COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
ABN 38 968 067 748

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

CPSU

Community and Public Sector Union
SPSF Group • Victorian Branch

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

The Community and Public Sector Union SPSF Group Victorian Branch 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 Victorian Branch
Level 4,
128 Exhibition Street
MELBOURNE VIC 3000

The financial report was authorised for issue by the Branch Executive on 28 October 2019.

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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OPERATING REPORT

Your Branch Committee of Management present their report on the Community and Public Sector Union SPSF Group Victorian Branch (The Branch) for the financial year ended 30 June 2019.

Members of Branch Committee

The names of the members of the branch council in office at any time during or since the end of the financial year are:

Branch Councillors from 2016

Bakker, Carol (from 30 July 2018)	Laurie, Maggie
Barratt, Anthony (resigned 16 November 2018)	Lehmann, Adam
Batesmith, Travis	Lyons, Bill (resigned 30 June 2019)
Butler, Stephen (resigned 27 May 2019)	Milne, John
Cerezo, Rheimia	Novoselek, Stephen
Comeros, Chris	Perry, Christopher
Cook, Gavan	Poel, Kathleen
Dann, Rachel	Sharples, Judy
Dimech, Adam (resigned 30 July 2018)	Sullivan, Mary (resigned 27 February 2019)
Forster, Lex	Van Winden, Aaron
Halden, Mark	Walsh, Steve (resigned 20 February 2019)
Harrison, Jane (from 1 August 2019)	Wilkinson, Vicki

Branch Executive

Karen Batt – Branch Secretary	Wayne Townsend – Assistant Branch Secretary (appointed 1 March 2019)
Peter Lillywhite - President	Catherine Davies – Assistant Branch Secretary (resigned 28 February 2019))
Jane Harrison – Vice President (appointed 31 January 2018 and term expired 30 July 2018)	Gary Greaves – Vice President
Carol Bakker - Vice President (appointed 27 August 2018)	

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

During the year the union continued to represent members in both an individual capacity, collectively, and in policy development forums.

Union staff and Officials have been involved in a range of Government initiated social policy Committees and Taskforces such as the NDIS Implementation Taskforce, Public Sector OHS Leadership Round Table, Victorian Government Skills Commission Industry Advisory Group and the Social Services Taskforce overseeing the implementation of the Royal Commission's Recommendations in relation to Family Violence.

Union also was invited to join the Emergency Worker Harm Reference Group looking at Government responses to occupational violence in a number of program areas against public sector workers.

As the transition from Disability Services to the new Commonwealth NDIA picked up speed as June 30th loomed the union worked with DHHS and the members to either assist in transitioning to the NDIA or to be redeployed into other positions within DHHS or broader VPS.

The union continued to work on the cadetship scheme in the VPS in partnership with the Victorian Government with 21 cadets graduating during the year and a further 56 new cadets commencing in the second round. During this reporting period the third and final tranche of the program for cadet intake commenced bringing the total number of cadets participating in the pilot to 136.

The union also commenced a secure employment campaign utilising the clause in the VPS EBA with a view to having casuals and fixed term employees converted to ongoing. The campaign was also designed to highlight the misuse by the Departments and Agencies of consultants and Labour Hire staff to fill ongoing VPS roles, costing the State millions of dollars. Discussions also commenced about the idea to develop a Victorian Public Service Skills Exchange and a micro credentialing pilot program was agreed to be established.

CPSU successfully negotiated an agreement with First State Super on the long-term lease of the Land Titles Office with all jobs protected, guaranteed pay rises locked in and protections for staff moving across and for those staying with VPS.
Pay rises flow through on 1st July for members in a range of agencies under our Agreements.

CPSU supported the ICAN campaign for Australia to sign a Nuclear Test Ban Treaty.

The branch played an active role in the ACTU Change the Rules campaign including participating in the major rallies across Victoria, with the Secretary speaking at both Melbourne events.

Commenced negotiations for an internal skills exchange with in the DHHS to facilitate the movement of staff affected by commencement of NDIS in Victoria.

CPSU closely monitors the progression of the clean-up of the workplace and the displacement of members after the fire at 8 Nicholson Street. CPSU OHS officers are being briefed regularly by the department as well as the employees.

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)

CPSU and DHHS sign a Memorandum of Understanding about the transition of employees within the department over the next two years as a result of disability services transferring to the NDIS and the union commences an email information forum to keep affected staff up to date with issues regarding the impact of the transfers which will see DHHS lose up to 40% of its business.

