

Shop, Distributive & Allied Employees' Association



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ABN 99 789 302 470

NATIONAL PRESIDENT

Don Farrell

NATIONAL SECRETARY

Joe de Bruyn

Jdb/cr

Wednesday 2nd November, 2005

The Industrial Registrar
Nauru House
80 Collins Street
MELBOURNE, VIC 3000

Rec'd 7/11/05

FR 2005/232

Dear Sir,

Enclosed with this letter is the "Designated Officer's Certificate" under s268 of Schedule 1B Workplace Relations Act 1996 with respect to the National Accounts of the Association, and those of the Association's NSW Deductions Account.

Yours faithfully,

J. de Bruyn

JOE DE BRUYN
National Secretary - Treasurer

Encl: as above

Designated Officer's Certificate

S268 of Schedule 1B Workplace Relations Act 1996

I, **Joseph de Bruyn**, being the National Secretary-Treasurer of the Shop, Distributive and Allied Employees' Association certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report was provided to members no later than 30th September, 2005, and
- that the full report was presented to a meeting of the National Council of the reporting unit on 24th October, 2005 in accordance with section 266 of the RAO Schedule.

Signature:..... *J. de Bruyn*.....

Date:..... *2nd*.....November, 2005



**SHOP DISTRIBUTIVE AND
ALLIED EMPLOYEES' ASSOCIATION**

**ANNUAL FINANCIAL REPORT
30 JUNE 2005**

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

Scope

We have audited the financial report of the Shop Distributive and Allied Employees' Association National Executive ("the Association") for the financial year ended 30 June 2005, being a general purpose financial report, consisting of the Certificate by National Executive, Certificate by National Secretary-Treasurer, statement of financial position, statement of financial performance, statement of cash flows and accompanying notes set out on pages 5 to 26. The financial report comprises the accounts of the Association including the National Executive, the Mannequins and Models Guild of Australia and the International Fund. The National Officers of the Association are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

The financial report has been prepared for distribution to the members of the Association for the purpose of fulfilling the requirements of subsections 265(1) and 265(5) of the Registration and Accountability of Organisations Schedule ("RAO") (Schedule 1B of the Workplace Relations Act 1996) in relation to the financial report and the independent auditors' report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the Association's financial position and performance, as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION**

Audit Opinion

In our opinion :-

- (i) all information and explanations that, under section 257 of the RAO Schedule, officers or employees of the Association were required to provide were provided;
- (ii) the financial report of the Shop Distributive and Allied Employees' Association National Executive is properly drawn up in accordance with section 253 of the RAO Schedule, applicable Accounting Standards and other mandatory professional reporting requirements in Australia so as to give a true and fair view of:
 - (a) the financial position of the Association as at 30 June 2005; and
 - (b) the income and expenditure, and any surplus or deficit, of the Association for the financial year ended 30 June 2005.

Dated at Melbourne this ^{23rd} day of August 2005.



KPMG



G C Matthews
Partner

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

OPERATING REPORT

Membership

Membership of the Association as at 31st December 2004 was 219,539.

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Pursuant to s174 of the Workplace Relations Act 1996, members could resign from the Association by written notice to the appropriate Branch of the Association.

Principal Activities

The Association maintained its industrial awards and agreements at a high, up-to-date standard, and produced a range of publications for its members.

New enterprise agreements were negotiated with a wide range of employers including Coles-Myer, Woolworths, Bunnings, Just Jeans, Pretty Girl, Yum!, Dulux, Australia Post, Priceline, Hungry Jacks, McDonald's, Wendy's and others. These agreements all resulted in improved wages and working conditions for the employees covered by them.

The Association played a leading role in the 'Test Cases' before the AIRC on the minimum wage, and work and family matters. These cases have resulted in improved wages for many Australian workers.

The Association participated in inquiries conducted by the Federal Parliament on industrial relations, work and family, participation in paid work, taxation, aging, skill shortages and the budget. Officers of the Association discussed a range of issues relevant to members with Federal and State Parliamentarians.

The Association is currently undertaking a major refurbishment of its investment property at 53 Queen Street Melbourne, being funded from existing cash reserves. It is expected to be completed by the end of the 2005/2006 financial year.

At 30 June 2005, there were 14 persons employed by the national office of the Association.

Affiliations & Directorships

The Association, through its Branches (excluding Tasmania), is affiliated with the Australian Labor Party ("ALP"). Delegates were credentialed to various state and national meetings of the ALP. The National Secretary-Treasurer is a member of the ALP National Executive.

The Association is affiliated with the Australian Council of Trade Unions ("ACTU"). The National Secretary-Treasurer is Senior Vice President of the ACTU. Three other officers of the Association are also members of the ACTU Executive. Officers of the Association are active on a range of ACTU Committees, including health and safety, women, and vocational education and training.

The Association is affiliated to Union Network International ("UNI"). Various members of the Association hold elected positions within UNI. The National Secretary-Treasurer is the Regional President of UNI in the Asia Pacific Region.

Two representatives of the Association are Directors of the Service Industries Skills Council.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

OPERATING REPORT (continued)

Superannuation Trustees

Four representatives of the Association are Directors of the Retail Employees Superannuation Trust ("REST"). These are Mr J De Bruyn, the National Secretary-Treasurer, Mr D Farrell, the National President, Mr J. Maher and Ms S Burnley. The four Alternate Employee Directors are Mr I Blandthorn, Mr G Williams, Mr J Bullock, and Mr M Donovan.

