Australian Government
Australian Industrial Registry

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Mr Joe de Bruyn
National Secretary-Treasurer
Shop, Distributive and Allied Employees' Association
5th Floor, 53 Queen Street
MELBOURNE VIC 3000

Attention: Mr Anthony Cole

Dear Mr de Bruyn,

Shop, Distributive & Allied Employees' Association
Financial Report for the Year Ended 30th June 2006 - FR2006/391
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)

Thank you for the financial report of the Shop, Distributive & Allied Employees' Association and the New South Wales Deductions Account for the year ended 30th June 2006. The documents were lodged in the Industrial Registry on 4 December 2006.

The documents have been filed.

I make the following comments to assist you in preparing financial documents in the future. You do not need to take any further action in respect of the documents which have been lodged.

Operating Report

Unlike the Operating Report prepared for the New South Wales Deductions Account, the Operating Report prepared by the National Council omits the following two items:

- whether or not there were any significant changes in the organisation during the financial year in the nature of its activities and financial affairs (see section 254(2)(a) and (b) of the RAO Schedule). If there have not been any changes then the Report should make a statement to that effect (as has been done for the NSW Deductions Account);
- the number of members of the organisation as at the *end of the financial year to which the report relates* (see Regulation 159(a) of the *Workplace Relations (Registration and Accountability of Orgnisations) Regulations*). Instead, the National Council provides the number of members as at 31st December 2005. In future, would you please ensure that the number of members is given as at 30th June (as has been done for the NSW Deductions Account).

Committee of Management Statement

In contrast to that prepared with respect to the New South Wales Deductions Account, the Committee of Management Statement prepared by the National Council (which is entitled 'Certificate by National Council') does not include the date of the relevant resolution. Item 18(b) of the Industrial Registrar's Reporting Guidelines requires the Statement to include the date upon which the resolution was passed. Would you please adopt wording such as that used for the NSW Deductions Account when preparing the National Council's Committee of Management Statement in the future.

Certificate by National Secretary-Treasurer

This report appears to replicate an Accounting Officer's certificate. The Accounting Officer's Certificate was a document required under the former financial reporting requirements of the *Workplace Relations Act 1996*. This certificate is not required under the RAO Schedule as it has, in effect, been replaced by the Operating Report.

Please do not hesitate to contact me by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

A copy of the financial report has been placed on the website maintained by the Industrial Registry at http://www.e-airc.gov.au/006N.

Yours sincerely,

Robert Pfeiffer
Statutory Services Branch

7 May 2007

FR2006/391.

Workplace Relations Act 1996
Section 268 RAO Schedule

CERTIFICATE BY A PRESCRIBED DESIGNATED OFFICER

I, Joseph de Bruyn, National Secretary/Treasurer of the Shop Distributive and Allied Employees Association, being the prescribed designated officer of the Association, do certify that, a true copy of the full report of the Shop Distributive and Allied Employees' Association as required by Section 265(1)(a) of the RAO Schedule and which was presented to a meeting of the Committee of Management of the Association in accordance with Section 266(3) of the RAO Schedule, is attached.

Dated: 30th November 2006

Signed: J. deBruyn
Joseph de Bruyn
National Secretary /Treasurer
Shop Distributive and Allied Employees Association

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 JUNE 2006

Contents

Operating report

For the year ended 30 June 2006

The members of the National Council present their report together with the financial report of Shop, Distributive & Allied Employees' Association ('the Association') for the financial year ended 30 June 2006 and the auditor's report thereon.

1. Membership

Membership of the Association as at 31st December 2005 was 216,241.

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.

2. Committee of Management

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

Name	***Experience***
Mr. Don Farrell National President	National Executive Member since 1994 Elected National President 1995
Mr. Joseph Bullock National Vice President	National Executive Member since 1996 Elected National Vice President 2004
Mr. Joseph De Bruyn National Secretary-Treasurer	National Executive Member since 1978 Elected National Secretary-Treasurer 1978
Mr Ian Blandthorn National Assistant Secretary	National Executive Member since 1986 Elected National Assistant Secretary 1986
Mr. Michael Donovan	National Executive Member since 1996
Mr Gerard Dwyer	National Executive Member since 2005
Mr. Paul Griffin	National Executive Member since 1990
Mr. Chris Ketter	National Executive Member since 1996
Ms. Barbara Nebart	National Executive Member since 2004

3. 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 representatives of the Association are also members of the ACTU Executive. Officials 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 officials 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.

Operating report (continued)

For the year ended 30 June 2006

4. 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, David Jones, Ikea, Super Cheap Auto, The Just Group, Pretty Girl, Yum!, Red Rooster, Dominos, McDonald'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.

The Association participated in inquiries and investigations conducted by the Federal Parliament or members thereof on matters such as 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 National Office building at 53 Queen Street Melbourne, being funded from existing cash reserves. It is expected to be completed by the end of the 2006/2007 financial year.

At 30 June 2006, there were 13 persons employed by the national office of the Association.

5. 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.

6. 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).

Certificate by National Council

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

(a) the financial statements and notes set out on pages 7 to 30 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 7 to 30 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 2006;

(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 2006 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 1 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 Council, 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 Adelaide this 28th day of September 2006.

Donald Farrell
National President

J. de Bruyn

Joseph de Bruyn
National Secretary-Treasurer

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 2006 the number of members of the Association was 216,241.

In my opinion:-

(i) the accompanying financial report set out on pages 7 to 30 shows a true and fair view of the financial position of the Association as at 30 June 2006;

(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 Adelaide this 28th day of September 2006.

