on the financial statements of the union.

AASB 2017-7 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

The amendments clarify that an entity applies AASB 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in AASB 9 applies to such long-term interests.

The amendments apply retrospectively and are effective from 1 January 2019, with early application permitted.

Since the union does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

1: Summary of significant accounting policies (Continued)

(r) Future Australian Accounting Standards Requirements (Continued)

AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the union

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement

The amendments to AASB 119 specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

These amendments will apply only to any future plan amendments, curtailments, or settlements of the union.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

These improvements include:

- **AASB 11 Joint Arrangements**

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

Amendment applies to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments are currently not applicable to the union but may apply to future transactions.

1: Summary of significant accounting policies (Continued)

***AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle* (Continued)**
• **AASB 123 Borrowing Costs**
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. Amendment applies for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

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

2: Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

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

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

Employee entitlements

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

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

3: Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the Commissioner:

(1) a member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) the application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) a reporting unit must comply with an application made under subsection (1).

4: Revenue

	Note	2019 $	2018 $
From continuing operations			
Capitation fees	a	**1,249,702**	1,231,829
Levies		**-**	-
Membership subscriptions		**-**	1,040
Associated membership		**15,175**	15,175
Voluntary contributions and compulsory levies	b	**-**	75,217
		1,264,877	1,323,261
Other revenue			
Interest		**68,291**	58,879
Grants and/or donations received		**-**	-
Distribution received		**74,602**	36,260
Director fees		**54,082**	52,968
Other income		**1,750**	-
Revenue from recovery of wages activity		**-**	-
Financial support from another reporting unit		**-**	-
		198,725	148,107
		1,463,602	1,471,368

(a) Capitation fees	2019 $	2018 $
PSA of NSW	**578,780**	560,960
SA Branch	**149,911**	152,589
TAS Branch	**52,142**	52,764
VIC Branch	**220,118**	216,233
WA Branch	**207,978**	209,553
WAPOU	**40,773**	39,730
	1,249,702	1,231,829

(b) Voluntary contributions and compulsory levies	2019 $	2018 $
PSA of NSW	**-**	34,470
SA Branch	**-**	9,327
TAS Branch	**-**	3,235
VIC Branch	**-**	13,242
WA Branch	**-**	12,484
WAPOU	**-**	2,459
	-	75,217

The above represents the Branches contribution the ACTU “Change The Rule Campaign”.

5: Expenses

	2019 $	2018 $
The surplus for the year includes the following specific expenses:		
Depreciation of non-current assets		
Leasehold improvement	**11,822**	11,823
Office furniture & equipment	**6,414**	7,364
Computer equipment	**2,072**	668
	20,308	19,855
Loss on disposal of non-currents assets	**136**	-
Donations:		
Total paid that were $1,000 or less	**-**	236
Total paid that exceeded $1,000	**52,448**	157,238
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit of the financial report	**7,100**	7,050

6: Administration and other expenses

	2019 $	2018 $
Audit & accounting fee	**7,100**	7,050
Consideration to employers for payroll deduction	**-**	-
Fees/allowances – meeting and conferences	**-**	-
Grants:		
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**-**	-
Legal fees		
- litigation	**-**	-
- other legal matters	**1,469**	22,054
Depreciation	**20,308**	19,855
Occupancy expenses	**123,949**	120,759
Penalties - via RO Act or the Fair Work Act 2009	**-**	-
IT support	**27,732**	28,369
Meeting expenses	**-**	-
Records management	**5,765**	-
Subscription	**13,602**	12,129
Other expenses	**25,383**	27,817
	225,308	238,033

7: Affiliation and capitation fees

	2019 $	2018 $
Affiliation fee		
AFTINET	**-**	480
APHEDA	**3,606**	3,501
PSI	**34,094**	33,475
ACTU	**8,382**	32,964
Compulsory levies	**-**	-
Capitation fee	**-**	-
	46,082	70,420

