



Fair Work
Commission

5 October 2023

Bernard Smith
Secretary-Treasurer
Shop, Distributive and Allied Employees Association-New South Wales Branch

Sent via email: secretary@sdansw.asn.au

CC: daniel@gsbaccounting.com.au

Dear Bernard Smith

**Shop, Distributive and Allied Employees Association-New South Wales Branch
Financial Report for the year ended 30 June 2022 – FR2023/94**

I acknowledge receipt of the financial report for the year ended 30 June 2023 for the Shop, Distributive and Allied Employees Association-New South Wales Branch (the reporting unit). The documents were lodged with the Fair Work Commission (the Commission) on 21 September 2023.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under section 268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that next year's financial report may be subject to an advanced compliance review.

If you have any queries regarding this letter, please contact me on (03) 8650 0183 or via email at ken.morgan@fwc.gov.au.

Yours sincerely

KEN MORGAN
Assistant Director, Financial Analysis
Registered Organisations Services Branch

s.268 Fair Work (Registered Organisations) Act 2009

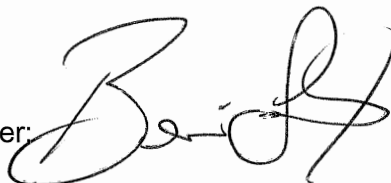
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2023

I Bernard Joseph Smith being the Branch Secretary-Treasurer of the Shop, Distributive and Allied Employees' Association NSW Branch certify:

- That the documents lodged herewith are copies of the full report for Shop, Distributive and Allied Employees' Association NSW Branch for the period ended 30 June 2023 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009;
- That the financial accounts and statements were presented to the Branch Council meeting held on Tuesday 15 August 2023;
- The financial accounts and statements were signed by the auditor on 16 August 2023;
- That the full report of the financial accounts and statements was provided to members of the reporting unit on 30 August 2023; and
- That the full report of the financial accounts and statements was presented to a meeting of the committee of management of the reporting unit on 12 September 2023 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:



Name of prescribed designated officer:

Bernard Joseph Smith

Title of prescribed designated officer:

Branch Secretary-Treasurer

Dated:

20 September 2023

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION
N.S.W. BRANCH**

A.B.N. 74 415 123 375

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2023**

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

A.B.N. 74 415 123 375

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

Opinion

I have audited the financial report of the Shop, Distributive and Allied Employees' Association N.S.W. Branch (the reporting unit), which comprises the statement of financial position as at 30 June 2023, the statement of surplus or deficit and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 30 June 2023, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officers Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Shop, Distributive and Allied Employees' Association N.S.W. Branch as at 30 June 2023 and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

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

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

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the reporting unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the reporting unit'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 reporting unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 reporting unit'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the reporting unit 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 report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. I am responsible for the direction, supervision, and performance of the reporting unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of 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 I identify during my audit.

Recovery of Wages

The reporting unit does not charge for the recovery of wages activity.

The reporting unit assists members in the recovery of wages activity, but there is no charge to the members for that assistance.



Daniel Marando

Auditor

Registration Number: AA2022/3

(as registered under the RO Act)

Member of the Chartered Accountants

Australia and New Zealand Number 566211



Grech Smith Bridle

Chartered Accountants

Dated at Sydney this 16th day of August 2023

**AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023**

**TO THE COMMITTEE OF MANAGEMENT OF
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contravention of any applicable code of professional conduct in relation to the audit.



Daniel Marando
Auditor
Registration Number: AA2022/3
(as registered under the RO Act)
Member of the Chartered Accountants
Australia and New Zealand Number 566211



Grech Smith Bridle
Chartered Accountants

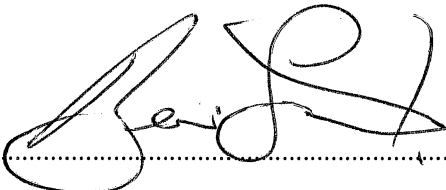
Dated at Sydney this 16th day of August 2023

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2023**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2023.

Categories of expenditures:	2023	2022
	\$	\$
Remuneration and other employment-related costs and expenses – employees	8,618,657	8,683,771
Advertising	172,016	718,556
Operating costs	8,598,064	7,457,929
Donations to political parties	15,236	72,482
Legal costs	290,012	272,473

Signature of designated officer: 

Name and title of designated officer: Bernie Smith Secretary-Treasurer

Dated: 15/8/23

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Committee of Management presents its operating report on the reporting unit for the financial year ended 30 June 2023.

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

The principal activities of the Association are preserving and enhancing the wages and working conditions of its members, and the promotion of the interests and rights of workers. In addition to industrial representation, members are also provided with a range of services and benefits.

The Association campaigned through the year for better wages in the "Better Wages – We're Worth It" campaign that delivered 5.75% pay rise.

The Association also campaigned to increase penalties for customer who become offenders when they abuse or assault retail and fast-food workers. The NSW Government legislated increased penalties for this to treat retail and fast-food workers like other essential workers.

Other ongoing campaigns included free safe parking for retail workers and a review of ANZAC Day trading regulation.

New enterprise agreements were negotiated with employers during the year. These agreements all resulted in improved wages and working conditions for the employees covered by them.

Significant changes in financial affairs

There were no significant changes in the nature of the activities and financial affairs in the Association during the financial year.

Rights of members to resign

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Pursuant to s174 of the *Fair Work (Registered Organisations) Act 2009* (RO Act), members could resign from the Association by written notice to the appropriate Branch of the Association.

Officers and employees who are superannuation fund trustees or director of a company that is a superannuation fund trustee

Representatives of the Branch hold a position as the Alternative Directors of the Retail Employees' Superannuation Trust ("REST"). Gerard Dwyer and Aliscia Di Mauro act as the alternative director for Dr Adam Walk and Michael Tehan

Directors

Dr Adam Walk
Mr Michael Tehan

Alternates

Mr Gerard Dwyer
Ms Aliscia Di Mauro

Number of Members

Membership as at 30 June 2023 was 54,240 (2022: 58,116).

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

OPERATING REPORT (CONT.) FOR THE YEAR ENDED 30 JUNE 2023

Number of employees

At 30 June 2023, there were 72 persons (full time equivalent), employed by the N.S.W. Branch of the Association.

Affiliations and Directorships

Detailed below are the affiliations of the N.S.W. Branch of the Association:

- Australian Labor Party, N.S.W. Branch
- Australian Labor Party, A.C.T. Branch
- Unions N.S.W.
- South Coast Labor Council
- Unions A.C.T.

The N.S.W. Branch Secretary-Treasurer is on the Administrative Committee of the Australian Labor Party N.S.W. Branch.

The N.S.W. Branch Secretary-Treasurer of the Association is an Executive Member of Unions N.S.W.

A representative of the N.S.W. Branch of the Association is a member of the Service Skills NSW Wholesale, Retail and Personal Services Committee.

Names of Committee of Management members and period positions held during the financial year

The following members held positions on the Branch's Committee of Management for the entire reporting period unless indicated otherwise:

Name	Position	
M. Dumycz	Branch President	
C. Williams	Branch Vice President	
B. Smith	Branch Secretary – Treasurer	
F. Smithson	Branch Assistant Secretary – Treasurer	
S. Barros	Branch Trustee (Branch membership)	
V. Bollen	Branch Trustee (Branch membership)	
S. Sammak	Branch Councillor (Other industries and vocational groupings membership)	
S. Cahill	Branch Councillor (Retail membership)	
R. Fahd	Branch Councillor (Retail membership)	From 19 December 2022
N. Rizk	Branch Councillor (Retail membership)	

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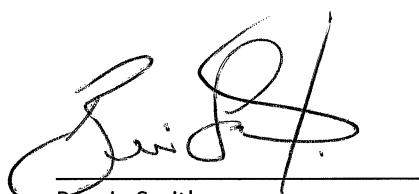
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**OPERATING REPORT (CONT.)
FOR THE YEAR ENDED 30 JUNE 2023**

Names of Committee of Management members and period positions held during the financial year (cont.)