Committee of Management

The members of the National Executive of the Association at any time during or since the end of the financial year were:

<i>Name</i>	<i>Experience</i>
Mr. D. Farrell National President	National Executive member since 1994 Elected National President 1995
Mr. J. Bullock National Vice President	National Executive member since 1996 Elected National Vice President 2004
Mr. J. De Bruyn National Secretary-Treasurer	National Executive member since 1978 Elected National Secretary-Treasurer 1978
Mr. I. Blandthorn National Assistant Secretary	National Executive member since 1986 Elected National Assistant Secretary 1986
Mr. M. Donovan	National Executive member since 1996
Mr. G. Dwyer	National Executive member since 2005
Mr. P. Griffin	National Executive member since 1990
Mr. C. Ketter	National Executive member since 1996
Ms. B. Nebart	National Executive member since 2004
Mr. G. Donnelly	National Executive member since 1992 Retired as a member in March 2005
Mr. G. Williams	National Executive member since 1978 National Vice President 1995 – 2004 Retired as a member in October 2004

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

Dated at Melbourne this 17th day of August 2005.



J de Bruyn
National Secretary-Treasurer

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

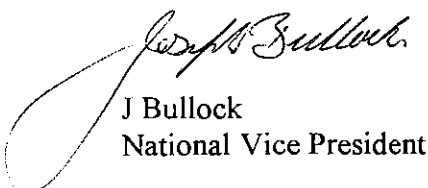
CERTIFICATE BY NATIONAL EXECUTIVE

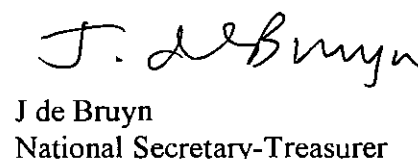
We, Joseph Bullock and Joseph de Bruyn, being two members of the National Executive of the Association, do state on behalf of the National Executive and in accordance with a resolution passed by the National Executive in relation to the accompanying general purpose financial report that, in the opinion of the National Executive:-

- (a) the financial statements and notes set out on pages 7 to 26 comply with the Australian Accounting Standards;
- (b) the financial statements and notes set out on pages 7 to 26 comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year ended 30 June 2005;
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable;
- (e) during the financial year ended 30 June 2005 and since the end of that year:
 - (i) meetings of the executive were held in accordance with the rules of the Association;
 - (ii) the financial affairs of the Association have been managed in accordance with the rules of the Association;
 - (iii) the financial records of the Association have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 - Registration and Accountability of Organisations Schedule ("RAO") and the RAO Regulations;
 - (iv) the financial records of the Association have been kept, as far as practicable, in a consistent manner to each of the branches of the Association;
 - (v) to the knowledge of any member of the National Executive, there have been no instances of information sought in any request of a member of the Association or a Registrar duly made under section 272 of the RAO Schedule that have not been furnished to the member or Registrar; and
 - (vi) no orders for inspection of financial records have been made by the Commission under section 273 of the RAO Schedule.

Dated at Perth this *17th* day
of August 2005.

Dated at Melbourne this *17th* day
of August 2005.


J Bullock
National Vice President


J de Bruyn
National Secretary-Treasurer

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

CERTIFICATE BY NATIONAL SECRETARY-TREASURER

I, Joseph de Bruyn, being the officer responsible for keeping the accounting records of the Association certify that as at 30 June 2005 the number of members of the Association was 219,539.

In my opinion:-

- (i) the accompanying financial report set out on pages 7 to 26 shows a true and fair view of the financial position of the Association as at 30 June 2005;
- (ii) a record has been kept of all monies paid by or collected from members of the Association and all monies so paid or collected have been credited to the bank account to which those monies are to be credited in accordance with the rules of the Association;
- (iii) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (iv) no payments were made out of funds or accounts operated by the Association in respect of compulsory levies raised by the Association or voluntary contributions collected from members of the Association or other funds, the operation of which is required by the rules of the Association for a purpose other than the purpose for which the funds or accounts were operated;
- (v) no loans or other financial benefits other than remuneration in respect of their full time employment with the Association were made to persons holding office in the Association; and
- (vi) the Register of Members of the Association was maintained in accordance with the Workplace Relations Act 1996.

Dated at Melbourne this 17th day of August 2005.



J de Bruyn
National Secretary-Treasurer

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

		2005	2004
	Note	\$	\$
Accumulated funds		<u>19,598,901</u>	<u>17,704,036</u>
Represented by:-			
Current assets	6	12,364,407	11,958,481
Non-current assets	7	<u>8,480,475</u>	<u>6,455,160</u>
Total Assets		<u>20,844,882</u>	<u>18,413,641</u>
Current liabilities	8	1,234,928	705,235
Non-current liabilities	9	<u>11,053</u>	<u>4,370</u>
Total Liabilities		<u>1,245,981</u>	<u>709,605</u>
Net Assets		<u>19,598,901</u>	<u>17,704,036</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 11 to 26.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Income			
53 Queen St, Melbourne - rent		364,576	417,719
ACT building - rent		42,853	71,549
Care director's fees		8,230	17,460
Gown of the Year - showings		-	46,255
Interest received		595,842	512,880
Membership subscriptions		4,440,997	3,898,827
Profit on sale of fixed assets		-	6,591
Profit on sale of investment property	3	318,857	-
WT Travel Pty Ltd receipts		1,502	3,200
		<u>5,772,857</u>	<u>4,974,481</u>
Expenditure			
53 Queen St, Melbourne - expenses		394,160	417,045
53 Queen St, Melbourne – preliminary refurbishment expenditure		190,592	446,379
ACT building - expenses		17,739	17,109
Affiliation fees		874,056	820,051
Amortisation of AFI shares		31,163	19,753
Auditors' remuneration	4	14,280	19,400
Accounting and secretarial fees		-	1,890
Bank charges and interest		1,210	3,619
Consulting – legal		124,054	37,841
Consulting – professional fees		102,591	75,526
Delegates expenses		246,015	193,844
Depreciation		44,954	50,470
Donations		421,903	344,419
Electricity		2,514	3,111
Fringe benefits tax		12,029	9,851
General Office expenses		29,945	31,183
Gown of the Year - expenses		-	2,379
Holiday pay		8,996	7,739
Insurance		35,879	34,196
Long service leave		7,993	18,113
Meeting expenses		125,465	105,054