8: Campaign and project expenses

	2019 $	2018 $
ACTU campaign	**50,000**	150,000
Campaign material	**-**	4,600
Research	**52,000**	37,332
	102,000	191,932

9: Employee related expenses

	2019 $	2018 $
Employees other than holders of office		
- wages and salaries	**393,057**	378,895
- superannuation	**51,195**	51,015
- leave and other entitlements (net)	**9,834**	4,126
- separation and redundancies	**-**	-
- other employee expenses	**-**	-
Holders of office		
- wages and salaries	**-**	-
- superannuation	**14,776**	13,416
- leave and other entitlements (net)	**-**	-
- separation and redundancies	**-**	-
- other employee expenses	**-**	-
Professional development	**3,027**	2,510
Salary reimbursement	**185,413**	133,895
Other staff costs **	**26,453**	26,198
	683,755	610,055

** Other staff costs primarily comprise payroll tax and workcover

10: Current assets – Cash and cash equivalents

	2019 $	2018 $
Cash at bank	**350,579**	251,532

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

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

	2019 $	2018 $
Balances as above	**350,579**	251,532
Balances per statement of cash flows	**350,579**	251,532

11: Current assets – Other financial assets

	2019 $	2018 $
Term deposits	**2,721,088**	2,580,974

(i) Impairment and risk exposure

None of the term deposits are either past due or impaired.

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

(ii) Security

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

12: Current assets – Trade and other receivables

	2019 $	2018 $
Amount due from Branches:		
- PSA of NSW	**54,753**	51,893
- SA Branch	**13,448**	13,841
- TAS Branch	**4,765**	4,821
- VIC Branch	**20,665**	19,925
- WA Branch	**19,134**	18,819
- WAPOU Branch	**3,862**	3,669
	116,627	112,968
Less allowance for expected credit losses	**-**	-
	116,627	112,968
Other – associate member	**4,831**	4,680
Other receivables	**15,393**	17,387
	136,851	135,035

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

(a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore classified as current. No interest is charged on outstanding trade receivables. Trade receivables are recognised initially at the transaction amount. The entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method

In determining the recoverability of a trade receivable, the entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Trade receivables consists of many customers, spread across diverse industries and geographical areas. The entity does not have any significant credit risk exposure to any single party or group of counter parties having similar characteristics and the maximum exposure to credit risk is equal to the value of the receivables. The movement in the allowance for impairment in respect of trade receivables is as follows. Comparative amounts for 2017 represent the allowance for impairment losses under AASB 139.

13: Current assets – other assets

	2018 $	2017 $
Prepayments	**23,788**	46,129

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

	2019 $	2018 $
Plant and equipment		
Leasehold improvement		
At cost	**118,227**	118,227
Less accumulated amortisation	**(50,757)**	(38,935)
	67,470	79,292
Office furniture and equipment		
At cost	**161,999**	161,999
Less accumulated depreciation	**(108,396)**	(101,982)
	53,603	60,017
Computers		
At cost	**18,103**	7,473
Less accumulated depreciation	**(5,856)**	(6,388)
	12,247	1,085
Total property, plant and equipment	**133,320**	140,394

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

(a) Non-current assets pledged as security

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

(b) Movements in carrying amounts

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

2018	Leasehold improvement	Office Furniture & equipment	Computers	Total
	$	$	$	$
Opening net book amount	91,115	61,131	1,753	153,999
Additions	-	6,250	-	6,250
Depreciation	(11,823)	(7,364)	(668)	(19,855)
Closing net book amount	79,292	60,017	1,085	140,394

2019	Leasehold improvement	Office Furniture & equipment	Computers	Total
	$	$	$	$
Opening net book amount	**79,292**	**60,017**	**1,085**	**140,394**
Additions	**-**	**-**	**13,370**	**13,370**
Disposals	**-**	**-**	**(136)**	**(136)**
Depreciation	**(11,822)**	**(6,414)**	**(2,072)**	**(20,308)**
Closing net book amount	**67,470**	**53,603**	**12,247**	**133,320**

