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

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Community and Public Sector Union
SPSF Group · Victorian Branch

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

TABLE OF CONTENTS

Operating Report	1
Financial Report	
Statement of Comprehensive Income	3
Balance Sheet	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 23
Statement by Committee of Management	24
Independent Auditor's Report	25

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 2, Rosella Complex
6 Palmer Parade
CREMORNE VIC 3121

The financial report was authorised for issue by the Branch Executive on 24th day of September 2012.

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

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 2012.

Members of Branch Committee

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

Branch Executive

Karen Batt – Branch Secretary
Judy Mead – Vice President (resigned on 30 April 2012)
Catherine Davies – Vice President
Jim Walton – Assistant Branch Secretary
Peter Lillywhite - President
Mark Nestor – Vice President (appointed on 30 April 2012)

Branch Councillors

Bakker, Carol (appointed on 30 April 2012)
Barratt, Anthony (appointed on 30 April 2012)
Barton, Helen (appointed on 30 April 2012)
Batson, Linda (appointed on 30 April 2012)
Brown, Pushi
Butler, Stephen
Cahill, Anthony (appointed on 30 April 2012)
Cook, Gavan
Crabtree, Andrew (appointed on 30 April 2012)
Dimech, Adam (appointed on 30 April 2012)
Dobell, Jeffrey (appointed on 30 April 2012)
Dri, Laurie (appointed on 30 April 2012)
Forster, Lex
Foster, Mark (appointed on 30 April 2012)
Free, Elizabeth
Gagachef, Alexander
Gray, Bruce
Greaves, Gary
Grincais, Wayne
Halden, Mark
Jones, Andrew (appointed on 30 April 2012)
Kaplan, Bettina
Lyons, Bill
McAleer, Anthony
Meaklim, Jean (appointed on 30 April 2012)
Miszkowiec, Cheryl
Moodie, Alasdair (appointed on 30 April 2012)
Noblett, Desmond (appointed on 30 April 2012)
O'Brien, Brennan
Perry, Christopher
Rogers, Fiona (appointed on 30 April 2012)
Saddlier, Stephen (appointed on 30 April 2012)
Sullivan, Mary
Thomas, Ian
Troupiotis, Theodora (appointed on 30 April 2012)
Turberville, Sarah
Walsh, Brian (appointed on 30 April 2012)
Walsh, Steve
Whittle, Patrick (appointed on 30 April 2012)
Wilkinson, Vicki (appointed on 30 April 2012)

Barker, Greg (resigned on 16 April 2012)
Brodzik, Katrina (resigned on 9 March 2012)
Cox, Arthur (resigned on 30 April 2012)
Dean, Ron (resigned on 9 March 2012)
Hickey, Sean (resigned on 30 April 2012)
Leishman, Jenny (resigned on 30 April 2012)
McNair, Stephen (resigned on 15 Sept 2012)
Roose, Mary (resigned on 30 April 2012)
Wadsworth, Richard (resigned on 30 April 2012)
Wait, Douglas (resigned on 30 April 2012)
Willington, David (resigned on 2 August 2011)
Woodall, Lez (resigned on 30 April 2012)

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

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

OPERATING REPORT (Continued)

Significant Changes in State of Financial Affairs

No significant changes in the state of financial affairs of The Branch occurred during the financial year.

Union details

The number of employees at 30 June 2012 was 49 (2011: 47)

The number of financial members, inclusive of the Retired Officers Division, at 30 June 2012 was 15,307 (2011: 14,809).

Review of Principal activities and results of operation

Community and Public Sector Union SPSF Group Victorian Branch is a member based, federally registered trade union, representing Victorian public sector workers who are actively pursuing better working lives and stronger communities. The principal activities of the Branch during the financial year consist of: organising Victoria public sector employees; training and education of members; providing individual members with informed and expert presentation in workplace related matters and other matters as directed by the Branch Executive. No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations, or the state of affairs of The Branch in future financial years.

Right of members to resign

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.