J. de Bruyn.

Joseph de Bruyn
National Secretary-Treasurer

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2006

Income Statement

For the year ended 30 June 2006

Income	*Note*	**2006**	**2005**
53 Queen St, Melbourne - rent		393,349	364,576
ACT building - rent		-	42,853
Branch contribution to ACTU IR Campaign Levy (2006)		540,603	-
Care director's fees		27,164	8,230
Interest received		485,066	595,842
Membership subscriptions		4,749,148	4,440,997
Profit on sale of investment property		-	308,171
WT Travel Pty Ltd receipts		-	1,502
		6,195,330	5,762,171
Expenditure			
53 Queen St, Melbourne - general expenses	4	378,319	430,039
53 Queen St, Melbourne – preliminary refurbishment costs	4	-	190,592
53 Queen St, Melbourne - fair value decrement	3	1,530,000	2,550,000
ACT building - expenses		0	17,739
ACTU IR Advertising Campaign Levy (2006)		540,603	-
Affiliation fees		910,642	874,056
Auditors' remuneration	5	21,630	14,280
Bank charges and interest		272	1,209
Consulting - legal fees		23,327	124,054
Consulting - professional fees		64,465	102,591
Defined benefit superannuation expense	12	109,743	118,958
Delegates expenses		294,621	246,015
Depreciation	10	22,792	34,269
Donations – ACTU IR Advertising Campaign Donation (2005)		305,017	74,763
Donations – Other		265,972	347,140
Electricity		5,366	2,514
Fringe benefits tax		13,856	12,029
General Office expenses		27,938	29,945
Holiday pay		54,499	56,180
Long service leave		9,432	7,993
Meeting expenses		157,299	125,465
Other administration expenses		65,511	41,574
Payroll tax		46,584	44,227
Postage		4,968	5,094
Publishing		33,573	27,540
Remuneration to Employees		725,900	727,826
Subscriptions/publications		17,896	29,115
Telephone		21,544	27,246
Travel expenses for Employees		151,031	128,153
Workcare		12,242	8,397
		5,815,042	6,399,003
Operating Surplus/(Deficit)		380,288	(636,832)

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Statement of recognised income and expense

For the year ended 30 June 2006

	Note	2006	2005
Actuarial gains/(losses) on defined benefit superannuation funds	12	168,780	170,650
Net income recognised directly in equity		168,780	170,650
Surplus/(Deficit) for the period		380,288	(636,832)
Total recognised income and expense for the period	20	549,068	(466,182)

The statement of recognised income and expense is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Balance Sheet

As at 30 June 2006

	Note	2006	2005
Assets			
Cash and cash equivalents	6	1,580,375	1,773,965
Receivables	7	304,882	307,137
Other financial assets	8	6,133,337	10,283,305
Total current assets		8,018,594	12,364,407
Investment property	9	10,786,561	5,724,291
Property, plant and equipment	10	163,837	101,287
Defined benefit superannuation asset	12	643,400	460,510
Total non-current assets		11,593,798	6,286,088
Total assets		19,612,392	18,650,495
Liabilities			
Trade and other payables	11	1,211,801	793,334
Employee benefits	12	439,876	441,594
Total current liabilities		1,651,677	1,234,928
Employee benefits	12	7,133	11,053
Total non-current liabilities		7,133	11,053
Total liabilities		1,658,810	1,245,981
Net assets		17,953,582	17,404,514
Equity			
Retained eamings		17,953,582	17,404,514
Total equity	20	17,953,582	17,404,514

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Statement of cash flows

For the year ended 30 June 2006

	Note	2006	2005
Cash flows from operating activities			
Cash receipts from operations		5,717,401	4,848,575
Cash paid to suppliers and Employees		(3,851,144)	(3,451,335)
Cash generated from operations		1,866,257	1,397,240
Interest received		467,797	670,105
Net cash from operating activities	18	2,334,054	2,067,345
Cash flows from investing activities			
Payments for investment property		(6,592,270)	(2,498,448)
Payments for property, plant & equipment		(85,342)	(29,527)
Proceeds on disposal of investment property		-	745,400
Net cash from investing activities		(6,677,612)	(1,782,575)
Net increase in cash and cash equivalents		(4,343,558)	284,770
Cash and cash equivalents at 1 July		12,057,270	11,772,500
Cash and cash equivalents at 30 June	6	7,713,712	12,057,270

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Notes to the financial statements

Notes to the financial statements

1. Significant accounting policies

Shop, Distributive & Allied Employees' Association (the 'Association') is an Association domiciled in Australia. The financial report of the Association for the financial year ended 30 June 2006 comprise the National Account and the International Fund.

The financial report was authorised for issue by the National Council on 28th September 2006.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Workplace Relations Act 1996. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP. The financial reports of the Association also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

This is the Association's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and IFRS, and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Association is provided in note 21.

(b) Basis of preparation

The financial report is presented in Australian dollars. The Association has elected to early adopt the following accounting standards and amendments as at transition date:

- AASB 119 *Employee Benefits* (December 2004)
- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures*
- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004)
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement,* AASB 132 *Financial Instruments: Disclosure and Presentation,* and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004).
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*
- AASB 2006-1 *Amendments to Australian Accounting Standards* (January 2006) amending AASB 121 *The Effects of Changes in Foreign Exchange Rates* (July 2004)
- UIG 4 *Determining whether an Arrangement contains a Lease*
- UIG 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- UIG 7 *Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies*
- UIG 8 *Scope of AASB 2.*

Notes to the financial statements

1. Significant accounting policies (continued)

(b) Basis of preparation (continued)
Issued standards not early adopted

The following standards and amendments were available for early adoption but have not been applied by the Association in these financial statements:

- AASB 7 *Financial instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 139 *Financial Instruments: Recognition and Measurement*, and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2006-2 Amendments to Australian Accounting Standards (March 2006).

The initial application of AASB 7, AASB 2005-10 and AASB 2006-2 is not expected to have an impact on the financial results of the Association as the standard and the amendments are concerned only with disclosures.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Association.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(m).

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

Notes to the financial statements

1. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy f).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line or diminishing basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment 4-20 years
- fixtures and fittings 4-20 years
- motor vehicles 12 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(d) Investments

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in accounting policy (i).

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the income statement.

Notes to the financial statements

1. Significant accounting policies (continued)

(d) Investments (Cont'd)

If an investment property becomes owner-occupied, it is reclassified as property, fixtures and fittings and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording. When the Association begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on a fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits and bank-bills with an original maturity of three months or less.

(f) Impairment

The carrying amounts of the Association's assets, other than investment property (see accounting policy d), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy f(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Association's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements

1. Significant accounting policies (continued)

(g) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

(ii) Defined benefit superannuation funds

The Association's net obligation in respect of defined benefit superannuation funds is calculated separately for each fund by estimating the amount of future benefit that Employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any fund assets is deducted.