15: Current liabilities – Trade and other payables

	2019 $	2018 $
Unsecured:		
Trade creditors	**36,046**	18,268
Legal fee payable – other matters	**-**	-
Legal fee payable – litigation	**-**	-
Amount due to Branches:		
- PSA of NSW	**15,555**	-
- TAS Branch	**10,536**	-
- WA Branch	**10,974**	-
- WAPOU Branch	**3,308**	-
	40,373	-
Payable to employers for making payroll deductions	**-**	-
Other payables and accruals	**13,543**	6,119
	89,962	24,387

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

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

16: Current liabilities – Provisions

	2019 $	2018 $
Employee benefit obligations:		
Office holders:		
Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
	-	-
Employees other than office holders:		
Annual leave	**48,483**	50,230
Long service leave	**86,638**	76,691
Separations and redundancies	**-**	-
Other	**-**	-
	135,121	126,921
Total employee provisions	**135,121**	126,921
Other provision – makegood provision	**9,731**	9,449
	9,731	9,449
Total provision	**144,852**	136,370

17: Non-current liabilities – Provisions

	2019 $	2018 $
Employee benefit obligations:		
Office holders:		
Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
	-	-
Employees other than office holders:		
Annual leave	-	-
Long service leave	**5,760**	4,126
Separations and redundancies	-	-
Other	-	-
	5,760	4,126
Total employee benefit obligations	**5,760**	4,126

18: Member funds

	Note	2019 $	2018 $
Accumulated surplus			
Movements in the accumulated surplus were as follows:			
Balance 1 July		**2,080,090**	1,979,378
Surplus for the year		**135,871**	100,712
Transfer to reserve		**(65,382)**	-
Balance 30 June		**2,150,579**	2,080,090

	Note	2019 $	2018 $
Reserves			
Movements in the reserve were as follows:			
Balance 1 July		**909,091**	909,091
Transfer from accumulated surplus		**65,382**	-
Balance 30 June	a	**974,473**	909,091
Total members fund		**3,125,052**	2,989,181

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

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

19: Contingencies

There are no known contingent assets or liabilities at 30 June 2019.

20: Commitments

	2019	2018
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**110,375**	117,307
Later than one year but no later than five years	**489,862**	470,179
More than five years	**117,975**	248,033
	718,212	835,519

General description of leasing arrangement:

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

21: Events occurring after reporting date

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

22: Other information

(i) Going Concern

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

(ii) Financial Support

CPSU Federal Fund has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis

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

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

- an amalgamation under Part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the General Manager of the Fair Work Commission under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation;
- a revocation by the General Manager of the Fair Work Commission under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1);

(iv) Financial affairs administered by another entity

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

- Provide finance and administration support. The total amount paid during the year in terms of this agreement was $26,401 (2018: $23,687).
- Compensate the CPSU SPSF Vic Branch for the time spent by the Branch Secretary on the affairs of the CPSU SPSF Federal Fund and in lieu of a salary payment for the position of Federal Secretary. The total amount paid during the year in terms of this agreement was $82,082 (2018: $74,568).

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

- Provide one day a week Federal Office Duties by the Tasmanian Secretary. The total amount paid during the year in terms of this agreement was $ 35,640 (2018: $35,640).

The CPSU SPSF Federal Fund has entered into a service agreement for the PSA of NSW to:

- Provide support of Rules Changes. The total amount paid during the year in terms of this agreement was $41,290 (2018: $NIL).