CPSU receives advice from Government to Integrate PTV & VicRoads into DoT forming a Mega Agency within the department.

CPSU delivers a Regional Mobility Agreement (RMA) support package with Goulburn-Murray Water (GMW), the Australian Workers Union (AWU) and the State Government to address the needs of employees throughout transformation at GMW.

CPSU engages in facilitated discussions with NGV about the use of overtime, workloads, job security and workplace culture at NGV.

CPSU commences consultations around a major change process affecting 300 state library employees.

A new Workplace Protocol for VPS staff between Victoria Police and CPSU is signed which reaffirms agreed guidelines and processes in all Victoria Police workplaces covering unsworn staff.

CPSU releases a statement regarding its full support of the Independent Review into sex discrimination and sexual harassment, including predatory behaviour, in Victoria Police. The Victorian Equal Opportunity and Human Rights Commission (VEOHRC) is currently undertaking Phase 3 of the review which assesses Victoria Police's ongoing implementation of the 20 recommendations made in Phase 1, as well as examine its progress towards creating a safe, inclusive organisation for all its employees.

A pilot to support emergency workers who suffer a work-related mental health injury commences with the first stage involving Victoria Police and Ambulance Victoria staff followed by the second stage with SES staff, forest firefighters, public sector nurses and midwives, MFB, CFA ESTA, child protection, state corrections and youth justice staff.

CPSU launches a recruitment competition for members to get a chance to win a place on the UNAA study tour to New York.

CPSU, in conjunction with G&C Mutual Bank, continues our tertiary scholarship program, awarding $1,000 per year to support those members and their families attempting a suitable tertiary course with a demonstrated need.

CPSU members under 35 are provided with a great opportunity to win a place on our delegation at Public Services International's Asia Pacific Regional Conference in September in Bali.

CPSU secures funding through the WorkSafe Work Well Mental Health Improvement Fund for a period of three years to develop a Vicarious Trauma Prevention and Awareness Toolkit with pilots to be developed in partnership with Government departments, DJCS and DHSS.

CPSU proposes a Memorandum of Understanding (MOU) to implement a mechanism to regulate the use of the data captured by the LogbookME device which WorkSafe will install in WorkSafe vehicles. Members vote to endorse the MOU.

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)

Bargaining

Arts Centre Melbourne

ACM Enterprise Agreement 2018 is approved by the Fair Work Commission. The agreement will expire on 30 June 2021 and includes 3.25% annual salary increases, backdated to 1 July 2017.

DELWP

Additional Superannuation will be provided to our forest firefighters following negotiations with payments by the Employer increasing to 13.5 per cent superannuation paid on all income for operational staff and for non-operational staff for hours worked in fire response. The increased payments started to accrue from 1 July 2018. The super boost also applies to Parks Victoria, Melbourne Water, DEDJTR and DPC that work as part of Forest Fire Management.

DHHS

Public Health - Dental Therapists, Dental Hygienists and Oral Health Therapists vote for the Victorian Public Health Sector (Dental Therapists, Dental Hygienists and Oral Health Therapists') Enterprise Agreement 2018-2022 which provides yearly salary and allowances increases of 3% (3.25% for May 2018).

Goulburn-Murray Water

CPSU and G-MW conclude negotiations on a new G-MW enterprise agreement just prior to the state government moving into caretaker ahead of the State Election. Staff vote 'yes', for the proposed agreement, which will last for 18 months and includes a 3% pay increase from Nov 2018 and another 3% pay increase from July 2019.

State Trustees

Employees working at State Trustees vote on the new EBA for improvements including 16 weeks paid parental leave and improved partner leave, pay increases of 3.25% per year with backpay to 1 October 2017 and NAIDOC and improved cultural and ceremonial leave.

Victorian Public Service

CPSU successfully concludes an industry wide outcome for employees after four years providing common employment related policies, aligning 40 employer agencies across the Victorian Public Service covering 40,000 employees in our Industry. VPS Employers have been provided with training and notice and these common policies are applicable now. The 'Towards Common Policies' project acknowledges Government is an Industry Employer and that machinery changes can be made. It recognises that employees seek advancement through career promotion across the Government's component agencies without having different employment policies or practices applying.

The State Government announces it will waive the 12-month continuous service qualifying period for accessing paid primary and secondary caregiver parental leave entitlements from January 2019 as a gender equity initiative ahead of bargaining for the next VPS Agreement in 2019.