The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the Association's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by Employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1 July 2004, the date of transition to AIFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 July 2004 in calculating the Association's obligation in respect of a fund, they are recognised directly in equity.

Where the calculation results in a benefit to the Association, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the fund or reductions in future contributions to the fund. Past service cost is the increase in the present value of the defined benefit obligation for employee services in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service costs may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

(iii) Long-term service benefits

The Association's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that Employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Association's obligations.

(iv) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from Employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Association expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Association as the benefits are taken by the Employees.

(h) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Association. Payables are non-interest bearing and are normally settled on 7 to 30-day terms.

Notes to the financial statements

1. Significant accounting policies (continued)

(i) Revenue

(i) Membership subscriptions

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

(ii) Interest Income

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

(iii) Rental income

Rental income from investment property is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(j) Income tax

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

(k) Segment reporting

A segment is a distinguishable component of the Association that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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

(l) Goods and services tax

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST excluded, as the Association reports to the ATO for GST on a cash-basis. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement 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.

(m) Accounting estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Defined benefit superannuation fund obligations

Various actuarial assumptions are utilised in the determination of the Association's defined benefit superannuation fund obligations. These assumptions are discussed in note 12.

(ii) Fair value of investment property

The Associations investment property at 53 Queen Street is currently under refurbishment and redevelopment. In determining the fair value of the property, the Association has applied a rate of return (yield) of 6 per cent in 2006 (2005 : 7 percent) because this is consistent with average market yields being achieved within the proximity of the property at balance date.

The Association anticipates that the redevelopment will be completed in the first half of 2007 at which time an independent valuation will be obtained.

Notes to the financial statements

1. Significant accounting policies (continued)

(n) Change in accounting policy

In the current financial year, the Association adopted AASB 132: Financial Instruments: Presentation and Disclosure and AASB 139: Financial Instruments: Recognition and Measurement. This change in accounting policy has been adopted in accordance with the transitional rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 139.

There is no impact on the Association of the change in accounting policy.

2. 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.

3. Material items

	Note	2006	2005
Fair value adjustments of investment property	*9*	(1,530,000)	(2,550,000)
		(1,530,000)	(2,550,000)

4. Other expenses

	2006	2005
Direct operating expenses of investment property that:		
Generated rental income – 53 Queen St.	378,319	430,039
Generated rental income – ACT building	-	17,739
Did not generate income – 53 Queen St.	-	190,592
	378,319	638,370

5. Auditors' remuneration

	2006	2005
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit of financial reports	10,570	9,870
Audit of AIFRS transition	4,500	-
	15,070	9,870
Other services		
Auditors of the Company		
KPMG Australia		
Review of financial reports	4,710	4,410
Review of AIFRS conversion	1,850	-
	6,560	4,410

Notes to the financial statements

6. Cash and cash equivalents

	2006	2005
Cash at bank	36,960	102,999
Cash management accounts	1,537,158	1,670,949
Property agent trust account	6,257	17
	1,580,375	1,773,965

Cash and cash equivalents in the statement of cash flows comprise the following:

	Note	2006	2005
Cash and cash equivalents		1,580,375	1,773,965
Bank bills	*8*	6,133,337	10,283,305
		7,713,712	12,057,270

7. Receivables

	2006	2005
Current		
Accrued income	54,363	44,231
Prepayments	60,351	60,671
Sundry debtors	190,168	202,235
	304,882	307,137

8. Other financial assets

	2006	2005
Current		
Bank bills	6,133,337	10,283,305

9. Investment property

Non-current investment property	2006	2005
Balance at 1 July	5,724,291	6,213,070
Acquisitions	6,592,270	2,498,448
Disposals	-	(437,227)
Fair value adjustments	(1,530,000)	(2,550,000)
Balance at 30 June	10,786,561	5,724,291

The carrying amount of investment property is the fair value of the property. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Association's investment property. Refer to Note 1 (m) for further details.

Investment property comprises a commercial property located at 53 Queen Street, Melbourne that is currently under refurbishment and redevelopment.

Notes to the financial statements

10. Property, plant and equipment

	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
Cost				
Balance at 1 July 2004	275,584	91,966	137,114	504,664
Acquisitions	29,527	-	-	29,527
Balance at 30 June 2005	305,111	91,966	137,114	534,191
Balance at 1 July 2005	305,111	91,966	137,114	534,191
Acquisitions	85,342	-	-	85,342
Balance at 30 June 2006	390,453	91,966	137,114	619,533
Depreciation and impairment losses				
Balance at 1 July 2004	260,562	6,891	131,182	398,635
Depreciation charge for the year	11,333	17,004	5,932	34,269
Balance at 30 June 2005	271,895	23,895	137,114	432,904
Balance at 1 July 2005	271,895	23,895	137,114	432,904
Depreciation charge for the year	14,283	8,509	-	22,792
Balance at 30 June 2006	286,178	32,404	137,114	455,696
Carrying amounts				
At 1 July 2004	15,022	85,075	5,932	106,029
At 30 June 2005	33,216	68,071	-	101,287
At 1 July 2005	33,216	68,071	-	101,287
At 30 June 2006	104,275	59,562	-	163,837

11. Trade and other payables

	2006	2005
Sundry creditors	726,626	551,918
PAYG tax payable	19,658	19,502
Unearned rental income	5,689	-
Cash retention – building contractor	459,828	221,914
	1,211,801	793,334

Notes to the financial statements

12. Employee benefits

	2006	2005
Current		
Liability for long service leave	310,064	296,712
Liability for annual leave	129,812	144,882
	439,876	441,594
Non Current		
Liability for long-service leave	7,133	11,053

Liability for defined benefit obligation

The Association makes contributions to the SDA (Victoria Branch) benefit superannuation plan, a sub-plan of the Retail Employees' Superannuation Trust, that provide defined benefit amounts for employees upon retirement.