Superannuation Trustees

To the best of our knowledge and belief, no officer or member of the organisation, by virtue of their office or membership of the Community and Public Sector Union SPSF Group Victorian Branch is:

(i) a trustee of a superannuation entity or exempt public sector superannuation scheme; or

(ii) a director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and

(iii) where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

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

Karen Batt

Designated Officer - Karen Batt

Dated this 24th day of September 2012

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
Revenue from continuing operations	4	7,260,811	6,854,779
Expenses			
Administration expenses		(247,237)	(247,460)
Affiliation fees		(117,027)	(112,357)
Capitation fee paid to Federal Office		(217,193)	(205,373)
Communication expenses		(178,627)	(151,830)
Computer expenses		(27,073)	(29,454)
Employee benefits expenses	5	(4,247,698)	(4,340,501)
Library		(9,577)	(7,932)
Meeting		(164,726)	(131,344)
Motor vehicle expenses		(42,074)	(42,211)
Office operation and maintenance		(431,438)	(424,470)
Printing and publications		(207,940)	(179,620)
Professional fees		(514,297)	(138,441)
Members recruitment expenses	6	(445,764)	(769,800)
Training and campaigns		(340,500)	(127,330)
		7,191,171	6,908,123
Surplus (Deficit) attributable to members of the entity	7	69,640	(53,344)
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		69,640	(53,344)

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

BALANCE SHEET
AS AT 30 JUNE 2012

	Notes	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	8	1,832,992	1,425,224
Trade and other receivables	9	222,167	417,918
Inventory	10	22,926	12,906
Total current assets		2,078,085	1,856,048
Non-current assets			
Property, plant and equipment	11	621,967	682,388
Other	12	87,768	85,038
Total non-current assets		709,735	767,426
Total assets		2,787,820	2,623,474
LIABILITIES			
Current liabilities			
Trade and other payables	13	549,290	453,118
Borrowings	14	18,202	125,556
Provisions	15	770,397	671,510
Total current liabilities		1,337,889	1,250,184
Non-current liabilities			
Provisions	16	106,394	99,393
Total non-current liabilities		106,394	99,393
Total liabilities		1,444,283	1,349,577
Net assets		1,343,537	1,273,897
MEMBERS' FUND			
Accumulated surplus	17	1,343,537	1,273,897
Total members' fund		1,343,537	1,273,897

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated surplus $	Total $
Balance at 1 July 2010	1,327,241	1,327,241
Comprehensive income for the year	(53,344)	(53,344)
Transfer from retained earning	-	-
Balance at 30 June 2011	1,273,897	1,273,897
Balance at 1 July 2011	**1,273,897**	**1,273,897**
Comprehensive income for the year	**69,640**	**69,640**
Transfer from retained earning	-	-
Balance at 30 June 2012	**1,343,537**	**1,343,537**

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
ABN 38 968 067 748

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
Cash flows from operating activities			
Membership fees and levies received (inclusive of GST)		7,667,691	7,237,063
Sundry receipts (inclusive of GST)		127,420	164,584
Grant receipts (inclusive of GST)		86,665	66,000
Payments to suppliers and employees (inclusive of GST)		(7,133,129)	(7,159,272)
Interest paid		(3,009)	(19,298)
Capitation fee to the Federal Office (inclusive of GST)		(238,251)	(224,459)
Interest received		74,389	69,036
Net cash inflow from operating activities	21	581,776	133,654
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		19,545	28,500
Payment for property, plant and equipment		(86,199)	(75,861)
Net cash (outflow) from investing activities		(66,654)	(47,361)
Net increase in cash and cash equivalents		515,122	86,293
Cash and cash equivalents at beginning of financial year		1,299,668	1,213,375
Cash and cash equivalents at end of financial year	8(a)	1,814,790	1,299,668

The above Statement of Cash Flows 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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009. The Community and Public Sector Union SPSF Group Victorian Branch (The Branch) is a not-for-profit entity for the purpose of preparing the financial statements.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the Branch comply with the Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

New and amended standards adopted by the Branch

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of the revised AASB 124 *Related Party Disclosures* resulted in the disclosure of additional related party transactions and required the restatement of some comparative information in note 22, and the adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

Early adoption of standards

The Branch has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale 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) Inventories – held for distribution

Brochures, promotion materials and other like items published for distribution to members free of charge are held as inventory held for distribution as the lower of cost and net replacement cost. The carrying amount is expensed in the period of distribution.