The union recruited 2653 new members during the 2018/2019 financial year.

We received 164 notifications of change and opened 2028 new cases on behalf of members comprising of 1308 standard cases, 676 "enquiry" cases (email, phone & walk-in) and 44 Workcover cases.

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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OPERATING REPORT (Continued)

Union details

The number of full-time equivalents employees at 30 June 2019 was 48.55 (2018: 47.35)

The number of financial members, inclusive of the Retired Officers Division, at 30 June 2019 was 13,768 (2018: 13,532).

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.

Directorships of Superannuation Fund

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

Name	Company/Board	Principal Activities	Reporting unit position
Alex Gagachef	ESSS – Director	Superannuation	Yes
Christopher Perry	ESSS – deputy director	Superannuation	Yes

Signed in accordance with a resolution of the Branch Committee of Management:

Signature of designated officer: WC Townsend.

Name of designated officer: Wayne Townsend

Title of designated officer: Branch Assistant Secretary

Dated 28-10-2019

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue from continuing operations	4	**7,902,420**	7,517,155
Other revenue	4	**397,982**	319,546
Expenses			
Administration expenses		**(206,036)**	(210,893)
Affiliation and capitation fees	5	**(425,252)**	(415,894)
Communication expenses		**(212,425)**	(220,094)
Computer expenses		**(58,576)**	(58,121)
Employee benefits expenses	6	**(5,151,119)**	(5,162,265)
Grant expenses		**(43,701)**	-
Legal & professional fees	7	**(59,943)**	(40,320)
Library		**(25,740)**	(22,627)
Meetings		**(134,618)**	(84,738)
Motor vehicle expenses		**(88,243)**	(74,159)
Office operation and maintenance		**(653,598)**	(598,442)
Printing and publications		**(252,753)**	(237,289)
Training and campaigns		**(400,735)**	(316,750)
		(7,712,739)	(7,411,592)
Surplus attributable to members of the entity		**587,663**	395,109
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to members		**587,663**	395,109

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**5,192,061**	4,702,131
Trade and other receivables	10	**293,722**	178,974
Other assets	11	**50,425**	40,412
Inventory	12	**91,977**	25,635
Total current assets		**5,628,185**	4,947,152
Non-current assets			
Property, plant and equipment	13	**677,340**	360,551
Total non-current assets		**677,340**	360,551
Total assets		**6,305,525**	5,307,703
LIABILITIES			
Current liabilities			
Trade and other payables	14	**397,490**	337,996
Other liabilities	15	**274,679**	35,123
Borrowings	16	**31,255**	8,007
Employee benefit obligations	17	**1,216,680**	1,101,201
Total current liabilities		**1,920,104**	1,482,327
Non-current liabilities			
Provisions	18	**60,867**	88,485
Total non-current liabilities		**60,867**	88,485
Total liabilities		**1,980,971**	1,570,812
Net assets		**4,324,554**	3,736,891
MEMBERS' FUND			
Accumulated surplus	19	**4,324,554**	3,736,891
Total members' fund		**4,324,554**	3,736,891

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

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus $	Other Funds $	Total $
Balance at 1 July 2017	3,341,782	-	3,341,782
Comprehensive income for the year	395,109	-	395,109
Transfer from accumulated surplus	-	-	-
Balance at 30 June 2018	3,736,891	-	3,736,891
Balance at 1 July 2018	**3,736,891**	**-**	**3,736,891**
Comprehensive income for the year	**587,663**	**-**	**587,663**
Transfer from accumulated surplus	**-**	**-**	**-**
Balance at 30 June 2019	**4,324,554**	**-**	**4,324,554**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Membership fees and levies received (inclusive of GST)		**8,593,388**	8,264,848
Receipts from other reporting units (inclusive of GST)			
- CPSU/SPSF Group Adelaide Branch		**24,547**	24,547
- CPSU/SPSF Group Tasmanian Branch		**38,251**	33,821
- CPSU/SPSF Group Federal Fund		**132,582**	128,347
- PSA/CPSU		**2,350**	2,500
Receipts from controlled entities		**-**	-
Sundry receipts (inclusive of GST)		**58,030**	70,116
Grant receipts (inclusive of GST)		**362,146**	55,000
Payments to suppliers and employees (inclusive of GST)		**(8,172,776)**	(7,848,002)
Payments to other reporting units			
- CPSU/SPSF Group Federal Fund		**(250,685)**	(252,740)
- CPSU/SPSF Group Adelaide Branch		**-**	(12,790)
Payments to controlled entities		**-**	-
Interest paid		**(4,098)**	(534)
Interest received		**87,205**	75,462
Net cash inflow from operating activities	24	**870,940**	540,575
Cash flows from investing activities			
Proceed from sales of property, plant and equipment		**11,819**	-
Payment for property, plant and equipment		**(416,077)**	(28,816)
Net cash (outflow) from investing activities		**(404,258)**	(28,816)
Net increase in cash and cash equivalents		**466,682**	511,759
Cash and cash equivalents at beginning of financial year		**4,694,124**	4,182,365
Cash and cash equivalents at end of financial year	9(a)	**5,160,806**	4,694,124