Non Current Asset		
Present value of funded obligations	1,590,471	1,497,038
Fair value of fund assets – funded	(2,238,871)	(1,957,548)
Present value of net obligations	(643,400)	(460,510)
Recognised liability/(asset) for defined benefit obligations (see below)	(643,400)	(460,510)

Movements in the net asset for defined benefit obligations recognised in the balance sheet

	2006	2005
Net liability/(asset) for defined benefit obligations at 1 July	(460,510)	(302,720)
Contributions received	(123,853)	(106,098)
Amount recognised in retained earnings (actuarial (gains)/losses)	(168,780)	(170,650)
Expense recognised in the income statement	109,743	118,958
Net liability/(asset) for defined benefit obligations at 30 June	(643,400)	(460,510)

Defined benefit superannuation funds	2006	2005
Amounts in the balance sheet		
Liabilities	-	-
Assets	(643,400)	(460,510)
Net liability/(asset)	(643,400)	(460,510)

Amounts for the current and previous periods are as follows:

	2006	2005
Defined benefit obligation	(1,590,471)	(1,497,038)
Fund assets	2,233,871	1,957,548
Surplus/(deficit)	643,400	460,510

The Association has used the AASB 1.20A exemption and disclosed amounts under AASB 1.20A(p) above for each annual reporting period prospectively from the transition date.

Notes to the financial statements

12. Employee benefits (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2006	2005
Opening defined benefit obligation	1,497,038	1,488,190
Service cost	173,423	161,628
Interest cost	66,510	71,830
Actuarial losses (gains)	(34,510)	(63,680)
Benefits paid	(71,210)	(148,380)
Taxes, premiums & expenses paid	(40,780)	(40,470)
Transfers in	-	27,920
Closing defined benefit obligation	1,590,471	1,497,038

Changes in the fair value of plan assets are as follows:

	2006	2005
Opening fair value of plan assets	1,957,548	1,790,910
Expected return	130,190	114,500
Actuarial gains and (losses)	134,270	106,970
Contributions by employer	123,853	106,098
Benefits paid	(71,210)	(148,380)
Taxes, premiums & expenses paid	(40,780)	(40,470)
Transfers in	-	27,920
Closing fair value of plan assets	2,233,871	1,957,548

The major categories of plan assets as a percentage of total fund assets are as follows:

	2006	2005
Australian Equity	30%	30%
International Equity	20%	19%
Fixed Income	18%	25%
Property	7%	8%
Cash	10%	8%
Other	15%	10%

The Association's investment policies and strategies for the defined benefit superannuation funds and post retirement benefits funds do not use target allocations for the individual asset categories. The Association's investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds, and prohibit direct investments in debt and equity securities and derivative financial instruments. The Association addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Expense recognised in the income statement

	2006	2005
Current service costs	173,423	161,628
Interest on obligation	66,510	71,830
Expected return on fund assets	(130,190)	(114,500)
	109,743	118,958

Notes to the financial statements

12. Employee benefits (continued)

The expense is recognised in the following line items in the income statement:

	2006	2005
Defined benefit superannuation expense	109,743	118,958

Actual return on fund assets	264,450	221,470

The Association expects to contribute $169,080 to its defined benefit superannuation funds in the 2007 financial year.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2006	2005
Discount rate at 30 June	4.90%	4.30%
Expected return on plan assets at 30 June	6.50%	6.50%
Future salary increases	4.00%	4.00%

The overall expected long-term rate of return on assets is 6.5%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

13. Financial instruments

Exposure to interest rate and credit risks arises in the normal course of the Association's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all tenants of the investment property and security deposits are required by way of bank guarantees for the term of all leases.

Cash holdings and financial investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Association. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Notes to the financial statements

13.Financial instruments (continued)

Interest rates risk exposure

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

	Note	Effective interest rate	2006 Total	6 months or less
Financial assets				
Cash and cash equivalents*	6	4.71%	1,574,118	1,574,118
Other financial assets	8	5.63%	6,133,337	6,133,337
			7,707,455	7,707,455

	Note	Effective interest rate	2005 Total	6 months or less
Financial assets				
Cash and cash equivalents*	6	4.56%	1,773,948	1,773,948
Other financial assets	8	5.49%	10,283,305	10,283,305
			12,057,253	12,057,253

* These assets / liabilities bear interest at a fixed rate.

Fair values

The fair value of the Associations assets and liabilities as at 30 June 2006 approximate their carrying amounts.

14. Operating Leases

Leases as lessor

The Association leases out its investment property under operating leases (see note 9). The future minimum lease payments under non-cancellable leases are as follows:

	2006	2005
Less than one year	502,544	308,381
Between one and five years	2,338,761	1,428,570
More than five years	834,540	28,192
	3,675,845	1,765,143

Notes to the financial statements

15. Capital commitments

The Association entered into a contract for $8,881,249 in October 2005 to refurbish its National Office building at 53 Queen Street, Melbourne. A second contract for $1,649,701 for further works was entered into in February 2006. The refurbishment is expected to be completed by December 2006 and is being funded from existing cash reserves.

	2006	2005
Investment property		
Contracted but not provided for and payable:		
Within one year	3,378,168	6,662,110

16. Contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities considered remote	2006	2005
Claim by Administrators of Ansett Australia Ltd		
There are two outstanding demands for payment from the administrators of Ansett with respect to travel booked through WT Travel Pty Ltd between 27th August 2001 and 16th September 2001 as follows:		
Doncaster Travel branch	19,339	19,339
Traveland Eastwood branch	7,183	7,183
	26,522	26,522

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

17. Controlled Entities

Parent Entity

The Association comprises the Shop Distributive and Allied Employees" Association National Account and the International Fund.

	2006	2005
Controlled Entity		
Ordinary shares	%	%
WT Travel Pty Ltd	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.