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 11 to 26.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Expenditure (Continued)			
Other administration expenses		41,574	34,886
Payroll tax		44,227	41,075
Postage		5,094	8,670
Publishing		27,540	98,816
Remuneration to employees		775,010	751,550
Subscriptions/publications		29,115	27,258
Superannuation benefits		106,098	84,200
Telephone		27,246	20,150
Travel		128,153	142,189
Workcare		8,397	1,037
		<u>3,877,992</u>	<u>3,868,803</u>
Operating profit		1,894,865	1,105,678
Accumulated funds opening balance		17,704,036	16,598,358
Accumulated funds closing balance		<u>19,598,901</u>	<u>17,704,036</u>

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 11 to 26.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005	2004
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		4,848,575	4,508,995
Cash payments in the course of operations		(3,451,335)	(3,616,221)
Interest received		<u>670,105</u>	<u>439,045</u>
Net cash provided by operating activities	14	<u>2,067,345</u>	<u>1,331,819</u>
Cash flows from investing activities			
Payments for investment property		(2,498,448)	(27,500)
Payments for shares in unlisted company		-	(155,814)
Payments for property, plant and equipment		(29,527)	(100,388)
Proceeds on disposal of property, plant and equipment		-	18,177
Proceeds on disposal of investment property	3	745,400	-
Proceeds from investments		4,884,193	4,920,951
Payments for investments		<u>(3,715,500)</u>	<u>(6,448,121)</u>
Net cash used in investing activities		<u>(613,882)</u>	<u>(1,792,695)</u>
Net increase/(decrease) in cash held		1,453,463	(460,876)
Cash at the beginning of the financial year		<u>320,502</u>	<u>781,378</u>
Cash at the end of the financial year	14	<u>1,773,965</u>	<u>320,502</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 26.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and the Workplace Relations Act 1996.

The financial report comprises the accounts of the Association including the National Executive, the Mannequins and Models Guild of Australia Division and the International Fund. Consolidated financial statements that include the controlled entity, WT Travel Pty Ltd are no longer required as that entity ceased trading in June 2002.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by each entity in the Association and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Recognition of Gown of the Year Showing Income and Expenses

In accordance with the principle of matching revenue with expenses, all revenue and expenses of a particular year's Gown of the Year showing are recognised in the calendar year in which the showing is held. Revenue received and expenses incurred prior to the next showing are carried forward as deferred income and prepaid expenses in the financial statements at the end of the financial year.

The activities of Gown of the Year ceased during the previous financial year.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Membership subscriptions

Membership subscriptions represent revenue earned from affiliation fees received from the various state branches.

Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Rental income

Rental income is recognised as it accrues.

Sale of non-current assets

The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including the incidental costs).

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST excluded.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statements of financial position.

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

(e) Income Tax

The Association is exempt from income tax under Division 50, section 50-15 of the Income Tax Assessment Act 1997.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Current Assets

Sundry debtors

Sundry debtors to be settled are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts. The carrying amount of trade debtors approximate net fair value.

Bank bills

Bank bills mature within 28 to 88 days (2004: 5 to 68 days) from balance date and pay interest at 5.48% to 5.54% (2004: 5.30% to 5.41%).

(g) Recoverable Amount of Non-Current Assets Valued on Cost Basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value. Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

(h) Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Depreciation and amortisation

Items of property, plant and equipment including buildings and leasehold property have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives.

The depreciation rates used for each class of asset are as follows:

Furniture and fittings	5.0% to 40.0%
Investment property	2.5%
Leasehold improvements	10.0%
Motor vehicles	12.5%

Assets are depreciated or amortised from the date of acquisition.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments

Controlled entity

Investments in controlled entities are carried in the Association's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of financial performance when they are declared by the controlled entities.

The controlled entity has been dormant during the financial year, therefore consolidated accounts have not been prepared.

Other entities

Investments in other listed and unlisted entities are carried at the lower of cost, and recoverable amount.

Investment properties

The investment properties comprise readily realisable investment interests in land and buildings held for the purpose of letting to produce rental income. Land and buildings comprising the investment properties are regarded as a composite assets, and are disclosed as such in the financial statements. The investment properties are carried at the lower of cost and recoverable amount and depreciation has been calculated on a straight line basis at 2.5%.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Association. The carrying amount of accounts payable approximate net fair value.

(k) Employee Benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Association expects to pay as at reporting date including related on-cost, such as, workers compensation insurance and payroll tax.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits (continued)

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wages and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Superannuation plan

The Association contributes to a defined benefit superannuation plan. Contributions are recognised as an expense as they are made. Further information is set out in Note 16.

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of subsection 272(5) of the RAO Schedule, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

- (1) A member of a reporting unit, or a Registrar, 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
3. INDIVIDUALLY SIGNIFICANT ITEM		
Profit on sale of investment property		
Gross proceeds on sale of investment property	745,400	-
Carrying value of property sold	(426,543)	-
Net gain	<u>318,857</u>	<u>-</u>

4. AUDITORS' REMUNERATION

Audit Services:

KPMG Melbourne

- review of financial reports	4,410	4,200
- audit of financial reports	9,870	9,400
	<u>14,280</u>	<u>13,600</u>

Other Services:

KPMG Melbourne

- other services	-	5,800
	<u>-</u>	<u>5,800</u>

5. SEGMENT REPORTING

The Association operates in one geographical location, being Australia and in one industry, being trade union activities for the benefit of its members.