Name	Position	
R. Barakat	Branch Councillor (Branch membership)	From 19 December 2022
W. Barlow	Branch Councillor (Branch membership)	From 19 December 2022
P. Dibley	Branch Councillor (Branch membership)	From 19 December 2022
C. Dufty	Branch Councillor (Branch membership)	
S. Funge	Branch Councillor (Branch membership)	
D. Tyrrell	Branch Councillor (Branch membership)	
J. Wright	Branch Councillor (Branch membership)	
C. Yarwood	Branch Councillor (Branch membership)	
A. Manos	Branch Trustee (Branch membership)	Resigned 19 December 2022
J. Slender	Branch Trustee (Branch membership)	Resigned 19 December 2022
M. Kraaymaat	Branch Councillor (Other industries and vocational groupings membership)	Resigned 19 December 2022

The Association maintained its rules and reported according to statutory requirements.



Bernie Smith
Committee of Management



Maria Dumycz
Committee of Management

Dated at Sydney this 15th day of August 2023

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

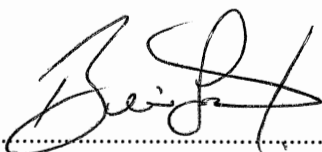
**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

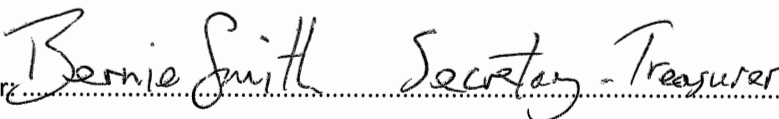
On 15th August 2023 the Committee of Management of the Shop, Distributive and Allied Employees' Association N.S.W. Branch passed the following resolution in relation to the general-purpose financial report (GPFR) for the year ended 30 June 2023:

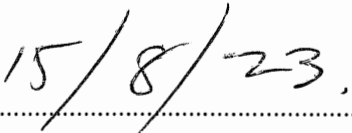
The Committee of Management declares that in its opinion:

- a) The financial statements and notes comply with the Australian Accounting Standards;
- b) 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);
- c) 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;
- d) There are reasonable grounds to believe the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) During the financial year to which the GPFR relates and since the end of that year:
 - i) Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) The financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv) Where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v) Where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - vi) Where any orders 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: 

Name and title of designated officer: 

Dated: 

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
Revenue from members	3		
Membership subscription		15,080,551	16,220,770
Other sales of goods or services to members		-	-
Total revenue		<u>15,080,551</u>	<u>16,220,770</u>
Other income			
Net gains from sale of assets	3A	179,477	586,814
Investment income	3B	335,671	29,985
Rental income	3C	2,324,814	1,813,048
Gain on revaluation of investment property	7C	-	3,651,500
Income from recovery of wages activity	3D	80,000	-
Other income	3E	22,203	30,743
Total other income		<u>2,942,165</u>	<u>6,112,090</u>
Total income		<u>18,022,716</u>	<u>22,332,860</u>
Expenses			
Employee expenses	4A	8,618,657	8,683,771
Affiliation fees	4B	2,232,592	2,279,837
Administration expenses	4C	7,796,072	6,722,833
Grants or donations	4D	29,529	178,431
Depreciation and amortisation	4E	990,449	1,037,069
Finance costs	4F	12,895	10,194
Legal costs	4G	290,012	272,473
Audit fees	14	44,000	43,000
Total expenses		<u>20,014,206</u>	<u>19,227,608</u>
Surplus / (deficit) for the year		<u>(1,991,490)</u>	<u>3,105,252</u>
Other comprehensive income			
Items that will not be subsequently reclassified to surplus or deficit:			
Gain on revaluation of land and buildings		-	-
Total comprehensive income / (loss) for the year		<u>(1,991,490)</u>	<u>3,105,252</u>

The above statement should be read in conjunction with the notes.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5A	6,562,719	10,847,543
Trade and other receivables	5B	1,678,973	1,572,413
Financial assets	6	7,146,657	4,000,000
Other current assets	5C	1,270,210	1,271,530
Total current assets		16,658,559	17,691,486
Non-current assets			
Land and buildings	7A	16,398,097	16,829,206
Plant and equipment	7B	1,019,100	965,416
Investment property	7C	37,345,000	37,345,000
Intangibles	7D	135,351	-
Right-of-use assets	7E	278,835	129,200
Other non-current assets	7F	16,409	8,529
Total non-current assets		55,192,792	55,277,351
Total assets		71,851,351	72,968,837
LIABILITIES			
Current liabilities			
Trade payables	8A	1,275,527	744,915
Other payables	8B	213,254	178,846
Lease liabilities	7E	113,650	72,544
Employee provisions	9A	2,927,703	2,769,794
Total current liabilities		4,530,134	3,766,099
Non-current liabilities			
Lease liabilities	7E	175,325	60,142
Employee provisions	9A	39,631	44,845
Total non-current liabilities		214,956	104,987
Total liabilities		4,745,090	3,871,086
Net assets		67,106,261	69,097,751
EQUITY			
General funds	10A	32,049,200	32,049,200
Retained earnings		35,057,061	37,048,551
Total equity		67,106,261	69,097,751

The above statement should be read in conjunction with the notes.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2021		32,060,400	33,932,099	65,992,499
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus for the year		-	3,105,252	3,105,252
Other comprehensive income for the year	10A	-	-	-
Transfer to/from asset revaluation reserve		(11,200)	11,200	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2022		32,049,200	37,048,551	69,097,751
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Deficit for the year		-	(1,991,490)	(1,991,490)
Other comprehensive income for the year	10A	-	-	-
Transfer to/from asset revaluation reserve		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2023		32,049,200	35,057,061	67,106,261

The above statement should be read in conjunction with the notes.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units / controlled entity(s)	11B	47,539	137,118
Receipts from members and customers		16,726,055	17,947,485
Interest		243,754	21,795
Other		2,324,814	1,977,601
Cash used			
Employees		(8,417,399)	(8,382,276)
Suppliers		(9,272,900)	(9,344,961)
Short-term lease payments	7E	(125,762)	(80,669)
Variable lease payments not included in the measurement of the lease liability	7E	(9,015)	(6,019)
Interest payments and other finance costs	7E	(12,895)	(10,194)
Payment to other reporting units / controlled entity(s)	11B	(2,080,114)	(2,311,734)
Net cash from (used by) operating activities	11A	(575,923)	(51,854)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		213,134	214,120
Proceeds from sale of land and buildings		-	1,176,000
Proceeds from redemption of financial assets		-	4,200,000
Other		-	101,606
Cash used			
Purchase of plant and equipment		(495,672)	(420,855)
Purchase of land and buildings		-	(851,337)
Purchase of intangibles		(158,931)	-
Purchase of financial assets		(3,146,656)	-
Other		-	-
Net cash from (used by) investing activities		(3,588,125)	4,419,534
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of lease liabilities	7E	(120,776)	(176,993)
Other		-	-
Net cash from (used by) financing activities		(120,776)	(176,993)
Net increase (decrease) in cash held		(4,284,824)	4,190,687
Cash and cash equivalents at the beginning of the reporting period		10,847,543	6,656,856
Cash and cash equivalents at the end of the reporting period	5A	6,562,719	10,847,543

The above statement should be read in conjunction with the notes.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

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FOR THE YEAR ENDED 30 JUNE 2023**

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SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies

1.1 Basis of preparation of the financial statements

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 Organisation) Act 2009* (RO Act). For the purpose of preparing the general-purpose financial statements, the Shop, Distributive and Allied Employees' Association N.S.W Branch (the Association) is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis except for debt and equity financial assets (including derivative financial instruments) that have been measured at fair value either through other comprehensive income or surplus or deficit, certain classes of property, plant and equipment and investment properties, 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.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119 *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Association expects that all its employees would use all their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Committee of Management considers that obligations for annual leave entitlements satisfy the definition for short-term employee benefits, and therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

(ii) *Lease term and option to extend under AASB 16 Leases*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised are a key management judgement that the entity will make. The entity determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic, and which are key to future strategy of the entity.