Notes to the financial statements

18. Reconciliation of cash flows from operating activities

	2006	2005
Cash flows from operating activities		
Profit/(loss) for the period	380,288	(636,832)
Adjustments for:		
Depreciation	22,792	34,269
Fair value decrement	1,530,000	2,550,000
Actuarial gains/(losses) recognised in equity	168,780	170,650
Gain on sale of property, plant and equipment	-	(308,171)
Operating profit before changes in working capital	2,101,860	1,809,916
(Increase)/decrease in accrued income	(10,132)	64,680
(Increase)/decrease in prepayments	320	(27,995)
(Increase)/decrease in sundry debtors	12,067	(157,842)
(Increase)/decrease in pension asset	(182,890)	(157,810)
Increase/(Decrease) in trade and other payables	412,778	511,818
Increase/(Decrease) in unearned rental income	5,689	-
Increase/(Decrease) in provisions and employee benefits	(5,638)	24,578
Net cash from operating activities	2,334,054	2,067,345

19. Related party disclosure

Key management personnel disclosure

The names of each person holding the position of National Officer of the Association during the financial year are Messrs D Farrell, J Bullock, J de Bruyn and I Blandthorn.

		Short-term			*Post-employment*	
		Salary & fees $	*Non-monetary benefits $*	*Total*	*Super-annuation benefits $*	*Total $*
Officers						
Joseph de Bruyn – National Secretary-Treasurer	*2006*	*98,466*	*11,573*	*110,039*	*11,816*	*121,855*
	2005	*93,303*	*11,573*	*104,876*	*11,196*	*116,072*
Ian Blandthorn – National Assistant Secretary	*2006*	*81,049*	*4,101*	*85,150*	*9,726*	*94,876*
	2005	*76,800*	*4,101*	*80,901*	*9,216*	*90,117*
Don Farrell – National President	*2006*	*5,000*	*-*	*5,000*	*-*	*5,000*
	2005	*5,000*	*-*	*5,000*	*-*	*5,000*
Joseph Bullock – National Vice-President	*2006*	*3,500*	*-*	*3,500*	*-*	*3,500*
(appointed October 2004)	*2005*	*-*	*-*	*-*	*-*	*-*
Geoff Williams – former National Vice-President	*2006*	*-*	*-*	*-*	*-*	*-*
(resigned October 2004)	*2005*	*3,500*	*-*	*3,500*	*-*	*3,500*
Total compensation: key management	*2006*	*188,015*	*15,674*	*203,689*	*21,542*	*225,231*
personnel	*2005*	*178,603*	*15,674*	*194,277*	*20,412*	*214,689*

Notes to the financial statements

20. Statement of changes in equity

	Retained earnings	Total equity
Balance at 1 July 2004	17,870,696	17,870,696
Total recognised income and expense	(466,182)	(466,182)
Balance at 30 June 2005	17,404,514	17,404,514
Balance at 1 July 2005	17,404,514	17,404,514
Total recognised income and expense	549,068	549,068
Balance at 30 June 2006	17,953,582	17,953,582

Notes to the financial statements

21. Explanation of transition to AIFRSs

Reconciliation of equity

	Note	Previous GAAP	Effect of transition to AIFRSs	AIFRSs	Previous GAAP	Effect of transition to AIFRSs	AIFRS
			1 July 2004			30 June 2005	
Assets							
Cash and cash equivalents		320,502	-	320,502	1,773,965	-	1,773,96
Receivables		186,001	-	186,001	307,137	-	307,13
Bank bills		11,451,999	-	11,451,999	10,283,305	-	10,283,30
Total current assets		11,958,502	-	11,958,502	12,364,407	-	12,364,40
Investments	c	136,061	(136,061)	-	104,897	(104,897)	
Investment property	a	6,213,070	-	6,213,070	8,274,291	(2,550,000)	5,724,29
Property, plant and equipment		106,029	-	106,029	101,287	-	101,28
Pension asset	b	-	302,700	302,700	-	460,510	460,51
Total non-current assets		6,455,160	166,639	6,621,799	8,480,475	(2,194,387)	6,286,08
Total assets		18,413,662	166,639	18,580,601	20,844,882	(2,194,387)	18,650,49
Liabilities							
Trade and other payables		281,517	-	281,517	793,334	-	793,33
Employee benefits		423,718	-	423,718	441,594	-	441,59
Total current liabilities		705,235	-	705,235	1,234,928	-	1,234,92
Employee benefits		4,370	-	4,370	11,053	-	11,05
Total non-current liabilities		4,370	-	4,370	11,053	-	11,05
Total liabilities		709,605	-	709,605	1,245,981	-	1,245,98
Equity							
Retained earnings		17,704,057	166,639	17,870,696	19,598,901	(2,194,387)	17,404,51
Total equity		17,704,057	166,639	17,870,696	19,598,901	(2,194,387)	17,404,51

As stated in significant accounting policies note 1(a), these are the Association's first financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the financial year ended 30 June 2006, the comparative information presented in these financial statements for the financial year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Association's date of transition).

In preparing its opening AIFRS balance sheet, the Association has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRSs has affected the Association's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes to the financial statements

21. Explanation of transition to AIFRSs (continued)

Notes to the reconciliation of equity

(a) Consistent with AIFRSs, the Association has elected to measure investment property at fair value at the date of transition to AIFRSs. Under previous GAAP, investment property was measured on a cost basis and depreciated.

The effect in the Association is to decrease *Investment property* by $2,550,000 at 30 June 2005 and to increase *Fair value decrement expense* by $2,550,000 for the financial year ended 30 June 2005 to measure the Association's 53 Queen Street property at fair value; to decrease *Depreciation Expense* by $10,686 at 30 June 2005 and to decrease *Profit on Sale of Investment Property* by $10,686 in respect of the disposal of the Association's ACT investment property.

(b) Under previous GAAP certain defined benefit superannuation funds obligations were not recognised. In accordance with AASB 1, the cumulative actuarial gains existing at 1 July 2004 amounting to $302,700 have been recognised for all defined benefit superannuation funds.

The effect in the Association is to increase *Pension assets* by $302,700 at 1 July 2004 and by $460,510 at 30 June 2005; to increase *Defined benefit superannuation expense* by $118,958, decrease *Superannuation expense* by $106,098 (contributions paid and recognised under previous AGAAP), and increase *Actuarial gains on defined benefit superannuation funds (retained earnings)* by $170,650 for the financial year ended 30 June 2005.

(c) In accordance with AIFRS, the Association's investment in AFI Pte Ltd has been classified available-for-sale investment and recognised at fair value. Under previous GAAP, investment in AFI Pte Ltd was recognised at cost less accumulated depreciation.