6. CURRENT ASSETS

Cash at bank	102,999	55,452
Money market at call	1,670,949	265,050
Bank bills	10,283,305	11,451,999
Property agent trust account	17	-
Accrued income	44,231	108,911
Prepayments	60,671	32,676
Sundry debtors	202,235	44,393
	<u>12,364,407</u>	<u>11,958,481</u>

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
7. NON-CURRENT ASSETS		
Furniture and fittings, at cost	305,111	275,584
Less accumulated depreciation	<u>(271,896)</u>	<u>(260,562)</u>
	<u>33,215</u>	<u>15,022</u>
Investment properties, at cost	8,274,291	6,372,454
Less accumulated depreciation	<u>-</u>	<u>(159,384)</u>
	<u>8,274,291</u>	<u>6,213,070</u>
Leasehold improvements, at cost	137,114	137,114
Less accumulated amortisation	<u>(137,114)</u>	<u>(131,182)</u>
	<u>-</u>	<u>5,932</u>
Motor vehicles, at cost	91,966	91,966
Less accumulated depreciation	<u>(23,895)</u>	<u>(6,891)</u>
	<u>68,071</u>	<u>85,075</u>
Shares in unlisted company (AFI Pte Ltd), at cost	188,985	188,985
Less provision for diminution	<u>(84,087)</u>	<u>(52,924)</u>
	<u>104,898</u>	<u>136,061</u>
Shares in controlled entity, at cost	112,250	112,250
Less provision for diminution	<u>(112,250)</u>	<u>(112,250)</u>
	<u>-</u>	<u>-</u>
	<u>8,480,475</u>	<u>6,455,160</u>

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
7. NON-CURRENT ASSETS (continued)		
Reconciliations		
Reconciliations of the carrying amounts for each class of asset are set out below:		
Furniture and fittings		
Carrying amount at beginning of the year	15,022	21,863
Additions	29,527	8,422
Depreciation	(11,334)	(15,263)
Carrying amount at end of year	<u>33,215</u>	<u>15,022</u>
Investment properties		
Carrying amount at beginning of the year	6,213,070	6,196,255
Additions	2,498,448	27,500
Disposal	(426,543)	-
Depreciation	(10,684)	(10,685)
Carrying amount at end of year	<u>8,274,291</u>	<u>6,213,070</u>
Leasehold improvements		
Carrying amount at beginning of the year	5,932	19,643
Amortisation	(5,932)	(13,711)
Carrying amount at end of year	<u>-</u>	<u>5,932</u>
Motor vehicles		
Carrying amount at beginning of the year	85,075	15,506
Additions	-	91,966
Disposals	-	(11,586)
Depreciation	(17,004)	(10,811)
Carrying amount at end of year	<u>68,071</u>	<u>85,075</u>

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
7. NON-CURRENT ASSETS (Continued)		
Shares in unlisted company		
Carrying amount at beginning of the year	136,061	-
Additions	-	155,814
Provision for diminution	<u>(31,163)</u>	<u>(19,753)</u>
Carrying amount at end of year	<u>104,898</u>	<u>136,061</u>
8. CURRENT LIABILITIES		
Accounts payable	793,334	281,517
Provision for holiday pay	144,882	130,168
Provision for long service leave	<u>296,712</u>	<u>293,550</u>
	<u>1,234,928</u>	<u>705,235</u>
9. NON-CURRENT LIABILITIES		
Provision for long service leave	<u>11,053</u>	<u>4,370</u>

10. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The credit risk on financial assets, excluding investments, of the Association which have been recognised on the statement of financial position, is the carrying amount, net of any provisions for doubtful debts.

(b) Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities in the statement of financial position approximate net fair value.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

10. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(c) Interest rate risk exposure

The entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	Non-interest bearing \$	Total \$
2005					
<i>Financial assets</i>					
Accrued income	6	-	-	44,231	44,231
Cash	6	1,773,948	-	-	1,773,948
Bank bills	6	-	10,283,305	-	10,283,305
		<u>1,773,948</u>	<u>10,283,305</u>	<u>44,231</u>	<u>12,101,484</u>
<i>Weighted average interest rate</i>		4.56%	5.49%		
<i>Financial liabilities</i>					
Provision for holiday pay	8	-	-	144,882	144,882
Provision for long service leave	8,9	-	-	307,765	307,765
Accrued expenses	8	-	-	793,334	793,334
		<u>-</u>	<u>-</u>	<u>1,245,981</u>	<u>1,245,981</u>
2004					
<i>Financial assets</i>					
Accrued income	6	-	-	108,911	108,911
Cash	6	320,502	-	-	320,502
Bank bills	6	-	11,451,999	-	11,451,999
		<u>320,502</u>	<u>11,451,999</u>	<u>108,911</u>	<u>11,881,412</u>
<i>Weighted average interest rate</i>		3.74%	5.36%		
<i>Financial liabilities</i>					
Provision for holiday pay	8	-	-	130,168	130,168
Provision for long service leave	8,9	-	-	297,920	297,920
Accrued expenses	8	-	-	281,517	281,517
		<u>-</u>	<u>-</u>	<u>709,605</u>	<u>709,605</u>

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
	\$	\$
11. COMMITMENTS		
Capital expenditure commitments		
<i>Investment properties</i>		
Contracted but not provided for and payable:		
Within one year	<u>6,662,110</u>	<u>-</u>

The Association entered into a contract for \$8,881,249 to refurbish its investment property at 53 Queen Street, Melbourne. The refurbishment is expected to be complete by June 2006 and is being funded from existing cash reserves.