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
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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	**5,151,119**	5,162,265
Advertising	**169,507**	109,335
Operating costs	**1,523,265**	1,376,549
Donations to political parties	**-**	-
Legal costs	**40,228**	20,035

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: WC Townsend.

Name of designated officer: Wayne Townsend.

Title of designated officer: Branch Assistant Secretary

Dated 28-10-2019

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 financial statements for the Community and Public Sector Union SPSF Group Victorian Branch (The Branch) as an individual entity.

(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 Victorian Branch 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.

Early adoption of standards

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

New and amended standards adopted by the Branch

The Branch adopts 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 Branch 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 1r for more information

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 branch'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.

1: Summary of significant accounting policies (Continued)

(b) Revenue recognition

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

The Branch 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 Branch's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The Branch 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:

Subscriptions

Subscriptions are recognised when the right to receive the fee has been established and the receipt of the fee is certain. Subscriptions identifiable as being received in advance for next year are recorded as such in the balance sheet.

Grant Income

Revenue is recognised when the Branch obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon when their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the contributors and the Branch

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, The Branch 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 Branch is exempt from income tax.

1: Summary of significant accounting policies (Continued)

(d) Leases

Leases of property, plant and equipment where the Branch, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Branch as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(e) 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.

(f) Financial instruments

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

(g) 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.

1: Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

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

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.

1: Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

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.

(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.

(h) 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.

1: Summary of significant accounting policies (Continued)

(h) Financial Liabilities (Continued)

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.

(i) 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 28.

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.

1: Summary of significant accounting policies (Continued)

(j) 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.

(k) 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 Branch commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rate	Depreciation basis
Leasehold improvement	10%	Straight Line
Motor vehicles	25%	Diminishing value
Office equipment	7.5 – 50%	Diminishing value
Furniture and Fittings	10 – 25%	Diminishing value
Computer equipment	37.5 – 66.67%	Diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

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.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Branch has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1: Summary of significant accounting policies (Continued)

(m) Provision

Provisions for legal claims, service warranties and make good obligations are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) 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.

(o) Comparative figures

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

(p) 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 Branch's functional and presentation currency.

1: Summary of significant accounting policies (Continued)

(q) 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.

(r) 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	219,386	178,974
Term deposits	Held-to-maturity	Amortised cost	935,384	935,384
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	373,119	337,996

1: Summary of significant accounting policies (Continued)

(r) New accounting standards and interpretations (Continued)

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.

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.

(s) 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 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.

1: Summary of significant accounting policies (Continued)

(s) Future Australian Accounting Standards Requirements (Continued)

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. CPSU 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.

The Branch is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Branch'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
- the 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

1: Summary of significant accounting policies (Continued)

(s) 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 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)

(s) Future Australian Accounting Standards Requirements (Continued)

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.

- **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 Branch and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Employee entitlements
Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:
- future increases in wages and salaries
- future on-cost rates; and
- experience of employee 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			
- member subscriptions		**7,772,976**	7,412,193
- capitation fee		**-**	-
- campaign levy (voluntary)		**129,444**	104,962
		7,902,420	7,517,155
Other revenue			
- interest		**84,415**	74,367
- training income		**56,855**	47,827
- administrative support income from other branches	**25(f)**	**28,745**	28,655
- administrative support income from Federal Fund	**25(f)**	**108,483**	98,255
- donation received		**-**	100
- grants received		**93,701**	50,000
- financial support from another reporting unit		**-**	-
- revenue from recovery of wages activity		**-**	-
- other revenue		**25,783**	20,342
		397,982	319,546
		8,300,402	7,836,701