(iii) *Expected credit loss from receivable*

As at 30 June 2023, the balance of trade receivables includes an amount of \$542,176 (2022: \$175,148) for unpaid rent from a particular tenant who experienced severe financial hardship during the Covid-19 pandemic. In order to recover the outstanding rent, and to minimise any future financial losses, the Association has entered into a Deed of Agreement for the repayment of rent owing with the tenant. In addition to the tenant agreeing to a set repayment schedule, they (through the tenant's director) have also provided personal guarantees in the event of defaulting on future repayments.

Due to the Deed of Agreement being put in place, the Committee of Management is of the opinion that the Association will recover its outstanding rent from this tenant as set out in the repayment schedule. As a result, no debtor balance was written-off during the financial year. The Association continues to provide for credit losses from this debtor as per Australian Accounting Standards.

Key estimates

(i) *Impairment of investment properties*

Investment Properties were independently valued at 30 June 2022 by Charter Keck Cramer. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the investment properties, rental yields, sales demand in the area, and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$3,651,500 being recognised for the year end 30 June 2022.

At 30 June 2023, the Committee of Management reviewed the key assumptions made by the valuers at 30 June 2022. They have concluded that these assumptions remain materially unchanged and are satisfied that the carrying amount does not exceed the recoverable amount of investment properties at 30 June 2023.

(ii) *Impairment of plant and equipment*

The Association assesses impairment of plant and equipment at the end of each reporting period by evaluating the conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant plant and equipment are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised in respect of plant and equipment at the end of the reporting period. As at 30 June 2023, plant and equipment is carried in the statement of financial position at a written down value of \$1,019,100.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 1: Summary of Significant Accounting Policies (cont.)

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to accounting standards and other changes in accounting policy, which have been adopted for the first time this financial year:

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and other amendments.

The annual improvements amend the following standards:

- AASB 9 Financial Instruments to clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- AASB 16 Leases (AASB 16) to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor.
- Amendments to AASB 116 Property, Plant and Equipment require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in the surplus or deficit, instead of deducting the amounts received from the cost of the asset.
- Amendments to AASB 137 Provisions, Contingent Liabilities and Contingent Assets clarify which costs an entity can include when assessing whether a contract will be onerous.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch does not expect the adoption of this amendment to have an impact on its financial statements.

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

Future Australian Accounting Standards Requirements

New standards, amendments to existing standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Shop, Distributive and Allied Employees' Association N.S.W. Branch include:

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The Shop, Distributive and Allied Employees' Association N.S.W. Branch does not expect the adoption of this amendment to have an impact on its financial statements.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

1.5 Current versus non-current classification

The Shop, Distributive and Allied Employees' Association N.S.W. Branch presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch classifies all other liabilities as non-current.

1.6 Revenue

The Shop, Distributive and Allied Employees' Association N.S.W. Branch enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with members and customers

Where the Shop, Distributive and Allied Employees' Association N.S.W. Branch has a contract with a member or customer, the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises revenue when or as it transfers control of goods or services to the member or customer. The Shop, Distributive and Allied Employees' Association N.S.W. Branch accounts for an arrangement as a contract with a member or customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the member or customer (or to other parties on behalf of the member or customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

Membership subscriptions

Membership subscriptions are consideration received by the Shop, Distributive and Allied Employees' Association N.S.W. Branch from members in accordance with the rules that enables the entity to further its objectives as set out in the rules. The Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises each of these amounts of consideration as income for the period of membership it represents based on the rights and obligations of members.

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Shop, Distributive and Allied Employees' Association N.S.W. Branch.

If there is only one distinct membership service promised in the arrangement, the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Shop, Distributive and Allied Employees' Association N.S.W. Branch's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Shop, Distributive and Allied Employees' Association N.S.W. Branch allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Shop, Distributive and Allied Employees' Association N.S.W. Branch charges for that good or service in a standalone sale.

When a performance obligation is satisfied, which is either when the member or customer obtains control of the good (for example, books or clothing) or as the service transfers to the member or customer (for example, member services or training course), the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Shop, Distributive and Allied Employees' Association N.S.W. Branch has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the member or customer pays and the good or services will transfer to the member or customer will be one year or less.

When a member subsequently purchases additional goods or services from the Shop, Distributive and Allied Employees' Association N.S.W. Branch at their standalone selling price, the Shop, Distributive and Allied Employees' Association N.S.W. Branch accounts for those sales as a separate contract with a customer.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

Capitation fees

Where the Shop, Distributive and Allied Employees' Association N.S.W. Branch's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises the capitation fees promised under that arrangement when or as it transfers services as part of its sufficiently specific promise to the branch/other reporting unit.

In circumstances where the criteria for a contract with a customer are not met, the Shop, Distributive and Allied Employees' Association N.S.W. Branch will recognise capitation fees as income upon receipt (as specified in the income recognition policy below).

Levies

Levies paid by a member (or other party) in an arrangement that meets the criteria to be a contract with a customer is recognised as revenue when or as Shop, Distributive and Allied Employees' Association N.S.W. Branch transfers the services as part of its sufficiently specific promise to the branch/other reporting unit.

In circumstances where the criteria for a contract with a customer are not met, the Shop, Distributive and Allied Employees' Association N.S.W. Branch will recognise levies as income upon receipt (as specified in the income recognition policy below).

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of surplus or deficit when the asset is derecognised.

Interest income

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental income

Leases in which the Shop, Distributive and Allied Employees' Association N.S.W. Branch is a lessor and does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

1.7 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.8 Leases

The Shop, Distributive and Allied Employees' Association N.S.W. Branch assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Shop, Distributive and Allied Employees' Association N.S.W. Branch as a lessee

The Shop, Distributive and Allied Employees' Association N.S.W. Branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2023	2022
Land and buildings	40 years	40 years
Plant and equipment	3 to 40 years	3 to 40 years

Lease liabilities

At the commencement date of the lease, the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Shop, Distributive and Allied Employees' Association N.S.W. Branch and payments of penalties for terminating the lease, if the lease term reflects the Shop, Distributive and Allied Employees' Association N.S.W. Branch exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Shop, Distributive and Allied Employees' Association N.S.W. Branch uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Shop, Distributive and Allied Employees' Association N.S.W. Branch's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of plant and equipment that are below \$10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the Shop, Distributive and Allied Employees' Association N.S.W. Branch becomes a party to the contractual provisions of the instrument.

1.11 Financial assets

Contract assets and receivables

A contract asset is recognised when the Shop, Distributive and Allied Employees' Association N.S.W. Branch's right to consideration in exchange goods or services that has transferred to the member or customer when that right is conditioned on the Shop, Distributive and Allied Employees' Association N.S.W. Branch's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the member or customer (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

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 Shop, Distributive and Allied Employees' Association N.S.W. Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch'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 marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Shop, Distributive and Allied Employees' Association N.S.W. Branch commits to purchase or sell the asset.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

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

The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 surplus or deficit when the asset is derecognised, modified, or impaired.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch's financial assets at amortised cost includes trade receivables, short-term and medium-term deposits with financial institutions.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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) the Shop, Distributive and Allied Employees' Association N.S.W. Branch has transferred substantially all the risks and rewards of the asset; or
 - b) the Shop, Distributive and Allied Employees' Association N.S.W. Branch has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

When the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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, the Shop, Distributive and Allied Employees' Association N.S.W. Branch continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

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

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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, the Shop, Distributive and Allied Employees' Association N.S.W. Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

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, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch expects to receive, discounted at an approximation of the original effective interest rate.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

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).