(g) Investment in other financial assets

Classification

The Branch classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

The Branch does not hold any investments in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

1: Summary of significant accounting policies (Continued)

(g) Investment in other financial assets (Continued)

Recognition and derecognition
Regular purchases and sales of investments are recognised on trade-date - the date on which the Branch commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

Fair value
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Branch establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment
The Branch assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

(h) Fair value measurements

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:
- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

1: Summary of significant accounting policies (Continued)

(i) Property, plant and equipment

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

Depreciation
The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the 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	18.75 - 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.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Branch prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(k) 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)

(l) 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.

(m) Comparative figures

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

(n) Goods and Service Tax (GST)

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

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

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

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave 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 and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

1: Summary of significant accounting policies (Continued)

(o) Employee benefits (continued)

(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.

(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.

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: Information to be provided to Members or Manager of Fair Work Australia

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), (2) and (3) of section 272 which read as follows:

(1) a member of a reporting unit, or the General Manager, 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 made 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

	2012 $	2011 $
From continuing operations		
Service revenue		
- member subscriptions	6,915,130	6,536,335
- Campaign levy (voluntary)	55,282	47,465
Other revenue		
- interest	78,376	76,716
- training income	33,955	39,864
- administrative support income from other branches	59,837	57,902
- grants received	93,837	60,000
- profit on disposal of assets	1,881	-
- other revenue	22,513	36,497
	7,260,811	6,854,779

5: Staff costs

	2012 $	2011 $
Employee benefits - employees	3,675,381	3,777,320
Employee benefits – official (elected)	329,428	336,017
Other staff costs	242,889	227,164
	4,247,698	4,340,501

6: Members recruitment expenses

	2012 $	2011 $
Members recruitment expenses	445,764	769,800

In 2011 the union established a targeted recruitment program which sought to focus a team of people specifically on recruiting new members into the union. The project was funded via a separate operational arrangement involving a line of credit with the union's Credit Union that enabled us to separate out the general operational costs of running the union from the costs associated with the recruitment project.

7: Expenses

	2012 $	2011 $
The (deficit) surplus for the year includes the following specific expenses:		
Depreciation of non-current assets		
- Motor vehicles	34,565	40,835
- Office equipment and furniture	19,608	23,687
- Computer equipment	15,856	16,801
	70,029	81,323
Amortisation of non-current assets		
- leasehold improvements	58,925	58,785
Total Depreciation and amortisation	128,954	140,108
Net loss on disposal of non-current assets	-	5,580
Defined contribution superannuation expense	419,042	435,243
Finance costs		
- provisions: unwinding of discount	1,208	1,208
- interest and finance charges paid on bank loan	3,009	19,298
Rental expenses on operating leases		
- minimum lease payments	265,124	256,737
Conference and meeting allowances	7,293	6,886
Legal fees	498,177	121,701
Donations (amount >$1,000)	1,200	5,000
Donations (amount <$1,000)	882	100

8: Current assets – Cash and cash equivalents

	2012 $	2011 $
Cash on hand	1,021	1,021
Cash at bank	1,303,545	924,203
Term deposit	528,426	500,000
	1,832,992	1,425,224

(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:

	2012	2011
Balances as above	1,832,992	1,425,224
Bank loan – line of credit	(18,202)	(125,556)
Balances per Statement of Cash Flows	1,814,790	1,299,668

9: Current assets – Trade and other receivables

	2012 $	2011 $
Trade receivables	68,136	36,402
Prepayments	114,174	352,413
Net GST	18,369	7,743
Other receivables	21,488	21,360
	222,167	417,918

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Branch. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