5: Affiliation and capitation fees

	2019 $	2018 $
Affiliation fee		
- Victorian Trades Hall Council	**104,026**	102,108
- Ballarat Trades & Labour Council	**2,133**	1,596
- Bendigo Trades Hall Council	**2,760**	2,784
- Council of State Retiree's Association, Victoria	**327**	347
- Geelong Trades Hall Council	**7,075**	6,964
- Gippsland Trades and Labour Council	**2,173**	2,015
- Goulburn Valley Trades and Labour Council	**1,284**	672
- North East Trades & Labour Council	**900**	933
- Prison Officers Association of Australasia	**3,000**	3,000
- South West Trades & Labour Council	**459**	357
- Sunraysia Trades & Labour Council	**461**	266
- ACTU	**80,536**	78,619
Compulsory levy	**-**	-
Capitation fee		
- CPSU SPSF Group – Federal Fund	**220,118**	216,233
	425,252	415,894

6: Employees benefits expenses

	2019 $	2018 $
Holders of office:		
Wages and salaries	**460,675**	408,031
Superannuation	**54,873**	42,738
Leave and other entitlements	**56,450**	(919)
Separation and redundancies	**-**	-
Other employee expenses	**-**	-
	571,998	449,850
Employees other than holders of office:		
Wages and salaries	**3,683,209**	3,730,131
Superannuation	**449,879**	444,263
Leave and other entitlements	**29,667**	71,939
Separation and redundancies	**-**	-
Other employee expenses	**-**	-
	4,162,755	4,246,333
Other staff costs**	**416,366**	466,082
	5,151,119	5,162,265

** Other staff costs primarily comprise payroll tax and workcover

7: Legal & professional fee

	2019 $	2018 $
Accounting fee	**4,610**	4,975
Auditor remuneration		
- audit of financial report	**14,600**	14,900
- other audits	**505**	410
Legal fees		
- Litigation	**-**	-
- Other legal matters	**40,228**	20,035
	59,943	40,320

8: Expenses

	2019 $	2018 $
The surplus for the year includes the following specific items:		
Depreciation of non-current assets		
- Motor vehicles	**27,475**	16,607
- Office equipment	**4,003**	3,150
- Furniture & fixtures	**5,498**	5,232
- Computer equipment	**17,414**	14,329
	54,390	39,318
Amortisation of non-current assets		
- leasehold improvements	**39,785**	64,181
Total depreciation and amortisation	**94,175**	103,499
Defined contribution superannuation expense	**504,752**	487,001
Finance costs		
- provisions: unwinding of discount	**1,126**	1,094
- interest and finance charges paid on bank loan	**4,098**	534
Rental expenses on operating leases (minimum lease payments)	**494,631**	448,300
Conference and meeting allowances	**2,479**	1,502
Consideration to employers for payroll deductions	**-**	-
Penalties – via RO Act or RO Regulations	**-**	-
Donations:		
Total paid that were $1,000 or less	**719**	1,391
Total paid that exceeded $1,000	**11,818**	13,500
Grants:		
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**-**	-
Loss on disposal of fixed assets	**3,295**	391

9: Current assets – Cash and cash equivalents

	2019 $	2018 $
Cash on hand	**1,021**	1,021
Cash at bank	**4,227,914**	3,765,726
Term deposit	**963,126**	935,384
	5,192,061	4,702,131

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

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Balances as above	**5,192,061**	4,702,131
Bank loan – line of credit	**(31,255)**	(8,007)
Balances per Statement of Cash Flows	**5,160,806**	4,694,124

(b) Assets pledged as security

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

10: Current assets – Trade and other receivables

	2019 $	2018 $
Receivable from other reporting units		
- CPSU SPSF Tasmanian Branch	**200**	2,290
	200	2,290
Loss allowance	**-**	-
Net receivables from other reporting units	**200**	2,290
Trade receivables	**284,669**	160,081
Loss allowance	**(5,165)**	-
	279,504	160,081
Other receivables	**14,018**	16,603
	293,722	178,974

(i) 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

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

(i) Classification as trade receivables (Continued)

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 2018 represent the allowance for impairment losses under AASB 139.

(ii) Loss allowance
The union applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(a) Loss allowance

Movements in the loss allowance is as follows:

	2019 $	2018 $
At 1 July	-	-
Increase in loss allowance recognised in profit or loss during the year	5,165	-
Unused amount reversed	-	-
At 30 June	5,165	-

11: Current assets – Other assets

	2019 $	2018 $
Prepayments	50,425	40,412

12: Current assets – Inventory

	2019 $	2018 $
Inventory held for distribution	91,977	25,635

The inventory on hand at the end of the financial year consists primarily of merchandise such as T-shirts, notepads.