The Shop, Distributive and Allied Employees' Association N.S.W. Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Shop, Distributive and Allied Employees' Association N.S.W. Branch may also consider a financial asset to be in default when internal or external information indicates that the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

1.12 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch'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 surplus or deficit 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 surplus or deficit.

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 surplus or deficit.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 1: Summary of Significant Accounting Policies (cont.)

1.13 Liabilities relating to contracts with member or customers

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a member or customer before the Shop, Distributive and Allied Employees' Association N.S.W. Branch transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Shop, Distributive and Allied Employees' Association N.S.W. Branch performs under the contract (i.e. transfers control of the related goods or services to the member or customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some, or all of the consideration received (or receivable) from a member or a customer. The Shop, Distributive and Allied Employees' Association N.S.W. Branch's refund liabilities arise from a member's right to be reimbursed their fee or a customer's right of return. The liability is measured at the amount the Shop, Distributive and Allied Employees' Association N.S.W. Branch ultimately expects it will have to return to the member or customer. The Shop, Distributive and Allied Employees' Association N.S.W. Branch updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.14 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.

1.15 Land, buildings, plant, and equipment

Asset recognition threshold

Purchases of land, buildings, plant, and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—land and buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 1: Summary of Significant Accounting Policies (cont.)

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus or deficit except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2023	2022
Land and buildings	40 years	40 years
Plant and equipment	1 to 40 years	1 to 40 years

Derecognition

An item of land, buildings, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit.

1.16 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in surplus or deficit in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the period in which the property is derecognised.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

1.17 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life of the Shop, Distributive and Allied Employees' Association N.S.W. Branch's intangible assets are:

	2023	2022
Software	2 to 40 years	2 to 40 years

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are software product offerings in which the Shop, Distributive and Allied Employees' Association N.S.W. Branch does not control the underlying software used in the arrangement. Where costs incurred to configure or customise a SaaS arrangement result in the creation of a resource which is identifiable, and where the Shop, Distributive and Allied Employees' Association N.S.W. Branch has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation period is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises those costs as an expense when the supplier provides the services. However, the Shop, Distributive and Allied Employees' Association N.S.W. Branch recognises those costs as a prepayment if, and to the extent that, the supplier performing the configuration and customisation activities is the vendor of the SaaS product (or an agent of the vendor) and those activities do not represent a distinct service in addition to the SaaS access. This is because, in that circumstance, the Shop, Distributive and Allied Employees' Association N.S.W. Branch cannot separately benefit from the configuration and customisation activities and instead those activities are set up activities performed by the SaaS vendor so that it can provide the SaaS access to the Shop, Distributive and Allied Employees' Association N.S.W. Branch.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

In the process of applying the Shop, Distributive and Allied Employees' Association N.S.W. Branch's accounting policy on configuration and customisation of costs incurred in implementing SaaS arrangements, management has made the following judgements:

- Determining whether cloud computing arrangements contain a software licence intangible asset:
 - The Shop, Distributive and Allied Employees' Association N.S.W. Branch evaluates cloud computing arrangements to determine if it provides a resource that the Shop, Distributive and Allied Employees' Association N.S.W. Branch can control. The Shop, Distributive and Allied Employees' Association N.S.W. Branch determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:
 - The Shop, Distributive and Allied Employees' Association N.S.W. Branch] has the contractual right to take possession of the software during the hosting period without significant penalty.
 - It is feasible for the Shop, Distributive and Allied Employees' Association N.S.W. Branch to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.
- Capitalisation of configuration and customisation costs in SaaS arrangements:
 - Where the Shop, Distributive and Allied Employees' Association N.S.W. Branch incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance on-premise software that belongs to the Shop, Distributive and Allied Employees' Association N.S.W. Branch or to provide code that can be used by the Shop, Distributive and Allied Employees' Association N.S.W. Branch in other arrangements, the Shop, Distributive and Allied Employees' Association N.S.W. Branch applies judgement to assess whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB 138 Intangible Assets.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in surplus or deficit when the asset is derecognised.

1.18 Impairment for non-financial assets

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

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

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

In other cases, for the purposes of determining recoverable amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.19 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.20 Taxation

Shop, Distributive and Allied Employees' Association N.S.W. Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 1: Summary of Significant Accounting Policies (cont.)

1.21 Fair value measurement

The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 16A.

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 Shop, Distributive and Allied Employees' N.S.W. Branch. 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.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Summary of Significant Accounting Policies (cont.)

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

1.22 Going concern

Shop, Distributive and Allied Employees' Association N.S.W. Branch is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Shop, Distributive and Allied Employees' Association N.S.W. Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 2: Events after the reporting period

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Shop, Distributive and Allied Employees' Association N.S.W. Branch the results of those operations, or the state of affairs of the Shop, Distributive and Allied Employees' Association N.S.W. Branch in subsequent financial periods.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 3: Revenue and Income

A disaggregation of the Shop, Distributive and Allied Employees' Association N.S.W. Branch's revenue by type of arrangements is provided on the face of the statement of surplus or deficit and other comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

	2023	2022
	\$	\$
Type of revenue source		
Members	15,080,551	16,220,770
Other reporting units	-	-
Government	-	-
Other parties	-	-
Total revenue from contracts with members or customers	<u>15,080,551</u>	<u>16,220,770</u>

Note 3A: Net gains from sale of assets

Land and buildings	-	443,756
Plant and equipment	179,477	143,058
Other	-	-
Total net gain from sale of assets	<u>179,477</u>	<u>586,814</u>

Note 3B: Investment income

Interest:		
Deposits	335,671	29,985
Loans	-	-
Total investment income	<u>335,671</u>	<u>29,985</u>

Note 3C: Rental income

Properties:		
Investment properties	2,313,142	1,969,747
Other	11,672	7,854
Lease incentive	-	(164,553)
Other	-	-
Total rental income	<u>2,324,814</u>	<u>1,813,048</u>

Note 3D: Income from recovery of wages activity

Amounts recovered from employers in respect of wages	80,000	-
Interest received on recovered money	-	-
Total income from recovery of wages activity	<u>80,000</u>	<u>-</u>

Note 3E: Other income

Sundry income	22,203	30,743
Total other income	<u>22,203</u>	<u>30,743</u>

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2023 2022
\$ \$

Note 4: Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	302,522	273,097
Superannuation	69,428	57,808
Leave and other entitlements	43,681	27,254
Separation and redundancies	-	-
Other employee expenses	32,370	23,372
Subtotal employee expenses - holders of office	448,001	381,531

Employees other than office holders:

Wages and salaries	5,906,150	6,092,881
Superannuation	713,168	741,577
Leave and other entitlements	864,516	823,039
Separation and redundancies	-	-
Other employee expenses	686,822	644,743
Subtotal employee expenses - employees other than office holders	8,170,656	8,302,240
Total employee expenses	8,618,657	8,683,771

Note 4B: Affiliation fees

SDA National Office	1,493,630	1,543,393
SDA National Office – International Fund	224,045	231,509
ALP NSW	277,500	277,500
ALP ACT	10,247	9,567
Labor Council NSW	219,120	210,694
Labor Council ACT	4,750	4,000
Labor Council South Coast	3,300	3,174
Total affiliation fees	2,232,592	2,279,837

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 4C: Administration expenses		
Total paid to employers for payroll deductions of membership subscriptions	90,289	92,411
Campaign levies - ACTU IR and others	-	69,285
Electoral funding expense – State election	567,847	-
Fees/allowances - meeting and conferences	86,289	33,322
Conference and meeting expenses	469,057	238,688
Accommodation and travel	649,005	307,275
Contractors and consultants	504,161	333,554
Impairment loss expense	116,809	133,388
Membership propagation expense	690,809	656,086
Journal costs	431,800	351,553
Textbook, scholarships and teap payments	98,616	105,027
Occupancy expenses	1,219,622	1,366,780
Printing, postage, and stationery	323,058	199,744
Telephone	272,514	324,094
Insurance	941,558	851,924
Motor vehicle expenses	455,644	405,753
Other	744,217	1,167,261
Subtotal administration expense	7,661,295	6,636,145
Operating lease rentals:		
Short term, low value, and variable lease payments	134,777	86,688
Total administration expenses	7,796,072	6,722,833
Note 4D: Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	1,860	3,727
Total paid that exceeded \$1,000	27,669	174,704
Total grants or donations	29,529	178,431
Note 4E: Depreciation and amortisation		
Depreciation:		
Land and buildings	536,483	486,947
Plant and equipment	430,386	550,122
Total depreciation	966,869	1,037,069
Amortisation:		
Intangibles	23,580	-
Total amortisation	23,580	-
Total depreciation and amortisation	990,449	1,037,069