12. CONTINGENT LIABILITIES

Claim by Administrators of Ansett Australia Ltd

There are two outstanding demands for payment from the administrators of Ansett with respect to travel booked between 27th August 2001 and 16th September 2001 as follows:

Doncaster Travel Branch	\$19,339
Traveland Eastwood	\$ 7,183

The officers of the National Executive believe that the administrators of Ansett have no valid claim and are seeking further advice.

13. CONTROLLED ENTITIES

Parent Entity

The Association comprises the Shop Distributive and Allied Employees' Association National Executive, the Mannequins and Models Guild of Australia Division and the International Fund.

	Class of Share	2005	2004
		%	%
<i>Controlled entity</i>			
WT Travel Pty Ltd	Ord	100	100

WT Travel Pty Ltd, an Australian controlled entity, was purchased by the Shop Distributive and Allied Employees' Association National Executive on 30 September 1993. It formerly traded as a travel agency, but is currently a dormant company.

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

14. NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2005	2004
	\$	\$
Cash at bank	102,999	55,452
Money market account at call	1,670,949	265,050
Property agent trust account	17	-
	<u>1,773,965</u>	<u>320,502</u>

Reconciliation of operating profit to net cash provided by operating activities

Operating profit	1,894,865	1,105,678
Add/less non-cash items:		
Provision for/(writeback of) diminution	31,163	19,753
Depreciation	44,954	50,470
Gain on disposal of fixed assets	-	(6,591)
Gain on disposal of investment property	<u>(318,857)</u>	<u>-</u>
Net cash provided by operating activities before change in assets and liabilities	1,652,125	1,169,310
Change in assets and liabilities during the financial year:		
Decrease/(Increase) in accrued income	64,680	(19,850)
Decrease/(Increase) in prepayments	(27,995)	93,699
Decrease/(Increase) in sundry debtors	(157,842)	(14,393)
Increase/(Decrease) in provisions	24,559	28,773
Increase/(Decrease) in accounts payable	511,818	74,280
Net cash provided by operating activities	<u>2,067,345</u>	<u>1,331,819</u>

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

15. OFFICERS DISCLOSURES

The names of each person holding the position of National Officer of the Association during the financial year are Messrs D Farrell, G Williams, J de Bruyn, I Blandthorn and J Bullock. Mr G Williams retired as an officer during the year.

	2005	2004
	\$	\$
Officers' Remuneration		
The number of National Officers whose income, inclusive of superannuation contributions, from the Association falls within the following bands:		
\$ 0 - \$ 9,999	3	2
\$ 80,000 - \$ 89,999	1	1
\$100,000 - \$109,999	1	1
Total income, inclusive of superannuation contributions, paid or payable or otherwise made available, to all National Officers from the Association	<u>199,016</u>	<u>196,819</u>

16. EMPLOYEE BENEFITS

Aggregate liability for employee benefits, including on-costs

Current

Provision for holiday pay	144,882	130,168
Provision for long service leave	296,712	293,550

Non-current

Provision for long service leave	<u>11,053</u>	<u>4,370</u>
	<u>452,647</u>	<u>428,088</u>

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

16. EMPLOYEE BENEFITS (continued)

The present values of employee entitlements not expected to be settled within twelve months of reporting date have been calculated using the following weighted averages:

	2005	2004
Assumed rate of increase in wages and salaries rates		
Discount rate	4%	4%
Settlement term (years)	5.1%	5.8%
Number of employees		
Number of employees at year end	14	14

Superannuation plan

The Association contributes to the SDA Superannuation Plan, a defined benefit superannuation sub-plan of Acumen, a division of REST superannuation. The plan provides defined benefits based on years of service and final average salary for employees of the National Office and the SDA Victoria Branch.

There is a legally enforceable obligation on the Association to make contributions to the plan, based on the advice of the plan's actuaries and trustees, and are reassessed annually.

An actuarial assessment of the plan as at 1 March 2004 was carried out by Mr R Codron FIA, FIAA of William M Mercer Pty Ltd on 9 February 2005. The actuary concluded that the assets of the plans were sufficient to meet all benefits payable in the event of the plan's termination, or the voluntary or compulsory termination of employment of each employee of the Association.

The net market value of plan assets, accrued benefits and vested benefits are set out below. Accrued benefits are benefits which the plan is presently obliged to pay at some future date, as a result of membership of the plan. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor, other than resignation from the plan.

Plan assets at net market value and plan vested benefits have been calculated at 11 February 2005, being the date of the most recent financial statements of the plan, and represent the Association National Office proportionate interest.

	2005	2004
	\$	\$
Plan Assets	1,867,113	1,580,169
Accrued Benefits	<u>1,368,578</u>	<u>1,368,578</u>
Excess/(Deficit)	498,535	211,591
Vested Benefits	1,709,662	1,371,790

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

17. EVENTS SUBSEQUENT TO REPORTING DATE

International Financial reporting standards

The Association will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1st of July 2005. Accordingly, the Association's first annual financial report prepared under A-IFRS will be for the year ending 30 June 2006.

The officers of the National Executive are monitoring the developments in A-IFRS and the potential impact it will have on the Association and have identified the following as being the key accounting policy differences expected to arise on transitioning to A-IFRS. This should not be regarded as a complete list of changes in accounting policies that will result from the transition to A-IFRS as not all accounting standards have been analysed yet, and some decisions have not been made where choices of accounting policies are available. For these reasons, it is not yet possible to quantify the impact of the transition to A-IFRS on the Association's financial position and results.

Post employment benefits:

Initial impact on accumulated surpluses at 1 July 2004.

Under A-IFRS, employer sponsors are required to recognise the net surplus or deficit in their defined benefit Superannuation Funds as an asset or liability respectively. This will result in a change to the Associations accounting policy, which does not currently recognise the net asset or liability of sponsored plans.

The Association anticipates this policy change will result in the Association recognising a net surplus at transition date.