23: Related party transactions

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

Federal Council

Name	***Position***
K Batt**	Federal Secretary
T Lynch**	Federal President and Tas Branch Delegate
M Griffiths	Federal Vice President and SA Branch Delegate
C Davies**	Federal Vice President and Victorian Branch Delegate *
T Walkington	Federal Vice President and WA Branch Delegate *
S Little	Federal Vice President and NSW Branch Delegate
A Smith**	Federal Vice President and WAPOU Branch Delegate
J Singleton	New South Wales Branch Delegate *
K Cameron	New South Wales Branch Delegate *
M Court	New South Wales Branch Delegate
S Elliot	New South Wales Branch Delegate
K McKelvie	New South Wales Branch Delegate
A Morales-Nogues	New South Wales Branch Delegate
S Odewahn	New South Wales Branch Delegate
R Reilly	New South Wales Branch Delegate
H Shields	New South Wales Branch Delegate
J Walters	New South Wales Branch Delegate
T Wright	New South Wales Branch Delegate
P Lilywhite	Victorian Branch Delegate
G Greaves	Victorian Branch Delegate
M Halden	Victorian Branch Delegate
C Bakker	Victorian Branch Delegate
E Free	Victorian Branch Delegate *
N Kitchin	SA Branch Delegate
N Brown	SA Branch Delegate
M Barnes	SA Branch Delegate
L Burford	SA Branch Delegate
B Dodds**	WA Branch Delegate
T Watson	WA Branch Delegate *
K Mayerhofer	WA Branch Delegate
R Henden	WA Branch Delegate
D Henden	WA Branch Delegate
T White	Tas Branch Delegate
R Faulks	Tas Branch Delegate
G Ransley**	Tas Branch Delegate
K Brown	WAPOU Branch delegate
M Cromb	WAPOU Branch Delegate

** denotes membership of Finance, Governance and Administration Committee
* denotes resigned during the year

23: Related party transactions (Continued)

	2019	2018
	$	$
(b) Key management personnel compensation		
Short-term employee benefits		
Salary (including annual leave taken)	-	-
Annual leave accrued	-	-
Total short-term employee benefits	-	-
Post-employment benefits:		
Superannuation	**14,776**	13,416
Total post-employment benefits	**14,776**	13,416
Other long-term benefits:		
Long-service leave accrued	-	-
Total other long-term benefits	-	-
Termination benefits	-	-
	-	-
Total	**14,776**	13,416

(c) Other transactions with officers

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

(d) Loans to key management personnel

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

(e) There were no payment made to a former related party of the entity.

23: Related party transactions (Continued)

(f) Transactions with related parties

	2019	2018
	$	$
Purchases of goods and services:		
Administration support paid to CPSU SPSF Vic Branch	**26,401**	23,687
Administration support paid to CPSU SPSF Tas Branch	**35,640**	35,640
Administration support paid to PSA of NSW	**42,290**	-
Salary reimbursement (Federal Secretary) to CPSU SPSF Vic Branch	**82,082**	74,568
Superannuation contributions on behalf of employees	**65,971**	64,431

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

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

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

24: Cash flow information

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

	2019	2018
	$	$
Surplus for the year	**135,871**	100,712
Non-cash flows in surplus		
Depreciation	**20,308**	19,855
Loss on disposals of fixed assets	**136**	
Changes in assets and liabilities		
Decrease (Increase) in trade and other receivables	**20,525**	(26,747)
Increase (Decrease) in payables	**65,575**	(89,670)
Increase in provisions	**10,116**	4,399
Cash flows from operations	**252,531**	8,549

(b) Liabilities from Financing Activities
The entity does not have any liabilities from financing activities.

25: Capital management

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

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

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

26: Financial risk management

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

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

(a) Market risk
(i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

(ii) Price risk

The entity is not exposed to price risk.

(iii) Cash flow and fair value interest rate risk

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

Sensitivity analysis

As at 30 June 2019 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2019	2018
Effect on results:	**$**	**$**
Increase of interest rates by 2%	**61,433**	56,650
Decrease of interest rates by 2%	**(61,433)**	(56,650)

26: Financial risk management (Continued)

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

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

	2019	2018
	$	$
Cash at bank		
AA- Rating	**350,579**	251,532
Term deposits		
AA- Rating	**62,115**	61,081
BBB Rating	**817,145**	795,742
BBB- Rating	**1,841,828**	1,742,151