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 4F: Finance costs		
Overdrafts / loans	-	-
Interest on lease liabilities	12,895	10,194
Total finance costs	<u>12,895</u>	<u>10,194</u>

Note 4G: Legal costs		
Litigation	34,437	27,349
Other legal matters	255,575	245,124
Total legal costs	<u>290,012</u>	<u>272,473</u>

Note 5: Current Assets

Note 5A: Cash and cash equivalents

Cash on hand	1,300	1,650
Cash at bank	2,522,673	2,845,893
Short term deposits	4,038,746	8,000,000
Total cash and cash equivalents	<u>6,562,719</u>	<u>10,847,543</u>

Note 5B: Trade and other receivables

Trade receivables from other reporting units:		
SDA National Office	550	2,475
Less allowance for expected credit loss	(1)	(25)
	<u>549</u>	<u>2,450</u>
Trade receivables from members and customers:		
Trade receivables	1,581,357	1,377,250
Less allowance for expected credit loss	(145,770)	(28,937)
	<u>1,435,587</u>	<u>1,348,313</u>
Other receivables:		
GST receivable	-	32,832
Accrued interest income	102,613	10,696
Other sundry receivables	140,224	178,122
	<u>242,837</u>	<u>221,650</u>
Total Trade and other receivables	<u>1,678,973</u>	<u>1,572,413</u>

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

Opening loss allowance as at 1 July	28,962	185,661
Loss allowance recognised during the year	116,809	162,396
Write-off	-	(319,095)
Closing loss allowance as at 30 June	<u>145,771</u>	<u>28,962</u>

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 5B: Trade and other receivables (cont.)

The Shop, Distributive and Allied Employees' Association N.S.W. Branch applies the simplified approach to providing for expected credit losses as prescribed by AASB 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2023 is determined below. These expected credit losses also incorporate forward looking information.

2023	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
Expected loss rate	1%	5%	10%	34%	
Gross carrying amount	1,094,663	54,932	54,932	377,380	1,581,907
Loss allowance provision	(10,947)	(2,747)	(5,493)	(126,584)	(145,771)

2022	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
Expected loss rate	1%	5%	10%	25%	
Gross carrying amount	1,257,706	53,128	23,128	45,763	1,379,725
Loss allowance provision	(12,552)	(2,656)	(2,313)	(11,441)	(28,962)

Credit risk

The Shop, Distributive and Allied Employees' Association N.S.W. Branch has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5B. The main sources of credit to the Association are considered to relate to the classes of assets described as "trade and other receivables".

The Shop, Distributive and Allied Employees' Association N.S.W. Branch always measures the loss allowance for trade receivable at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. Adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current and forecast directions of conditions at the reporting date.

There has been no change in estimation techniques or significant assumptions made during the current reporting period.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are two years past due, whichever occurs earlier).

Collateral

No collateral is held over trade and other receivables.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 5B: Trade and other receivables (cont.)		

Financial assets measured at amortised cost

Trade receivables	1,436,136	1,350,763
Other receivables	242,837	221,650
	<u>1,678,973</u>	<u>1,572,413</u>

Contract balances

The Shop, distributive and Allied Employees' Association N.S.W. Branch has recognised the following assets related to contracts with members:

Receivables:

Current receivables	1,028,789	1,190,082
Non-current receivables	-	-
	<u>1,028,789</u>	<u>1,190,082</u>

Note 5C: Other current assets

Prepayments	1,270,210	1,271,530
Other	-	-
Total other current assets	<u>1,270,210</u>	<u>1,271,530</u>

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$

Note 6: Financial Assets

Financial assets at amortised cost

Current

Term deposits

7,146,657	4,000,000
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Other

-	-
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Total financial assets at amortised cost

<u>7,146,657</u>	<u>4,000,000</u>
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Term deposits have stated interest rates of 4.35% to 4.41% (2022: 0.34% to 2.18%) and mature in six to nine months.

During the year ended 30 June 2023, the Association received interest income of \$335,671 (2022: \$29,620) in respect of financial assets at amortised cost.

Impairment of financial assets

To assess the impairment of term-deposits, the Association has considered the AA credit rating of these investments. In light of that rating, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the expected credit losses for these assets, the Committee of Management have taken into account the historical default experience, the financial position of the counterparties, the future prospects of the industries, financial analyst reports and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as expected loss upon default in each case.

The Association's exposure to credit and interest rate risk is disclosed in note 15.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2023 2022
\$ \$

Note 7: Non-current Assets

Note 7A: Land and buildings

Land and buildings:

Fair value	17,244,337	17,244,337
Accumulated depreciation	(846,240)	(415,131)
Total land and buildings	16,398,097	16,829,206

Reconciliation of opening and closing balances of land and buildings

As at 1 July

Gross book value	17,244,337	17,149,600
Accumulated depreciation and impairment	(415,131)	(18,915)
Net book value 1 July	16,829,206	17,130,685

Additions:

By purchase	-	851,337
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(431,109)	(420,573)

Other movement:

Reversal of accumulated depreciation due to revaluation	-	24,357
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Disposals:

From disposal of entities (including restructuring)	-	-
Other	-	(756,600)

Net book value 30 June	16,398,097	16,829,206
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Net book value as of 30 June represented by:

Gross book value	17,244,337	17,244,337
Accumulated depreciation and impairment	(846,240)	(415,131)
Net book value 30 June	16,398,097	16,829,206

The revalued land and buildings consist of commercial properties and carparking spaces held within New South Wales and the Australian Capital Territory. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics, and risks of the properties.

Fair value of the properties was determined by using direct comparison on a rate per square metre of lettable area supported by the capitalisation of net income method. This means that it utilises sales that have been analysed on a rate /m² of strata area basis and compares the equivalent rates to the subject to establish the property's current market value.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2023 2022
\$ \$

Note 7A: Land and buildings (cont.)

As at the date of revaluation, 30 June 2021, the properties' fair values are based on valuations performed by Mark Willers of Acumentis (Statutory Services) Pty Ltd, who is an accredited independent valuer with recognised professional qualifications with the Australian Property Institute and who has recent experience in the location and category of the properties being valued.

Significant unobservable valuation input	Range
Price per square metre	\$8,500 - \$9,500

A significant increase / (decrease) in estimated price per square metre in isolation would result in a significantly higher / (lower) fair value.

The fair value of land and buildings is included within level 2.

Note 7B: Plant and equipment

Plant and equipment:

At cost	3,997,341	3,925,547
Accumulated depreciation	(2,978,241)	(2,960,131)
Total Plant and equipment	1,019,100	965,416

Reconciliation of opening and closing balances of plant and equipment

As at 1 July		
Gross book value	3,925,547	3,827,488
Accumulated depreciation and impairment	(2,960,131)	(2,799,183)
Net book value 1 July	965,416	1,028,305
Additions:		
By purchase	495,672	450,998
From acquisitions of entities (including restructuring)	-	-
Impairments	-	-
Depreciation expense	(408,330)	(442,824)
Other movement:		
Reversal of accumulated depreciation due to disposal	390,220	281,876
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	(423,878)	(352,939)
Net book value 30 June	1,019,100	965,416
Net book value as of 30 June represented by:		
Gross book value	3,997,341	3,925,547
Accumulated depreciation and impairment	(2,978,241)	(2,960,131)
Net book value 30 June	1,019,100	965,416

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Note 7C: Investment property		
Property		
Opening balance as at 1 July	37,345,000	33,693,500
Additions	-	-
Gain / (loss) from fair value adjustment	-	3,651,500
Closing balance as at 30 June	<u>37,345,000</u>	<u>37,345,000</u>
Lease incentive		
Opening balance as at 1 July	-	88,125
Additions	-	-
Disposals	-	-
Less accumulated amortisation of lease incentive	-	(88,125)
Closing balance as at 30 June	<u>-</u>	<u>-</u>
Total investment property	<u><u>37,345,000</u></u>	<u><u>37,345,000</u></u>

Property valuations were performed by Mark Willers of Charter Keck Cramer, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards, as set out by the International Valuation Standards Committee.