The initial adjustment will be made through accumulated surplus with subsequent adjustments to the income statement.

Investment Properties:

Initial impact on accumulated surplus at 1 July 2004.

Under A-IFRS, the Association can elect to measure investment properties at either fair value (with changes recognised in the income statement) or at cost (and depreciated accordingly).

This will result in a change to the Associations accounting policy which, whilst carrying investment properties at cost, does not currently recognise depreciation.

The initial adjustment will be made through accumulated surplus with subsequent adjustments to the income statement.

Designated Officer's Certificate

FR 2005/232

S268 of Schedule 1B Workplace Relations Act 1996

I, **Joseph de Bruyn**, being the National Secretary-Treasurer of the Shop, Distributive and Allied Employees' Association certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report was provided to members no later than 30th September, 2005, and
- that the full report was presented to a meeting of the National Council of the reporting unit on 24th October, 2005 in accordance with section 266 of the RAO Schedule.

Signature:..... *J. de Bruyn*.....

Date:..... *2nd*..... November, 2005

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

N.S.W. DEDUCTIONS ACCOUNT OFFICE

A.B.N. 74 415 123 375

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2005**

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

**RESOLUTION REGARDING TRANSFER OF FUNDS SURPLUS TO THE REQUIREMENT
OF THE DEDUCTIONS ACCOUNT OFFICE**

Resolved:

The National Executive ratifies the transfer of an amount of \$3,755,981 from the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office, to the account of the N.S.W. Branch of the Association, such funds being surplus to the requirement of the Deductions Account Office for the year ended 30 June 2005.

Dated at Sydney this 18th day of August 2005.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

OPERATING REPORT

Membership

Membership as at 30 June 2005 was 64,192 (2004 : 66,637).

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Pursuant to s174 of the Workplace Relations Act 1996, members could resign from the Association by written notice to the appropriate Branch of the Association.

Principal activities

The principal activities of the reporting unit 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.

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

At 30 June 2005, there were 65 persons employed by the N.S.W. Deductions Account Office of the Association.

Affiliations & 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 of the Association is on the Administrative Committee of the Australian Labor Party, N.S.W. Branch and is also an Executive Member of the Unions N.S.W.

A representative of the N.S.W. Branch of the Association is a Director of the N.S.W. Retail, Wholesale & Associated Services Industry Training Council Ltd.

Superannuation Trustees

Four representatives of the Association are Directors of the Retail Employees Superannuation Trust (REST). These are Mr. J. de Bruyn, the National Secretary-Treasurer, Mr. D. Farrell, the National President, Mr. J. Maher and Ms. S. Burnley. The four Alternate Employee Directors are Mr. I. Blandthorn, Mr. G. Williams, Mr. J. Bullock, and Mr. M. Donovan.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE

OPERATING REPORT (CONT.)

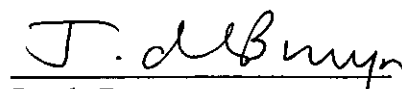
Committee of Management

The members of the National Executive of the Association at any time during or since the end of the financial year were:

<i>Name</i>	<i>Experience</i>
Mr. D. Farrell National President	National Executive member since 1994 Appointed National President 1995
Mr. J. Bullock National Vice President	National Executive member since 1996 Appointed National Vice President 2004
Mr. J. de Bruyn National Secretary- Treasurer	National Executive member since 1978 Appointed National Secretary - Treasurer 1978
Mr. I. Blandthorn National Assistant Secretary	National Executive member since 1986 Appointed National Assistant Secretary 1986
Mr. M. Donovan	National Executive member since 1996
Mr. G. Dwyer	National Executive member since 2005
Mr. P. Griffin	National Executive member since 1990
Mr. C. Ketter	National Executive member since 1996
Ms. B. Nebart	National Executive member since 2004
Mr. G. Donnelly	National Executive member since 1992 Retired as a member in March 2005
Mr. G. Williams	National Executive member since 1978 National Vice-President 1995 - 2004 Retired as a member in October 2004

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


Gerard Dwyer
Committee of Management


Joe de Bruyn
Committee of Management

Dated at Sydney this 18th day of August 2005.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

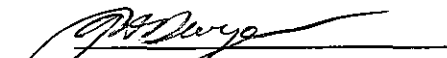
STATEMENT OF THE COMMITTEE OF MANAGEMENT


On 15 August 2005 the Committee of Management of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2005:

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

- a) The financial statements and notes comply with the Australian Accounting Standards;
- b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- 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;
- 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;
 - 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;
 - iii) The financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;
 - iv) Where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - v) The information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - vi) There has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

Signed on behalf of the Committee of Management:


Gerard Dwyer
Committee of Management


Joe de Bruyn
Committee of Management

Dated at Sydney this 18th day of August 2005.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	14,890,074	13,910,679
Commission paid		(1,222,706)	(1,258,144)
Depreciation expense	3(a)	(557,114)	(205,636)
Employee benefits expense		(5,160,313)	(5,197,626)
Insurance expenses		(251,043)	(188,348)
Legal and litigation expenses		(168,575)	(99,708)
Motor vehicle expenses		(299,980)	(318,370)
Printing and stationery		(312,117)	(248,822)
Repairs and maintenance expenses		(197,008)	(200,977)
Telephone expenses		(314,408)	(236,312)
Donations		(66,394)	(9,550)
NSW Branch expenses		(3,755,981)	(3,472,519)
Other expenses from ordinary activities		<u>(1,492,503)</u>	<u>(1,246,282)</u>
Profit from ordinary activities before income tax expense		1,091,932	1,228,385
Income tax expense relating to ordinary activities	1(a)	-	-
Net profit from ordinary activities after income tax expense	11	<u>1,091,932</u>	<u>1,228,385</u>