Inventories recognised as expense during the year ended 30 June 2019 amounted to $110,978 (30 June 2018 : $120,284)

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

	2019 $	2018 $
Leasehold improvements		
At cost	**1,024,052**	721,822
Less accumulated amortisation	**(521,790)**	(482,005)
	502,262	239,817
Plant and equipment		
Motor vehicles		
At cost	**198,856**	172,972
Less accumulated depreciation	**(99,696)**	(123,150)
	99,160	49,822
Office equipment	**67,185**	67,381
At cost	**(44,970)**	(46,157)
Less accumulated depreciation	**22,215**	21,224
Computer equipment		
At cost	**101,593**	98,155
Less accumulated depreciation	**(71,693)**	(74,566)
	29,900	23,589
Furniture and fixtures		
At cost	**150,147**	147,839
Less accumulated depreciation	**(126,344)**	(121,740)
	23,803	26,099
Total property, plant and equipment	**677,340**	360,551

(a) Non-current assets pledged as security

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

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

(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 improvements	Motor vehicles	Office equipment	Computer equipment	Furniture and fixtures	Total
	$	$	$	$	$	$
Opening net book amount	303,998	66,429	16,284	20,716	28,198	435,625
Additions	-	-	8,090	17,593	3,133	28,816
Disposals	-	-	-	(391)	-	(391)
Depreciation/amortisation	(64,181)	(16,607)	(3,150)	(14,329)	(5,232)	(103,499)
Closing net book amount	239,817	49,822	21,224	23,589	26,099	360,551

2019	Leasehold improvements	Motor vehicles	Office equipment	Computer equipment	Furniture and fixtures	Total
	$	$	$	$	$	$
Opening net book amount	239,817	49,822	21,224	23,589	26,099	360,551
Additions	292,230	89,447	5,164	23,796	5,440	416,077
Additions - makegood	10,000	-	-	-	-	10,000
Disposals	-	(12,634)	(170)	(71)	(2,238)	(15,113)
Depreciation/amortisation	(39,785)	(27,475)	(4,003)	(17,414)	(5,498)	(94,175)
Closing net book amount	502,262	99,160	22,215	29,900	23,803	677,340

14: Current liabilities – Trade and other payables

	2019 $	2018 $
Unsecured		
Trade creditors	**333,511**	290,440
Payables to other reporting units		
- CPSU SPSF Group Federal Fund	**20,655**	19,925
Payable to employers for making payroll deductions of membership subscriptions	**-**	-
Legal fee due – other matters	**4,450**	-
Legal fee due – litigation	**-**	-
Net GST	**21,373**	11,723
Other creditors	**17,501**	15,908
	397,490	337,996

15: Current liabilities – Other liabilities

	2019 $	2018 $
Subscription in advance	**39,156**	35,123
Grant funding in advance	**235,523**	-
	274,679	35,123

16: Current liabilities – Borrowings

	2019 $	2018 $
Secured		
Line-of-credit	**31,255**	8,007

(a) Assets pledged as security - the Line-of-credit is secured by a $670,941 term deposit.

17: Current liabilities – Employee benefit obligations

	2019 $	2018 $
Holders of office:		
Annual leave	**33,057**	12,682
Long service leave	**156,892**	116,880
Separations and redundancies	**-**	-
Other	**-**	-
	189,949	129,562
Employees other than holders of office:		
Annual leave	**357,651**	361,200
Long service leave	**669,080**	610,439
Separations and redundancies	**-**	-
Other	**-**	-
	1,026,731	971,639
	1,216,680	1,101,201

18: Non-current liabilities – Provisions

	2019 $	2018 $
Employee benefits obligations		
Holders of office:		
Annual leave	-	-
Long service leave	-	13,320
Separations and redundancies	-	-
Other	-	-
Employees other than holders of office:		
Annual leave	-	-
Long service leave	**11,944**	37,369
Separations and redundancies	-	-
Other	-	-
	11,944	50,689
Makegood provision	**48,923**	37,796
	60,867	88,485

(a) Employee benefits – long service leave

Included in the employee benefits provision is a provision that has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits has been included in Note 1.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Branch does not have an unconditional right to defer settlement.