10: Current assets – Inventory

	2012 $	2011 $
Inventory held for distribution	22,926	12,906

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

	2012 $	2011 $
Leasehold improvements		
At cost	589,238	589,238
Less accumulated amortisation	(247,343)	(188,418)
	341,895	400,820
Plant and equipment		
Motor vehicles		
At cost	217,151	214,261
Less accumulated depreciation	(89,517)	(87,642)
	127,634	126,619
Office equipment	83,420	78,324
At cost	(42,608)	(38,043)
Less accumulated depreciation	40,812	40,281
Computer equipment		
At cost	149,173	146,805
Less accumulated depreciation	(114,845)	(122,129)
	34,328	24,676
Furniture and fixtures		
At cost	162,327	161,389
Less accumulated depreciation	(85,029)	(71,397)
	77,298	89,992
Total property, plant and equipment	621,967	682,388

(a) Non-current assets pledged as security

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

11: 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:

2011	Leasehold improvements	Motor vehicles	Office equipment	Computer equipment	Furniture and fixtures	Total
	$	$	$	$	$	$
Opening net book amount	456,107	145,008	47,066	25,735	106,799	780,715
Additions	3,498	54,430	1,635	16,298	-	75,861
Disposals	-	(31,984)	(1,181)	(556)	(359)	(34,080)
Depreciation	(58,785)	(40,835)	(7,239)	(16,801)	(16,448)	(140,108)
Closing net book amount	400,820	126,619	40,281	24,676	89,992	682,388

2012	Leasehold improvements	Motor vehicles	Office equipment	Computer equipment	Furniture and fixtures	Total
	$	$	$	$	$	$
Opening net book amount	400,820	126,619	40,281	24,676	89,992	682,388
Additions	-	52,504	6,426	26,029	1,240	86,199
Disposals	-	(16,924)	(196)	(521)	(25)	(17,666)
Depreciation	(58,925)	(34,565)	(5,699)	(15,856)	(13,909)	(128,954)
Closing net book amount	341,895	127,634	40,812	34,328	77,298	621,967

12: Non-current assets – Other assets

	2012	2011
	$	$
Rental deposit	**87,768**	85,038

13: Current liabilities – Trade and other payables

	2012	2011
	$	$
Unsecured		
Trade creditors	**322,709**	349,938
Legal fee due	**130,306**	6,644
Affiliated branches	**42,176**	42,048
Payable for ACTU levy	**47,628**	47,628
Others	**6,471**	6,860
	549,290	453,118

14: Current liabilities – Borrowings

	2012 $	2011 $
Secured		
Bank loan	18,202	125,556

(a) Assets pledged as security

The bank loan is secured by the term deposit held of $ 500,000.

15: Current liabilities – Provisions

	2012 $	2011 $
Employee benefits – officials (elected)	200,530	173,335
Employee benefits - staff	569,867	498,175
	770,397	671,510

16: Non-current liabilities – Provisions

	2012 $	2011 $
Employee benefits - staff	82,136	76,343
Makegood provision	24,258	23,050
	106,394	99,393

(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. These 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.

17: Accumulated surplus

	2012	2011
	$	$
Movements in the accumulated surplus were as follows:		
Balance 1 July	1,273,897	1,327,241
Net surplus (deficit) for the year	69,640	(53,344)
Balance 30 June	1,343,537	1,273,897

18: Contingencies

There are no known contingent assets or liabilities at 30 June 2012.

19: Commitments

	2012	2011
	$	$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payables		
- not later than one year	355,905	414,335
- later than one year but not later than five years	134,897	444,878
	490,802	859,213

General description of leasing arrangement:

The leases are related to the rental of office equipment and premises.

20: 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.

21: Cash flow information

	2012 $	2011 $
Reconciliation of cash flow from operations with surplus (deficit) for the year		
Surplus (Deficit) for the year	69,640	(53,344)
Non-cash flows in surplus(deficit)		
Depreciation and amortisation	128,954	140,108
Charges to provisions	1,208	1,208
Net (gain) loss on disposal of property, plant and equipment	(1,881)	5,580
Changes in assets and liabilities		
Decrease (Increase) in receivables	193,149	(36,136)
(Increase) in inventories	(10,020)	(12,906)
Increase (Decrease) in payables	96,046	(5,086)
Increase in provisions	104,680	94,230
Cash flows from operations	581,776	133,654

22: Related party transactions

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

Karen Batt	Jim Walton	Judy Mead (resigned on 30 April 2012)
Peter Lillywhite	Catherine Davies	Mark Nestor (appointed on 30 April 2012)