The statement of financial performance is to be read in conjunction with the notes to the financial statement set out on pages 8 to 17.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Note	2005 \$	2004 \$
Current assets			
Cash assets	4	4,747,691	6,030,472
Receivables	5	1,132,536	752,955
Other	6	276,896	258,435
Total current assets		<u>6,157,123</u>	<u>7,041,862</u>
Non-current assets			
Property, plant and equipment	7	20,391,539	19,278,783
Total non-current assets		<u>20,391,539</u>	<u>19,278,783</u>
Total assets		<u>26,548,662</u>	<u>26,320,645</u>
Current liabilities			
Payables	8	977,327	1,412,844
Provisions	9	1,117,896	1,072,732
Total current liabilities		<u>2,095,223</u>	<u>2,485,576</u>
Non-current liabilities			
Provisions	9	11,114	35,563
Total non-current liabilities		<u>11,114</u>	<u>35,563</u>
Total liabilities		<u>2,106,337</u>	<u>2,521,139</u>
Net assets		<u>24,442,325</u>	<u>23,799,506</u>
Equity			
Reserves	10	1,230,124	1,679,237
Retained Profits	11	23,212,201	22,120,269
Total equity		<u>24,442,325</u>	<u>23,799,506</u>

The statement of financial position is to be read in conjunction with the notes to the financial statement set out on pages 8 to 17.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from customers		13,183,830	12,438,233
Payments to suppliers and employees		(13,497,831)	(11,311,894)
Interest received		267,578	270,743
Rent received		943,877	1,010,119
Net cash provided by (used in) operating activities	13(b)	<u>897,454</u>	<u>2,407,201</u>
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		115,208	168,658
Payment for property plant and equipment		(2,295,443)	(3,430,513)
Net cash provided by (used in) investing activities		<u>(2,180,235)</u>	<u>(3,261,855)</u>
Net increase/(decrease) in cash held		(1,282,781)	(854,654)
Cash at beginning of year		<u>6,030,472</u>	<u>6,885,126</u>
Cash at end of year	13(a)	<u><u>4,747,691</u></u>	<u><u>6,030,472</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statement set out on pages 8 to 17.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of The RAO Schedule of the Workplace Relations Act 1996.

The financial report covers the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office as an individual entity. The Shop, Distributive and Allied Employees' Association is a trade union registered pursuant to RAO Schedule of the Workplace Relations Act 1996.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

No provision for income tax is necessary as Trade Unions are exempt from income tax under the Income Tax Assessment Act 1936, as amended.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the Association to have an independent valuation every three years, with annual appraisals being made by the Committee of Management.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

(b) Property, Plant and Equipment (cont.)

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to the Association commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	5 - 25%

(c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with lessor, are charged as expenses in the periods in which they are incurred.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

(e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

(f) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Members' contributions are brought to account when receivable from members of the Association.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(h) Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The Association is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Association's financial statements for the year ended 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Association's Committee of Management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, has been considered where applicable.

The Committee of Management is of the opinion that the key material difference in the Association's accounting policies on conversion to AIFRS and the financial effect of these differences are assessed to be nil. Users of the financial statements should, however, note that this could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
2. Revenue from ordinary activities		
Operating activities		
- rendering of services	13,563,411	12,449,877
- interest – other persons	267,578	270,743
	<u>13,830,989</u>	<u>12,720,620</u>
Non-operating activities		
- proceeds on disposal of property, plant and equipment	115,208	168,658
- rent received	943,877	1,010,119
- other Revenue	-	11,282
	<u>1,059,085</u>	<u>1,190,059</u>
Total revenue	<u>14,890,074</u>	<u>13,910,679</u>
3. Profit from Ordinary Activities		
Profit from ordinary activities before income tax expense has been determined after:		
(a) Expenses		
Commission paid	1,222,706	1,258,144
Depreciation of non-current assets		
- buildings	128,303	-
- plant and equipment	428,811	205,636
Total depreciation	<u>557,114</u>	<u>205,636</u>
Remuneration of auditor		
- audit	<u>38,000</u>	<u>38,500</u>
Rental expense on operating leases		
- minimum lease payments	<u>155,554</u>	<u>9,643</u>
(b) Revenues and Net Gains		
Net gain/(loss) on disposal of plant and equipment	<u>(61,252)</u>	<u>(29,176)</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
4. Cash assets		
Cash on hand	1,450	1,150
Cash at bank	113,831	812,126
Deposits at call	4,632,410	5,217,196
	<u>4,747,691</u>	<u>6,030,472</u>
5. Receivables		
CURRENT		
Trade debtors	1,110,993	729,176
Other debtors	21,543	23,779
	<u>1,132,536</u>	<u>752,955</u>
6. Other Assets		
CURRENT		
Prepayments	<u>276,896</u>	<u>258,435</u>
7. Property, plant and equipment		
Land and Buildings		
- independent valuation 2002 (Day Street)	-	7,350,000
- independent valuation 2004 (Level 4, Quay Street)	4,000,000	4,000,000
- independent valuation 2005 (Day Street)	8,250,000	-
- at cost (Level 3, Quay Street & Canberra)	6,252,945	6,009,880
Less accumulated depreciation	(239,509)	(111,207)
	<u>18,263,436</u>	<u>17,248,673</u>
Plant and equipment at cost	2,915,241	2,181,410
Less accumulated depreciation	(787,138)	(495,838)
	<u>2,128,103</u>	<u>1,685,572</u>
Capital in progress	-	344,538
	<u>20,391,539</u>	<u>19,278,783</u>
Total Property, Plant and Equipment		