(b) Makegood provision

The Branch is required to restore its leased premises to their original condition at the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. The leasehold improvement costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

19: Accumulated surplus

	2019 $	2018 $
Movements in the accumulated surplus were as follows:		
Balance 1 July	**3,736,891**	3,341,782
Net surplus for the year	**587,663**	395,109
Balance 30 June	**4,324,554**	3,736,891

20: Contingencies

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

21: Events occurring after the 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 Branch, the results of those activities or the state of affairs of the Branch in the ensuing or any subsequent financial year.

22: Commitments

	2019	2018
	$	**$**
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payables		
- not later than one year	**858,802**	676,661
- later than one year but not later than five years	**3,327,867**	2,599,710
- later than five years	**5,945,015**	1,108,212
	10,131,684	4,384,583

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.

23: Other information

(i) Going Concern
The branch's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support
No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Financial Affairs

The branch did not have another entity administer its financial affairs.

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

The branch did not acquire any asset or a 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 organization;
- a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act .

24: Cash flow information

	2019 $	2018 $
Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	**587,663**	395,109
Non-cash flows in surplus		
Depreciation and amortisation	**94,175**	103,499
Charges to provisions	**1,126**	1,094
Net loss on disposal of property, plant and equipment	**3,295**	391
Loss allowance	**4,832**	-
Changes in assets and liabilities		
(Increase) Decrease in receivables	**(129,593)**	38,312
(Increase) in inventories	**(66,342)**	(8,919)
Increase (Decrease) in payables	**299,050**	(50,038)
Increase in provisions	**76,734**	61,127
Cash flows from operations	**870,940**	540,575

(a) Financing arrangements

The branch had access to the following borrowing facilities at the end of the reporting period	2019 $	2018 $
Floating rate – expiring within one year (line-of-credit)	**500,000**	500,000

The line-of-credit facilities may be drawn at any time and may be terminated by the bank without notice.

(b) Liabilities from Financing Activities

	1 July 2018 $	**Cash flows $**	**Other $**	**30 June 2019 $**
Current interest-bearing loans and borrowings	**8,007**	**23,248**	**-**	**31,255**
Total liabilities from financing activities	**8,007**	**23,248**	**-**	**31,255**

	1 July 2017 $	Cash flows $	Other $	30 June 2018 $
Current interest-bearing loans and borrowings	12,073	(4,066)	-	8,007
Total liabilities from financing activities	12,073	(4,066)	-	8,007

25: Related party transactions

(a) The members of the Branch Executive anytime during the year were:

Branch Executive

Karen Batt – Branch Secretary

Peter Lillywhite - President

Jane Harrison – Vice President (appointed 31 January 2018 and term expired 30 July 2018)

Carol Bakker - Vice President (appointed 27 August 2018)

Wayne Townsend – Assistant Branch Secretary (appointed 1 March 2019)

Catherine Davies – Assistant Branch Secretary (resigned 28 February 2019))

Gary Greaves – Vice President

(b) Key management personnel remuneration	2019 $	2018 $
Short-term employee benefits		
Salary (including annual leave taken)	**470,973**	358,647
Annual leave accrued	**36,559**	40,630
Total short-term employee benefits	**507,532**	399,277
Post-employment benefits:		
Superannuation	**54,873**	42,738
Total post-employment benefits	**54,873**	42,738
Other long-term benefits:		
Long-service leave accrued	**9,593**	7,835
Total other long-term benefits	**9,593**	7,835
Termination benefits	**-**	-
Total	**571,998**	449,850

(c) There were no loans between the key management personnel or the committee of management and the branch.

(d) There were no transactions between key management personnel or the committee of management and the branch other than those relating to their membership of the branch and reimbursement by the branch 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.

(e) No payment is made to a former related party of the reporting unit.

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

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

25: Related party transactions (Continued)

(f) Transactions with related parties	2019	2018
	$	**$**
Payments		
Capitation fee paid to the CPSU SPSF Federal Fund	**220,118**	216,233
Contribution paid to the CPSU SPSF Federal Fund for the ACTU Campaign	**-**	13,242
Honorarium paid to Branch councillors	**-**	2,500
Receipts		
Computer support income from PSA/CPSU	**2,318**	2,273
Membership & computer support income from CPSU SPSF Tasmania Inc	**26,427**	26,382
	28,745	28,655
Administration support income from CPSU SPSF Federal Fund	**26,401**	23,687
Salary reimbursement (Federal Secretary) from CPSU SPSF Federal Fund	**82,082**	74,568
	108,483	98,255

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 minimize 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 Committee of Management. The Committee of Management 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 Branch is not exposed to foreign exchange risk.