The highest and best use of the investment properties is not considered to be different from its current use.

Rental income earned and received from the investment properties during the year was \$2,313,142 (2022: \$1,969,747).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$746,900 (2022: \$844,220). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Shop, Distributive and Allied Employees' Association N.S.W. Branch does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancements.

Fair value of investment properties is determined by Mark Willers of Charter Keck Cramer using recognised valuation techniques. These techniques comprise both the discounted cash flow (DCF) method and income capitalisation (IC) method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream.

Under the IC method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

The fair value of the investment property is included within level 3 based on the inputs to the valuation technique used (see Note 16B).

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 7D: Intangibles		
Computer software at cost:		
Internally developed	-	-
Purchased	158,931	-
Accumulated amortisation	(23,580)	-
Accumulated impairment	-	-
	135,351	-
	135,351	-
 <i>Reconciliation of opening and closing balances of plant and equipment</i>		
As at 1 July		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 1 July	-	-
Additions:		
By purchase	158,931	-
Impairments	-	-
Amortisation	(23,580)	-
Other movement	-	-
Disposals	-	-
Net book value 30 June	135,351	-
Net book value as of 30 June represented by:		
Gross book value	158,931	-
Accumulated depreciation and impairment	(23,580)	-
Net book value 30 June	135,351	-

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 7E: Leases

The Shop, Distributive and Allied Employees' Association N.S.W. Branch as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings	Plant and equipment	Total
	\$	\$	\$
As at 1 July 2021	86,344	107,298	193,642
Additions	109,230	-	109,230
Depreciation expense	(66,374)	(107,298)	(173,672)
Impairment	-	-	-
Disposal	-	-	-
As at 30 June 2022	129,200	-	129,200
Additions	219,985	57,080	277,065
Depreciation expense	(105,375)	(22,055)	(127,430)
Impairment	-	-	-
Disposal	-	-	-
As at 30 June 2023	243,810	35,025	278,835

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2023	2022
	\$	\$
As at 1 July	132,686	200,449
Additions	277,065	109,230
Accretion of interest	12,895	10,194
Payments	(133,671)	(187,187)
As at 30 June	288,975	132,686
Current	113,650	72,544
Non-current	175,325	60,142

The maturity analysis of lease liabilities is disclosed in note 15.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2023 **2022**
\$ \$

Note 7E: Leases (cont.)

The following are the amounts recognised in surplus or deficit:

Depreciation expense of right-of-use assets	127,430	173,672
Interest expense on lease liabilities	12,895	10,194
Expense relating to short-term leases	125,762	80,669
Expenses relating to lease of low-value assets (included in administrative expenses)	-	-
Variable lease payments	9,015	6,019
Total amount recognised in surplus or deficit	275,102	270,554

The following provides information on the Shop, Distributive and Allied Employees' Association N.S.W. Branch's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed Payments	Variable Payments	Total
	\$	\$	\$
2023			
Fixed rent	133,671	9,015	142,686
Variable rent with minimum payment	-	-	-
Variable rent only	-	-	-
	133,671	9,015	142,686
2022			
Fixed rent	187,187	6,019	193,206
Variable rent with minimum payment	-	-	-
Variable rent only	-	-	-
	187,187	6,019	193,206

The option to extend or terminate are contained in several of the property leases of the Shop, Distributive and Allied Employees' Association N.S.W. Branch. There were no extension options for plant and equipment leases. These clauses provide the Shop, Distributive and Allied Employees' Association N.S.W. Branch opportunities to manage leases to align with its strategies. All of the extension or termination options are only exercisable by Shop, Distributive and Allied Employees' Association N.S.W. Branch. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 7E: Leases (cont.)

The Shop, Distributive and Allied Employees' Association N.S.W. Branch as a lessor

Operating lease commitments – as lessor

Operating leases, in which the Shop, Distributive and Allied Employees' Association N.S.W. Branch is the lessor, relate to investment property owned by the Shop, Distributive and Allied Employees' Association N.S.W. Branch with lease terms between 5 to 10 years, with extension options of 3 years and 5 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Risk management for rights retained in the underlying assets

The unguaranteed residual values do not represent a significant risk for the Shop, Distributive and Allied Employees' Association N.S.W. Branch, as they relate to property which is based in a location with a constant increase in value over the last three years. The Shop, Distributive and Allied Employees' Association N.S.W. Branch did not identify any indications that this situation will change.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are:

	2023	2022
	\$	\$
Within one year	2,500,456	2,410,945
After one year but not more than five years	8,011,877	8,421,681
More than five years	5,393,061	7,483,713
	<u>15,905,394</u>	<u>18,316,339</u>

The following table presents amounts reported in surplus or deficit:

Lease income on operating leases	<u>2,324,814</u>	<u>1,813,048</u>
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Therein lease income relating to variable lease payments
that do not depend on an index or rate

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 7F: Other non-current assets		
Prepayments	16,409	8,529
Other	-	-
Total other non-current assets	<u>16,409</u>	<u>8,529</u>

Note 8: Current Liabilities

Note 8A: Trade payables

Trade creditors and accruals	1,275,527	744,915
Total trade payables	<u>1,275,527</u>	<u>744,915</u>

Settlement is usually made within 30 days.

Note 8B: Other payables

Income in advance - rent	160,082	153,815
GST payable	28,172	-
Other	25,000	25,031
Total other payables	<u>213,254</u>	<u>178,846</u>

Total other payables are expected to be settled in:

No more than 12 months	213,254	178,846
More than 12 months	-	-
Total other payables	<u>213,254</u>	<u>178,846</u>

Note 8C: Financial liabilities at amortised cost

The following financial liabilities are measured at amortised cost:

Trade payables	1,275,527	744,915
Other payables	213,254	178,846
	<u>1,488,781</u>	<u>923,761</u>

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2023 2022
\$ \$

Note 9: Employee Provisions

Note 9A: Employee provisions

Office holders:

Annual leave	114,595	82,229
Long service leave	177,709	160,565
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – office holders	292,304	242,794

Employees other than office holders:

Annual leave	1,076,202	1,017,996
Long service leave	1,598,828	1,553,849
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – employees other than office holders	2,675,030	2,571,845

Total employee provisions	2,967,334	2,814,639
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Current	2,927,703	2,769,794
Non-current	39,631	44,845
Total employee provisions	2,967,334	2,814,639

Note 10: Equity

Note 10A: General funds

Asset revaluation reserve

Balance at start of the year:	32,049,200	32,060,400
Transfers to reserve	-	-
Transfers out of reserve	-	(11,200)
Balance as at end of year	32,049,200	32,049,200
Total reserves	32,049,200	32,049,200

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2023	2022
\$	\$

Note 11: Cash Flow

Note 11A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

Cash and cash equivalents as per:

Cash flow statement	6,562,719	10,847,543
Balance sheet	6,562,719	10,847,543
Difference	<u>-</u>	<u>-</u>

Reconciliation of surplus / (deficit) to net cash from operating activities:

Surplus / (deficit) for the year	(1,991,490)	3,105,252
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Adjustment for non-cash items:

Depreciation and amortisation	990,449	1,037,069
Gain on revaluation of investment properties	-	(3,651,500)
Non-cash income	-	(43,624)
Gain on disposal of assets	(179,477)	(586,814)

Changes in assets/liabilities:

(Increase)/decrease in net receivables	(106,560)	4,445
(Increase)/decrease in prepayments	(6,561)	(109,949)
Increase/(decrease) in supplier payables	565,020	5,450
Increase/(decrease) in other payables	-	-
Increase/(decrease) in employee provisions	152,696	187,817
Increase/(decrease) in other provisions	-	-
Net cash used in operating activities	<u>(575,923)</u>	<u>(51,854)</u>

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 \$	2022 \$
Note 11B: Cash flow information		
Cash inflows from other reporting units:		
Shop, Distributive and Allied Employees' Association – National Office	46,820	17,892
Shop, Distributive and Allied Employees' Association – Newcastle and Northern Branch	522	118,322
Shop, Distributive and Allied Employees' Association – Queensland Branch	197	536
Shop, Distributive and Allied Employees' Association – Victorian Branch	-	368
	<u>47,539</u>	<u>137,118</u>
Cash outflows to other reporting units:		
Shop, Distributive and Allied Employees' Association – National Office	2,017,940	2,269,286
Shop, Distributive and Allied Employees' Association – Newcastle and Northern Branch	18,136	14,149
Shop, Distributive and Allied Employees' Association – Northern Territory Branch	2,608	3,243
Shop, Distributive and Allied Employees' Association – Queensland Branch	11,094	1,686
Shop, Distributive and Allied Employees' Association – South Australian Branch	10,014	11,275
Shop, Distributive and Allied Employees' Association – Tasmanian Branch	35	-
Shop, Distributive and Allied Employees' Association – Victorian Branch	10,282	4,818
Shop, Distributive and Allied Employees' Association – Western Australian Branch	10,005	7,277
	<u>2,080,114</u>	<u>2,311,734</u>

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 11C: Changes in liabilities arising from financing activities

	1 July 2022	Cash flows	Non-cash changes			30 June 2023
			Acquisition	Foreign exchange movements	Fair value changes	
Lease liabilities	132,686	(120,776)	277,065	-	-	288,975
Total	132,686	(120,776)	277,065	-	-	288,975

2023
\$ 2022
\$

Note 12: Contingent Liabilities, Assets and Commitments

12A: Lease commitments

Short-term	124,222	172,155
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12B: Capital commitments

The Shop, Distributive and Allied Employees' Association N.S.W. Branch is not aware of any capital commitments.

12C: Contingent assets or liabilities

The Shop, Distributive and Allied Employees' Association N.S.W. Branch is not aware of any contingent assets or liabilities.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$

Note 13: Related Party Disclosures

Note 13A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

Revenue received from Shop Distributive and Allied Employees' Association National Office includes the following:

<i>Reimbursements – Other</i>	44,268	17,892
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Expenses paid to Shop Distributive and Allied Employees' Association National Office includes the following:

<i>Affiliation fees</i>	1,466,214	1,521,045
<i>Campaign levies</i>	-	69,285
<i>Other</i>	148,344	244,501

Expenses paid to Shop Distributive and Allied Employees' Association National Office – International Fund includes the following:

<i>Affiliation Fees – International Fund</i>	219,932	228,157
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Expenses paid to Australian Labor Party N.S.W. includes the following:

<i>Affiliation fees</i>	277,500	277,500
<i>Donations – Campaign lunches / dinners</i>	12,364	71,482
<i>Other</i>	13,800	-

Expenses paid to the Australian Labor Party A.C.T. includes the following:

<i>Affiliation fees</i>	10,247	9,567
<i>Donations – campaign levy</i>	-	1,000
<i>Other</i>	974	-

Expenses paid to the Labor Council N.S.W. includes the following:

<i>Affiliation fees</i>	219,120	210,694
<i>High Court Electoral funding case</i>	127,920	-
<i>Visa assist project</i>	9,091	-
<i>Other</i>	2,165	-

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$

Note 13A: Related party transactions for the reporting period (cont.)

Expenses paid to Unions A.C.T. includes the following:

<i>Affiliation fees</i>	4,750	4,000
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Expenses paid to the Labor Council South Coast includes the following:

<i>Affiliation fees</i>	3,300	3,174
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The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 30 June 2023, the Shop Distributive and Allied Employees' Association N.S.W. Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2022: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 13B: Key management personnel remuneration for the reporting period

Short-term employee benefits

Salary (including annual leave taken)	298,430	273,097
Annual leave accrued	27,901	18,820
Performance bonus	-	-
Non-Monetary (motor vehicle and parking)	32,370	23,371
Total short-term employee benefits	358,701	315,288

Post-employment benefits

Superannuation	69,428	57,808
Total post-employment benefits	69,428	57,808

Other long-term benefits

Long-service leave	15,780	8,434
Total other long-term benefits	15,780	8,434

Termination benefits

	-	-
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Total	443,909	381,530
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SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 13B: Key management personnel remuneration for the reporting period (cont.)

Key management personnel	Bernie Smith Secretary	Felicity Smithson Assistant Secretary	Total
	\$	\$	\$
Remuneration for 2023			
Short-term employee benefits:			
Salary (including annual leave taken)	153,510	144,920	298,430
Honorarium	-	-	-
Annual leave accrued	16,599	11,302	27,901
Non-monetary (motor vehicle and parking)	14,001	18,369	32,370
Total short-term employee benefits	184,110	174,591	358,701
Post-employment benefits:			
Superannuation	38,011	31,417	69,428
Total post-employment benefits	38,011	31,417	69,428
Other long-term benefits:			
Long-service leave	5,110	10,670	15,780
Total other long-term benefits	5,110	10,670	15,780
Total	227,231	216,678	443,909
Remuneration for 2022			
Short-term employee benefits:			
Salary (including annual leave taken)	139,994	133,103	273,097
Honorarium	-	-	-
Annual leave accrued	14,782	4,038	18,820
Non-monetary (motor vehicle and parking)	10,534	12,837	23,371
Total short-term employee benefits	165,310	149,978	315,288
Post-employment benefits:			
Superannuation	31,722	26,086	57,808
Total post-employment benefits	31,722	26,086	57,808
Other long-term benefits:			
Long-service leave	410	8,024	8,434
Total other long-term benefits	410	8,024	8,434
Total	197,442	184,088	381,530

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 \$	2022 \$
Note 14: Remuneration of Auditor		
Value of the services provided		
Financial statement audit services	44,000	43,000
Other services	-	-
Total remuneration of auditor	<u>44,000</u>	<u>43,000</u>

No other services were provided by the auditor of the financial statements.

Note 15: Financial Risk Management

The Shop, Distributive and Allied Employees' N.S.W. Branch's financial instruments consist mainly of deposits with banks, short-term and medium-term deposits with financial institutions, accounts receivables, accounts payables and lease liabilities.

The totals for each category of financial instrument measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2023 \$	2022 \$
Financial assets			
Financial assets at amortised cost:			
Cash and cash equivalents	5A	6,562,719	10,847,543
Trade and other receivables	5B	1,678,973	1,572,413
Term deposits	6	7,146,657	4,000,000
		<u>15,388,349</u>	<u>16,419,956</u>
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	8C	1,488,781	923,761
Lease liabilities	7E	288,975	132,686
		<u>1,777,756</u>	<u>1,056,447</u>

Financial risk management policies

The Committee of Management has overall responsibility for the establishment and oversight of risk management policies. Main policies aim to minimise potential risk exposure by actively securing short to medium-term cash flows through minimising exposure to financial markets. The Association currently does not hold any long-term financial instruments. The Association does not actively engage in the trading of financial assets for speculative purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 15: Financial Risk Management (cont.)