The effect in the Company is to decrease *Investments* by $136,061 at 1 July 2004, and by $104,897 at 30 June 2005 to write-down the Association's investment in AFI Pte Ltd to its fair value; to decrease *Amortisation of AFI shares expense* by $31,163 at 30 June 2005.

(d) The effect of the above adjustments on retained earnings is as follows:

		The Company	
	Note	1 July 2004	30 June 2005
Investments	c	(136,061)	(104,897)
Investment property	a	-	(2,550,000)
Employee benefits	b	302,700	460,510
Total adjustment to equity		166,639	(2,194,387)

Refer to reconciliation of profit for 2005 on page 30.

Explanation of material adjustments to the cash flow statement for 2005

Bank bills form an integral part of the Association's cash management and were classified as investing cash flows under previous GAAP, but are now classified as cash and cash equivalents under AIFRS. There are no other material differences between the cash flow statement presented under AIFRSs and the cash flow statement presented under previous GAAP.

Notes to the financial statements

21. Explanation of transition to AIFRSs (continued)

Reconciliation of profit for 2005	Note	Previous GAAP	Effect of Transition to AIFRSs	AIFRSs
Income				
53 Queen St, Melbourne - rent		364,576	-	364,576
ACT building - rent		42,853	-	42,853
Care director's fees		8,230	-	8,230
Interest received		595,842	-	595,842
Membership subscriptions		4,440,997	-	4,440,997
Profit on sale of investment property	*b*	318,857	(10,686)	308,171
WT Travel Pty Ltd receipts		1,502	-	1,502
		5,772,857	(10,686)	5,762,171
Expenditure				
53 Queen St, Melbourne - general expenses		394,160	-	394,160
53 Queen St, Melbourne – preliminary refurbishment costs		190,592	-	190,592
53 Queen St, Melbourne - fair value decrement	*a*	-	2,550,000	2,550,000
ACT building - expenses		17,739	-	17,739
Affiliation fees		874,056	-	874,056
Amortisation of AFI shares	*c*	31,163	(31,163)	-
Auditors' remuneration		14,280	-	14,280
Bank charges and interest		1,209	-	1,209
Consulting - legal fees		124,054	-	124,054
Consulting - professional fees		102,591	-	102,591
Defined benefit superannuation expense	*b*	-	118,958	118,958
Delegates expenses		246,015	-	246,015
Depreciation	*b*	44,955	(10,686)	34,269
Donations		421,903	-	421,903
Electricity		2,514	-	2,514
Fringe benefits tax		12,029	-	12,029
General Office expenses		29,945	-	29,945
Holiday pay		8,996	-	8,996
Insurance		35,879	-	35,879
Long service leave		7,993	-	7,993
Meeting expenses		125,465	-	125,465
Other administration expenses		41,574	-	41,574
Payroll tax		44,227	-	44,227
Postage		5,094	-	5,094
Publishing		27,540	-	27,540
Remuneration to Employees		775,010	-	775,010
Subscriptions/publications		29,115	-	29,115
Superannuation expense	*b*	106,098	(106,098)	-
Telephone		27,246	-	27,246
Travel expenses for Employees		128,153	-	128,153
Workcare		8,397	-	8,397
		3,877,992	2,521,011	6,399,003
Operating surplus/(deficit) for the period		1,894,865	(2,531,697)	(636,832)
Actuarial gains/(losses) of superannuation plan		-	170,650	170,650
Total recognised income & expense for the period		1,894,865	(2,361,047)	(466,182)

KPMG

Independent Audit Report to the members of the Shop Distributive and Allied Employees' Association National Council

Scope

We have audited the financial report of the Shop Distributive and Allied Employees' Association National Council ('the Association') for the financial year ended 30 June 2006, consisting of the income statement, statement of recognised income and expense, balance sheet, statement of cash flows, accompanying notes [1 to 21], and the Certificate by National Council and National Secretary-Treasurer set out on pages [5] to [30]. The members of the National Council of the Association are responsible for the financial report. The members of the National Council of the Association are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards.* 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 1 of the Workplace Relations Act 1996) in relation to the financial report and 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 Australian 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 its operations and its cash flows.

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

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 Council 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 2006; and

(b) the income and expenditure, and any surplus or deficit, of the Association for the financial year ended 30 June 2006.

KPMG

KPMG

Graeme C Matthews
Melbourne
4 October 2006

FR2006/391

Workplace Relations Act 1996
Section 268 RAO Schedule

CERTIFICATE BY A PRESCRIBED DESIGNATED OFFICER

I, Joseph de Bruyn, National Secretary/Treasurer of the Shop Distributive and Allied Employees Association, being the prescribed designated officer of the Association, do certify that, a true copy of the full report of the Shop Distributive and Allied Employees' Association NSW Deductions Account Office as required by Section 265(1)(a) of the RAO Schedule and which was presented to a meeting of the Committee of Management of the Association in accordance with Section 266(3) of the RAO Schedule, is attached.

Dated: 30th November 2006

Signed: J. deBruyn

Joseph de Bruyn
National Secretary /Treasurer
Shop Distributive and Allied Employees Association

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 2006

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 Council ratifies the transfer of an amount of $3,733,434 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 2006.

Dated at Adelaide this 25th day of September 2006.

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

OPERATING REPORT

Membership

Membership as at 30 June 2006 was 64,228 (2005: 64,192).

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 2006, there were 76 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 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:

Name	*Experience*
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

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

Gerard Dwyer
Committee of Management

Joe de Bruyn
Committee of Management

Dated at Adelaide this 25th day of September 2006.

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

STATEMENT OF THE COMMITTEE OF MANAGEMENT

On 25 September 2006 the Committee of Management of the 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 2006:

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.

Auditor's Independence

A copy of the auditor's independence declaration is set out on page 5.

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

Gerard Dwyer
Committee of Management

J. de Bruyn
Joe de Bruyn
Committee of Management

Dated at Adelaide this 25th day of September 2006.

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

AUDITOR'S INDEPENDENCE DECLARATION

TO THE COMMITTEE OF MANAGEMENT OF SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. DEDUCTIONS ACCOUNT OFFICE

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have 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.

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Joseph Grech

Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 26th of September 2006.