(ii) Price risk

The Branch is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Branch has a small line-of-credit facility and is therefore not exposed to interest rate risk on liabilities. The Branch has investments in a variety of interest-bearing assets which have fixed interest rate and therefore not subject to interest rate volatility.

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 Branch 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	**603,567**	357,680
BBB Rating	**3,602,640**	3,386,346
BBB- Rating	**21,707**	21,700
Deposits at call		
AA- Rating	**292,185**	284,503
BBB- Rating	**670,941**	650,881
	5,191,040	4,701,110

(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 on hand		-	-	-	-	-	1,021	1,021
Cash at bank	1.28	4,227,914	-	-	-	-	-	4,227,914
Deposits at bank	2.11	-	963,126	-	-	-	-	963,126
Other receivables		-	-	-	-	-	293,722	293,722
		4,227,914	963,126	-	-	-	294,743	5,485,783
Financial Liabilities								
Line-of-credit	5.88	31,255	-	-	-	-	-	31,255
Other payables		-	-	-	-	-	397,490	397,490
		31,255	-	-	-	-	397,490	428,745
Net Financial Assets (Liabilities)		4,196,659	963,126	-	-	-	(102,747)	5,057,038

26: Financial risk management (Continued)

Maturity profile of financial instruments (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 on hand		-	-	-	-	-	1,021	1,021
Cash at bank	1.58	3,765,726	-	-	-	-	-	3,765,726
Deposits at bank	2.49	-	935,384	-	-	-	-	935,384
Other receivables		-	-	-	-	-	178,974	178,974
		3,765,726	935,384	-	-	-	179,995	4,881,105
Financial Liabilities								
Line-of-credit	5.7	8,007	-	-	-	-	-	8,007
Other payables		-	-	-	-	-	337,996	337,996
		8,007	-	-	-	-	337,996	346,003
Net Financial Assets (Liabilities)		3,757,719	935,384	-	-	-	(158,001)	4,535,102

27: 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 Branch Committee 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 Branch Committee 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 Branch Committee to control capital of the entity since the previous year. No operations of the entity are subject to external imposed capital requirements.

28: Fair Value Measurements

(a) Financial assets and liabilities

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant
- Fair value of certain financial assets is derived from quoted market prices in active markets
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 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	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		$	$	$	$
Financial assets					
Cash on hand	(i)	**5,192,061**	**5,192,061**	4,702,131	4,702,131
Trade and other receivables	(i)	**293,722**	**293,722**	178,974	178,974
Total financial assets		**5,485,783**	**5,485,783**	4,881,105	4,881,105
Financial liabilities					
Trade and other payables	(i)	**397,490**	**397,490**	337,996	337,996
Line of credit	(i)	**31,255**	**31,255**	8,007	8,007
Total financial liabilities		**428,745**	**428,745**	346,003	346,003

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 9.

28: Fair Value Measurements (Continued)

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2019 and 30 June 2018:

Financial Assets	**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	**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).

(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;
- 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 AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH
ABN 38 968 067 748

STATEMENT BY COMMITTEE OF MANAGEMENT

On 28-10-2019 the Committee of Management of the Community and Public Sector Union SPSF Group Victorian Branch 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 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: WC Townsend.

Name of designated officer: Wayne Townsend.

Title of designated officer: Branch Assistant Secretary

Dated 28-10-2019

Suite 5, First Floor
240 Bay Street
BRIGHTON VIC 3186

All correspondence to

PO Box 2390
BRIGHTON NORTH VIC 3189

E bgl@bglpartners.com.au
T (03) 9525 2511
F (03) 9525 2829
W bglpartners.com.au

ABN 96 006 935 459

BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Community and Public Sector Union SPSF Group Victorian Branch 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 Victorian Branch:

a) presents fairly, in all material respects, the financial position of Community and Public Sector Union SPSF Group Victorian Branch 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.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

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240 Bay Street
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E bgl@bglpartners.com.au
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH (Continued)

Independence

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

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 Branch'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 Branch or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH (Continued)

Auditor 's responsibility for the audit of the financial report

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY AND PUBLIC SECTOR UNION SPSF GROUP VICTORIAN BRANCH (Continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Branch or activities within the Branch 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.

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

BGL Partners
Chartered Accountants

I. A. Hinds - C.A. – Partner
Registration number (as registered by the RO Commissioner under the RO Act): AA2017/87)

Melbourne
28 October 2019

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Liability limited by a scheme approved under professional standards legislation