Specific financial risk exposures and management

The main risks the Association is exposed to through its financial statements are credit risk, liquidity risk and interest rate risk. There have been no substantive changes in the types of risks the Association is exposed to, how these risks arise, or the Committee of Management's objectives, policies, and processes for managing or measuring the risks from the previous period.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association. The Association's objective in managing credit risk is to minimise the credit loss incurred, mainly on trade and other receivables. There is no significant risk exposure on other financial assets at amortised cost.

Credit risk is managed through maintenance of procedures, ensuring to the extent possible that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are usually Cash on Delivery or 30 Days from date of invoice.

Risk is also minimised through investing surplus funds with financial institutions that maintain high credit rating, or in entities that the Association has assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are not past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 5B.

The Association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association.

Credit risk related to balances with banks and other financial institutions is managed by the Finance Committee in accordance with approved Committee policy. Such policy requires that surplus funds are only invested with counter parties with a Standard and Poor's (S&P) rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P Counterparty Credit Ratings

	Note	2023 \$	2022 \$
Cash and cash equivalents			
- AA Rated	5A	6,562,719	10,847,543
Short-term and fixed term deposits			
- AA Rated	6	7,146,657	4,000,000
		13,709,376	14,847,543

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 15: Financial Risk Management (cont.)

Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association is not exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The Association manages its liquidity risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- only investing surplus cash with major financial institutions.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The association does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows to settle financial liabilities is presented in the table below.

Financial liability and financial asset maturity analysis:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities – due for payment								
Trade payables	1,275,527	744,915	-	-	-	-	1,275,527	744,915
Other payables	213,254	178,846	-	-	-	-	213,254	178,846
Lease liabilities	113,650	72,544	175,325	60,142	-	-	288,975	132,686
Total expected outflows	1,602,431	996,305	175,325	60,142	-	-	1,777,756	1,056,447
Financial Assets – Cash flows realisable								
Cash and cash equivalents	6,562,719	10,847,543	-	-	-	-	6,562,719	10,847,543
Trade and other receivables	1,678,973	1,572,413	-	-	-	-	1,678,973	1,572,413
Term deposits	7,146,657	4,000,000	-	-	-	-	7,146,657	4,000,000
Total expected inflows	15,388,349	16,419,956	-	-	-	-	15,388,349	16,419,956
Net (outflow) / inflow expected on financial instruments	13,785,918	15,423,651	(175,325)	(60,142)	-	-	13,610,593	15,363,509

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 15: Financial Risk Management (cont.)

Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby future changes in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Association is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Association to interest rate risk are limited to cash on deposit, term deposits and fixed term deposits.

The Association manages interest rate risk by varying the maturity period and principal sums invested of term deposits to ensure the entity receives the most advantageous interest rate on offer. The Association also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

Other market risks

The Association is not exposed to any other market risks such as price or foreign currency risk.

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact of how surplus or deficit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Effect on	
	Surplus or Deficit	Equity
	\$	\$
Year ended 30 June 2023		
+/- 1.0% in interest rates	+/- 137,094	+/- 137,094
Year ended 30 June 2022		
+/- 1.0% in interest rates	+/- 148,475	+/- 148,475

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 15: Financial Risk Management (cont.)

Capital management

In conjunction with the above risk policies, specifically those relating to financial instruments, the Association's policy is to maintain a strong capital base to sustain member, creditor, and market confidence and to sustain future development of the Association's activities. The Committee of Management monitors the return on capital and seeks to maintain a conservative position. There were no changes in the Association's approach to capital management during the year.

Note 16: Fair Value Measurements

Note 16A: Financial assets and liabilities

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as present in the statement of financial position.

Refer to note 16B for detailed disclosures regarding the fair value measurement of the Association's financial assets and financial liabilities.

	Carrying amount 2023 \$	Fair value 2023 \$	Carrying amount 2022 \$	Fair value 2022 \$
Financial assets				
At amortised cost:				
Cash and cash equivalents	6,562,719	6,562,719	10,847,543	10,847,543
Trade and other receivables	1,678,973	1,678,973	1,572,413	1,572,413
Term deposits	7,146,657	7,146,657	4,000,000	4,000,000
	15,388,349	15,388,349	16,419,956	16,419,956
Financial liabilities				
At amortised cost:				
Trade and other payables	1,488,781	1,488,781	923,761	923,761
Lease liabilities	288,975	288,975	132,686	132,686
	1,777,756	1,777,756	1,056,447	1,056,447

Cash and cash equivalents, trade and other receivables, trade and other payables, and term deposits are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave, which are outside the scope of AASB 9.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 16: Fair Value Measurements (cont.)

Note 16B: Financial and non-financial assets and liabilities fair value hierarchy

The Shop, Distributive and Allied Employees' Association N.S.W. Branch measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Free hold land and buildings
- Investment properties

The Association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of the fair values information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Association selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Association are consistent with one or more of the following valuation approaches:

- Market approach using prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Note 16: Fair Value Measurements (cont.)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information or actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing assets or liabilities are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Association's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2023			
Note	Level 1	Level 2	Level 3	Total	
	\$	\$	\$	\$	
Recurring fair value measurements					
<i>Non-financial assets:</i>					
Land and buildings	7A	-	16,398,097	-	
Investment property	7C	-	-	37,345,000	
Total non-financial assets recognised at fair value on a recurring basis		-	16,398,097	37,345,000	
53,743,097					
		30 June 2022			
Note	Level 1	Level 2	Level 3	Total	
	\$	\$	\$	\$	
Recurring fair value measurements					
<i>Non-financial assets:</i>					
Land and buildings	7A	-	16,829,206	-	
Investment property	7C	-	-	37,345,000	
Total non-financial assets recognised at fair value on a recurring basis		-	16,829,206	37,345,000	
54,174,206					

There were no transfers between level 1 and level 2 for assets measured at fair value on a recurring basis during the reporting period (2022: no transfers).

There were no transfers between level 2 and level 3 for assets measured at fair value on a recurring basis during the reporting period (2022: no transfers).

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Note 16: Fair Value Measurements (cont.)

Valuation techniques and inputs used to measure level 2 fair values

Description	Valuation technique(s)	Input(s) used
<i>Non-financial assets:</i>		
Land and buildings	Market approach using recent observable market data for similar properties;	- Price per square metre
	Income approach using discounted cash flow (DCF) methodology	- Market borrowing rate

The fair value of land and buildings is determined at least every three years based on valuations by an independent valuer(s). At the end of each intervening period, the Committee of Management review the independent valuation(s) and when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Association to determine Level 2 fair values.

Valuation techniques and inputs used to measure level 3 fair values

Description	Valuation technique(s)	Significant unobservable inputs	Range
<i>Non-financial assets:</i>			
Investment properties	Income approach using discounted cash flow (DCF) methodology;	- Discount rate	5.25% - 5.75%
	Income approach using income capitalisation methodology	- Income capitalisation rate	4.00% - 4.90%

Significant increases / (decreases) in the estimated discount rate and / or income capitalisation rate in isolation would result in significantly higher / (lower) fair value of the investment property.

The fair value of investment properties is determined at least every three years based on valuations by an independent valuer(s). At the end of each intervening period, the Committee of Management review the independent valuation(s) and when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Association to determine Level 3 fair values.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Note 16: Fair Value Measurements (cont.)

Disclosed fair value measurements

The following liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- Lease liabilities

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised and a description of the valuation technique(s) and inputs used:

Description	Note	Fair value hierarchy level	Valuation technique(s)	Input(s) used
<i>Liabilities</i> Lease liabilities	7E	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

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

Note 17: Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or 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).

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

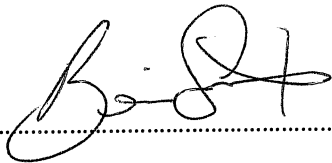
Note 18: Officers Declaration Statement

I, Bernard Smith, being the Branch Secretary of the Shop, Distributive and Allied Employees' Association N.S.W. Branch, declare that the following activities did not occur during the reporting period ending 30 June 2023.

The reporting unit did not:

- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- pay capitation fees to another reporting unit
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:



Dated: 15th August 2023