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

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 $	2005 $
Revenue	2	15,412,297	14,774,866
Employee benefits expense		(5,196,612)	(5,160,313)
Depreciation expense		(729,200)	(557,114)
Commission paid		(1,250,947)	(1,222,706)
Insurance expenses		(250,488)	(251,043)
Legal and litigation expenses		(83,037)	(168,575)
Motor vehicle expenses		(395,736)	(299,980)
Printing and stationery		(379,752)	(312,117)
Telephone expenses		(252,350)	(313,639)
Donations		(14,487)	(66,394)
NSW Branch expenses		(3,733,434)	(3,755,981)
Occupancy expenses		(564,181)	(592,745)
Accommodation and travel expenses		(256,463)	(275,031)
Loss on disposal of plant and equipment		(51,725)	(61,252)
Other expenses		(577,652)	(646,044)
Profit before income tax		1,676,233	1,091,932
Income tax expense	1(a)	-	-
Profit attributable to members of the Association		1,676,233	1,091,932

The accompanying notes form part of these financial statements.

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

BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 $	2005 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,758,058	4,747,691
Trade and other receivables	7	1,111,577	1,132,536
Other current assets	8	262,233	276,896
TOTAL CURRENT ASSETS		8,131,868	6,157,123
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,112,847	12,141,539
Investment property	10	8,250,000	8,250,000
TOTAL NON-CURRENT ASSETS		20,362,847	20,391,539
TOTAL ASSETS		28,494,715	26,548,662
CURRENT LIABILITIES			
Trade and other payables	11	805,087	977,327
Short-term provisions	12	1,302,122	1,117,896
TOTAL CURRENT LIABILITIES		2,107,209	2,095,223
NON-CURRENT LIABILITIES			
Long-term provisions	12	35,659	11,114
TOTAL NON-CURRENT LIABILITIES		35,659	11,114
TOTAL LIABILITIES		2,142,868	2,106,337
NET ASSETS		26,351,847	24,442,325
EQUITY			
Reserves	13	1,463,413	1,230,124
Retained earnings		24,888,434	23,212,201
TOTAL EQUITY		26,351,847	24,442,325

The accompanying notes form part of these financial statements.

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 $	2005 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,137,466	13,165,369
Payments to suppliers and employees		(12,918,607)	(13,479,370)
Interest received		325,356	267,578
Rent received		985,096	943,877
Net cash provided by (used in) operating activities	16(a)	2,529,311	897,454
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		149,863	115,208
Purchase of property, plant and equipment		(668,807)	(2,295,443)
Net cash provided by (used in) investing activities		(518,944)	(2,180,235)
Net increase/(decrease) in cash held		2,010,367	(1,282,781)
Cash at beginning of financial year		4,747,691	6,030,472
Cash at end of financial year	6	6,758,058	4,747,691

The accompanying notes form part of these 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 2006

Note 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 Interpretations, 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 Association of 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 of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office as an individual entity comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

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.

Basis of Preparation

First-time adoption of Australian Equivalents to International Financial Reporting Standards

Shop, Distributive and Allied Employees Association N.S.W. Deductions Account office as an individual entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Shop, Distributive and Allied Employee's Association N.S.W. Deductions Account Office to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

(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 and impairment losses.

Property

Freehold land and buildings are measured at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006**

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

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets' original cost is transferred from the revaluation reserve to retained earnings.

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. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	5 - 25%

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Investment Property

Investment property, comprising freehold property, is held to generate long-term rental yields. All tenant leases are on an arms length basis. Investment property is carried at fair value, determined triennially by independent valuers. Changes to fair value are charged to the income statement.

(d) 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.

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

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

(f) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Revenue

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

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).

(i) 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

(j) Comparative Figures

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

Critical Accounting Estimates and Judgments

The Committee of Management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

Note 2: Revenue	2006 $	2005 $
Operating activities		
- services revenue	14,101,845	13,563,411
- interest revenue	325,356	267,578
- rental revenue from property	29,354	9,432
- rental revenue from property investment	955,742	934,445
Total Revenue	15,412,297	14,774,866
(a) Interest revenue from:		
- other persons	325,356	267,578
Total interest revenue	325,356	267,578

Note 3: Profit from Ordinary Activities

(a) Expenses

Commission Paid	1,250,947	1,222,706
Depreciation of non-current assets		
- buildings	256,518	128,303
- plant and equipment	472,682	428,811
Total depreciation	729,200	557,114
Rental expense on operating leases		
- minimum lease payments	201,320	155,554

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

Note 4: Key Management Personnel Compensation

Key Management Personnel

Committee of Management

Mr. D. Farrell
Mr. J. Bullock
Mr. J. de Bruyn
Mr. J. Blandthorn
Mr. M. Donovan
Mr. G. Dwyer
Mr. P. Griffin
Mr. C. Ketter
Ms. B. Nebart

	Short-term Benefits					**Post Employment Benefit**	
	Salary & Fees	Superannuation Contribution	Bonus	Non-cash Benefits	Superannuation	Long term benefits Long service leave	Total
	$	$	$	$	$	$	$
2006							
Total Compensation	86,343	17,287	-	-	-	35,594	139,224
2005							
Total Compensation	80,684	15,847	-	-	-	33,011	129,542

Note 5: Auditors' Remuneration

	2006	**2005**
	$	$
Remuneration of the auditor of the Association for:		
- auditing the financial report	43,664	38,000

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

	2006 $	2005 $
Note 6: Cash Assets		
Cash at bank and in hand	587,302	115,281
Short-term bank deposits	6,170,756	4,632,410
	6,758,058	4,747,691

The effective interest rate on short-term bank deposits was 5.5% (2005: 5.4%) these deposits have an average maturity of 21 days.