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

Maturity profile of financial instruments

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

2019

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash at bank	0.1	350,579	-	-	-	-	-	350,579
Deposits at bank	2.27	-	2,721,088	-	-	-	-	2,721,088
Other receivables		-	-	-	-	-	136,851	136,851
		350,579	2,721,088	-	-	-	136,851	3,208,518
Financial Liabilities								
Other payables		-	-	-	-	-	89,962	89,962
		-	-	-	-	-	89,962	89,962
Net Financial Assets		350,579	2,721,088	-	-	-	46,889	3,118,556

26: Financial risk management (Continued)

(c) Liquidity risk (Continued)

2018

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Over 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$	$
Financial Assets								
Cash at bank	0.1	251,532	-	-	-	-	-	251,532
Deposits at bank	2.51	-	2,580,974	-	-	-	-	2,580,974
Other receivables		-	-	-	-	-	135,035	135,035
		251,532	2,580,974	-	-	-	135,035	2,967,541
Financial Liabilities								
Other payables		-	-	-	-	-	24,387	24,387
		-	-	-	-	-	24,387	24,387
Net Financial Assets		251,532	2,580,974	-	-	-	110,648	2,943,154

27: Fair Value Measurements

(a) Financial assets and liabilities

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

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

- Fair values of the union's interest-bearing deposits are determined by using a discounted cash flow method. The discount rate used reflects the issuer's interest rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial assets				
Cash at banks	**350,579**	**350,579**	251,532	251,532
Trade and other receivables	**136,851**	**136,851**	135,035	135,035
Term deposits	**2,721,088**	**2,721,088**	2,580,974	2,580,974
Total financial assets	**3,208,518**	**3,208,518**	2,967,541	2,967,541

27: Fair Value Measurements (Continued)

(a) Financial assets and liabilities (Continued)

	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial liabilities				
Trade and other payables	**89,962**	**89,962**	24,387	24,387
Total financial liabilities	**89,962**	**89,962**	24,387	24,387

(b) Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Financial Assets & Liabilities	Level 1	Level 2	Level 3
	$	$	$
30 June 2019			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
30 June 2018			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-

Non-financial Assets & Liabilities	Level 1	Level 2	Level 3
	$	$	$
30 June 2019			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-
30 June 2018			
Assets at fair value	-	-	-
Liabilities at fair value	-	-	-
Net fair value	-	-	-

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

27: Fair Value Measurements (Continued)

(c) Disclosed fair value measurements

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

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

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

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

COMMITTEE OF MANAGEMENT STATEMENT

On 26/9/ 2019 the Committee of Management of the Community and Public Sector Union SPSF Group - Federal Fund passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2019:

The Committee of Management declares that in its opinion;

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the GPFR relates and since the end of that year:
    a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
    b. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
    c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
    d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
    e. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
    f. where any order for inspection of financial records has been made by the 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 Committee of Management.

Signature of designated officer: Karen Batt

Name of designated officer: Karen Batt

Title of designated officer: Federal Secretary

Dated: 26th September 2019.

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

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Community and Public Sector Union SPSF Group - Federal Fund which comprises the balance sheet as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statement including a summary of significant accounting policies, the Committee of Management Statement and the subsection 255(2A) report.

In our opinion:

(i) the accompanying financial report of Community and Public Sector Union SPSF Group - Federal Fund:

a) presents fairly, in all material respects, the financial position of Community and Public Sector Union SPSF Group - Federal Fund as at 30 June 2019 and the results of its operations, its changes in equity and cash flows for the year then ended; and

b) complying the Australian Accounting Standards; and

c) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

(ii) the Committee of Management‘s use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.

Basis for Opinion

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

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

Independence

We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code

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

Information Other than the Financial Report and Auditor's Report Thereon
The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor 's responsibility for the audit of the financial report (Continued)

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management s' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

I declare that I am an auditor registered under the RO Act.

BGL Partners
Chartered Accountants

I A Hinds - CA – Partner
Registration number (as registered by the RO Commissioner under the RO Act): AA2019/87

Melbourne
26 September 2019