	2012 $	2011 $
(b) Key management personnel		
Short-term benefits	329,428	336,017
(c) Outstanding balances arising from sales of services		
Current receivables - Federal Office	9,318	-
Current receivables – Adelaide Branch	6,137	-
Current receivables – Tasmanian Branch	1,973	-
(d) Outstanding balances arising from purchase of services		
Current payables - Federal Office	19,896	19,235
(e) Transactions with related parties		
Payments:		
Capitation fee paid to the Federal Office	217,193	205,373
Receipts		
Computer support income from PSA/CPSU	2,309	1,955
Membership & computer support income from CPSU SPSF Tasmania Inc	57,528	55,947
Others – included in current liabilities		
Money held in trust for La Trobe Uni Fund	22,579	22,451
Money held in trust for Strike Fund	19,246	19,246
Money held in trust for VWA Fighting Fund	351	351
	42,176	42,048

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

STATEMENT BY COMMITTEE OF MANAGEMENT

On 24th September 2012 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) of the reporting unit for the year ended 30 June 2012:

The Committee of Management declares in relation to the GPFR that in its opinion;

1. the financial statements and notes, as set out on pages 3 to 23 comply with Australian Accounting Standards and other mandatory professional reporting requirements
2. the financial statements and notes, as set out on pages 3 to 23 comply with the reporting guidelines of the General Manager of FWA;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of Community and Public Sector Union SPSF Group Victorian Branch for the financial year to which they relate;
4. there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and:
5. during the financial year to which the general purpose financial report relates and since the end of 30 June 2012
   a. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of branches concerned; and
   b. the financial affairs of Community and Public Sector Union SPSF Group Victorian Branch have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
   c. the financial records of Community and Public Sector Union SPSF Group Victorian Branch have been kept and maintained in accordance with Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
   d. where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation ; and
   e. The information sought in any request of a member of Community and Public Sector Union SPSF Group Victorian Branch or a General Manager of Fair Work Australia (FWA) duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the members or the General Manager of FWA; and
   f. No orders have been made by the FWA under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.
6. There has been no recovery of wage activity undertaken by the reporting unit.

For the Committee of Management

Karen Batt

Designated officer - Karen Batt

Dated this 24th day of September 2012

bgl

B.G.L. & Associates Pty. Ltd.

A.B.N. 96 006 935 459

Suite 1, Ground Floor
598 St. Kilda Road
Melbourne VIC 3004

All correspondence to
PO Box 6094
St. Kilda Road Central
VIC 8008

t: (03) 9525 2511
f: (03) 9525 2829

e: bgl@bglassociates.com.au
w: www.bglassociates.com
Incorporating BGL & Associates

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

Report on the financial report

We have audited the accompanying financial report of Community and Public Sector Union SPSF Group Victorian Branch, which comprises the Balance Sheet as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Committee of Management.

Committee of Management 's responsibility for the financial report

The Committee of Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by the Committee of Management.

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

B.G.L. & Associates Pty. Ltd.
A.B.N. 96 006 935 459

Suite 1, Ground Floor
598 St. Kilda Road
Melbourne VIC 3004
All correspondence to
PO Box 6094
St. Kilda Road Central
VIC 8008
t: (03) 9525 2511
f: (03) 9525 2829
e: bgl@bglassociates.com.au
w: www.bglassociates.com
Incorporating BGL & Associates

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial reports of Community And Public Sector Union SPSF Group Victorian Branch present fairly the financial position of Community and Public Sector Union SPSF Group Victorian Branch as at 30 June 2012 and the results of its operations, its changes in equity and cash flows for the financial year then ended, in accordance with any of the following that apply to the entity:

a) the Australian Accounting Standards – Reduced Disclosure Requirements; and

b) the requirements imposed by Fair Work (Registered Organisations) Act 2009.

BGL + Associates

BGL & Associates
Chartered Accountants

J Hinds

I. A. Hinds - A.C.A. - Partner
Member of The Institute of Chartered Accountants in Australia and holder of current Public Practice Certificate

24 September 2012
Melbourne

Chartered Accountants