	2006 $	2005 $
Reconciliation of cash Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	6,758,058	4,747,691
Note 7: Receivables		
CURRENT		
Trade receivables	1,066,619	1,110,993
Other receivables	44,958	21,543
	1,111,577	1,132,536
Note 8: Other Assets		
CURRENT		
Prepayments	262,233	276,896

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

	2006	2005
	$	$
Note 9: Property, Plant and Equipment		
BUILDINGS		
Buildings at:		
- independent valuation 2006 (Level 3, Quay Street)	4,284,750	-
- independent valuation 2006 (Level 4, Quay Street)	3,940,000	-
- independent valuation 2006 (Car Spaces)	1,083,500	-
- independent valuation 2004 (Level 4, Quay Street)	-	4,000,000
- at cost (Level 3, Quay Street)	-	5,507,545
- at cost (Canberra)	745,400	745,400
Less accumulated depreciation	(18,584)	(239,509)
Total buildings	10,035,066	10,013,436
PLANT AND EQUIPMENT:		
Plant and equipment:		
At cost	3,115,669	2,915,241
Accumulated depreciation	(1,037,888)	(787,138)
Total plant & equipment	2,077,781	2,128,103
Total property, plant and equipment	12,112,847	12,141,539

The Association's Quay Street buildings were revalued at 30 June 2006 by independent valuers. Valuations are made on the basis of open market value. The revaluation surplus was credited to an asset revaluation reserve in equity.

(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.

	Buildings	Plant and Equipment	Total
	$	$	$
Balance of the beginning of year	10,013,436	2,128,103	12,141,539
Additions	44,859	623,948	668,807
Disposals	-	(201,588)	(201,588)
Revaluation increments/(decrements)	233,289	-	233,289
Depreciation expense	(256,518)	(472,682)	(729,200)
Carrying amount at the end of year	10,035,066	2,077,781	12,112,847

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

Note 10: Investment Property	2006	2005
	$	$
Balance at beginning of year	8,250,000	8,699,113
Acquisitions	-	-
Fair value adjustments	-	(449,113)
Balance at end of year	8,250,000	8,250,000

The fair value model is applied to the investment property. The investment property is independently revalued at least every three years. Values are based on an active liquid market value and are performed by a registered independent valuer. The Committee of Management valuations are prepared at each balance date where an independent valuation has not been obtained.

Note 11: Payables

CURRENT		
Unsecured liabilities		
Trade payables	595,445	734,141
Sundry payables and accrued expenses	209,642	243,186
	805,087	977,327

Note 12: Provisions

	Employee Entitlements $	Total $
Opening balance at 1 July 2005	1,129,010	1,129,010
Additional provisions raised during year	399,424	399,424
Amounts used	(190,653)	(190,653)
Balance at 30 June 2006	1,337,781	1,337,781

Analysis of Total Provisions

	2006	2005
	$	$
Current	1,302,122	1,117,896
Non-Current	35,659	11,114
	1,337,781	1,129,010

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006**

Note 12: Provisions (cont.)

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 1.

Note 13: Reserves

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

Note 14: Capital and Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2006 $	2005 $
Payable - minimum lease payments		
- not later than 12 months	222,724	197,040
- between 12 months and five years	483,063	581,644
- greater than five years	-	-
	705,787	778,684

The operating leases (property, 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.

Note 15: Segment Reporting

The Association operates predominantly in one business and geographical segment being that of a registered trade union within N.S.W.

Note 16: Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

	2006 $	2005 $
Profit from ordinary activities after income tax	1,676,233	1,091,932
Non-cash flows in profit from ordinary activities		
Depreciation	729,200	557,114
Net (gain)/loss on disposal of plant and equipment	51,725	61,252
Changes in assets and liabilities		
Increase/(decrease) in provisions	208,771	20,715
(Increase)/decrease in trade and term debtors	20,959	(379,581)
(Increase)/decrease in other assets	14,662	(18,461)
Increase/(decrease) in payables	(172,239)	(435,517)
	2,529,311	897,454

Note 17: Financial Instruments

(a) Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and accounts payable.

The main purpose of non-derivative financial instruments is to raise finance for Association operations.

The association does not have any derivative instruments at 30 June 2006.

(i) Treasury Risk Management

The Committee of Management meet on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006**

Note 17: Financial Instruments (cont.)

(a) Financial Risk Management (cont.)

(ii) Financial Risks

The main risks the Association is exposed to through its financial instruments are interest rate risk and liquidity risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate cash balances. At 30 June 2006 approximately 65% of the Association's cash balance is fixed. It is the policy of the Association to keep between 50% and 90% of cash balances on fixed interest rates. For further details on interest rate risk refer to Note 16(b).

Foreign Currency Risk

The Association is not exposed to fluctuations in foreign currencies.

Liquidity Risk

The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash facilities are maintained.

Credit Risk

The Association is not exposed to any material credit risk.

Price Risk

The Association is not exposed to any material commodity price risk.

Note 17: Financial Instruments (cont.)

(b) Interest Rate Risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's 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		Non-interest Bearing		Total	
	2006 %	2005 %	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $
Financial Assets:										
Cash and cash equivalents	5.1	5.4	2,364,328	583,750	4,392,280	4,162,491	1,450	1,450	6,758,058	4,747,691
Receivables	-	-	-	-	-	-	1,111,577	1,132,536	1,111,577	1,132,536
Total Financial Assets			2,364,328	583,750	4,392,280	4,162,491	1,113,027	1,133,986	7,869,635	5,880,227
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	805,087	977,327	805,087	977,327
Total Financial Liabilities			-	-	-	-	805,087	977,327	805,087	977,327

(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.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

Note 17: Financial Instruments (cont.)

	2006		2005	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial assets:				
Cash and cash equivalents	6,758,058	6,758,058	4,747,691	4,747,691
Receivables	1,111,577	1,111,577	1,132,536	1,132,536
	7,869,635	7,869,635	5,880,227	5,880,227
Financial liabilities:				
Trade and other payables	805,087	805,087	977,327	977,327
	805,087	805,087	977,327	977,327

Fair values are materially in line with carrying values.

Note 18: 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).

Note 19: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).

Note 20: 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

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

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 report of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office for the financial year ended 30 June 2006 as set out on pages 4 to 24

The financial report includes the financial statements of the individual entity at year end. The Association's Committee of Management 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.

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 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.

Independence

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

We declare to the best of our knowledge and belief that the auditor's independence declaration, set out on page 5 of the financial report, has not changed as at the date of providing our audit opinion.

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

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

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 24 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 2006; 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
Grech Smith Bridle
Chartered Accountants

Joseph Grech
Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 26th day of September 2006.