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

7. Property, plant and equipment (cont.)

(a) Movements in Carrying Amounts

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

	Land and Buildings \$	Plant and Equipment \$	Capital in Progress \$	Total \$
Balance of the beginning of the year	17,248,672	1,685,572	344,538	19,278,782
Additions	1,294,534	1,000,909	-	2,295,443
Disposals	-	(176,460)	-	(176,460)
Transfers	297,645	46,893	(344,538)	-
Revaluation increments/(decrements)	(449,112)	-	-	(449,112)
Depreciation expense	(128,303)	(428,811)	-	(557,114)
Carrying amount at the end of the year	<u>18,263,436</u>	<u>(2,128,103)</u>	-	<u>20,391,539</u>

(b) Carrying Amount of Property, Plant and Equipment in the Course of Construction

8. Payables

CURRENT

Trade creditors	734,141	514,226
Sundry creditors	243,186	898,618
	<u>977,327</u>	<u>1,412,844</u>

9. Provisions

CURRENT

Employee benefits	<u>1,117,896</u>	<u>1,072,732</u>
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NON-CURRENT

Employee benefits	<u>11,114</u>	<u>35,563</u>
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(a) Aggregate employee benefit liability

(b) Number of employees at year end

	2005 \$	2004 \$
(b) Carrying Amount of Property, Plant and Equipment in the Course of Construction	<u>-</u>	<u>344,538</u>
(a) Aggregate employee benefit liability	<u>1,129,010</u>	<u>1,108,295</u>
(b) Number of employees at year end	<u>65</u>	<u>69</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
10. Reserves		
Asset revaluation reserve	<u>1,230,124</u>	<u>1,679,237</u>
(a) Asset revaluation reserve		
Movements during the year:		
Opening balance	1,679,237	599,237
Revaluation increment/(decrement) arising on revaluing freehold land and buildings to fair value	<u>(449,113)</u>	<u>1,080,000</u>
Closing balance	<u>1,230,124</u>	<u>1,679,237</u>
The asset revaluation reserve records revaluations of non-current assets.		
11. Retained profits		
Retained profits at the beginning of the financial year	22,120,269	20,891,884
Net profit attributable to members of the Association	<u>1,091,932</u>	<u>1,228,385</u>
Retained profits at the end of the financial year	<u>23,212,201</u>	<u>22,120,269</u>
12. Capital and Leasing Commitments		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but Not capitalised in the financial statements:		
- not later than one year	197,040	3,112
- later than one year but not later than five years	581,644	3,735
- later than five years	-	-
	<u>778,684</u>	<u>6,847</u>
(b) Capital expenditure		
Commitments for		
- Plant and equipment purchases	<u>-</u>	<u>934,553</u>
Payable:		
- not later than one year	<u>-</u>	<u>934,553</u>

The operating leases (plant and equipment) are non-cancellable with a five-year term, with rent payable quarterly or monthly in advance. The leases provide a right of renewal at which time all terms are renegotiated.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

13. Cash flow information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

	2005	2004
	\$	\$
Cash on hand	1,450	1,150
At call deposits with financial institutions	4,746,241	6,029,322
	<u>4,747,691</u>	<u>6,030,472</u>

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	1,091,932	1,228,385
Non-cash flows in profit from ordinary activities:		
Net (gain)/loss on disposal of plant and equipment	61,252	29,176
Depreciation	557,114	205,636
Changes in assets and liabilities:		
Increase/(decrease) in provisions	20,715	92,448
(Increase)/decrease in receivables	(379,581)	(22,926)
(Increase)/decrease in other assets	(18,461)	(13,158)
Increase/(decrease) in payables	(435,517)	887,640
Cash flows from operations	<u>897,454</u>	<u>2,407,201</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

14. Financial instruments

(a) Interest Rate Risk

The Association's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those financial assets and liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 year	
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$
Financial Assets						
Cash at bank	0.95	0.95	113,831	812,126	-	-
Deposits at call	5.07	4.94	469,918	-	4,162,492	5,217,196
Total Financial Assets			<u>583,749</u>	<u>812,126</u>	<u>4,162,492</u>	<u>5,217,196</u>

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

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

(c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Association intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes the financial statements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

15 National Officers

The name of each person holding the position of national officer of the Association during the financial year are Messrs J de Bruyn (National Secretary-Treasurer), I Blandthorn (National Assistant Secretary), J Bullock (National Vice-President) and D Farrell (National President).

16 Information to be provided to members or registrar

In accordance with the requirements of subsection 272(5) of the RAO Schedule of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

- 1) A member of a reporting unit, or a Registrar, 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).

17 Association Details

The registered office of the Association is:

Shop, Distributive and Allied Employees' Association
N.S.W. Branch
Level 3
8 Quay Street
SYDNEY NSW 2000

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

Scope

We have audited the financial statements of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office for the financial year ended 30 June 2005 as set out on pages 4 to 17.

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and statement of committee of management for Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office, for the year ended 30 June 2005. The Committee of Management is responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Association's financial position and performance as represented by the results of their operations and their cash flow.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial report of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office is in accordance with:

- (a) the workplace Relations Act 1996, including:
 - i) Satisfactory accounting records were kept by the Association in respect of the year, detailing the sources and nature of the income of the Association (including income from members) and the nature and purposes of expenditure;
 - ii) The attached accounts and statements as set out on pages 4 to 17 prepared under the historical cost convention, and in accordance with section 253 of the RAO Schedule of the Workplace Relations Act 1996, are properly drawn up so as to give a true and fair view of:
 - a) The financial affairs of the Association as at 30 June 2005; and
 - b) The income and expenditure and surplus of the Association for the year ended on that date.
 - iii) All the information and explanations that, under section 257 of the RAO Schedule of the Workplace Relations Act 1996, that officers or employees of the organisation were required to provide, were provided.
- (b) other mandatory professional reporting requirements.


Grech Smith Bridle
Chartered Accountants


Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 19th day of August 2005.