



Australian Government

Australian Industrial Registry

Level 5, 11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9655 0410
Email: melbourne@air.gov.au

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

Dear Mr de Bruyn,

**Shop, Distributive & Allied Employees' Association
Financial Report for the Year Ended 30th June 2007 - FR2006/375
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for the financial reports of the Shop, Distributive & Allied Employees' Association (the organisation) and the New South Wales Deductions Account for the year ended 30 June 2007. The documents were lodged in the Industrial Registry on 28 November 2007.

The financial documents have been filed and no further action is requested.

I note, however, from my examination of the financial reports of the organisation that the Operating Report was not signed and dated. Would you please ensure this document is signed and dated in future lodgements. Further, unlike the Operating Report prepared for the New South Wales Deductions Account, the Operating Report of the organisation prepared by the National Executive 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 Organisations) Regulations*). Instead, the National Executive provides the number of members as at 31 December 2006. In future, would you please ensure that the number of members is given as at 30 June (as has been done for the NSW Deductions Account).

On another issue, in contrast to that prepared with respect to the New South Wales Deductions Account, the Committee of Management Statement prepared by the National Executive (which is entitled 'Certificate by National Executive') 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 Executive's Committee of Management Statement in the future.

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.

Yours sincerely,

Robert Pfeiffer
Statutory Services Branch

9 May 2008

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: 26th November 2007

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



**SHOP DISTRIBUTIVE AND
ALLIED EMPLOYEES' ASSOCIATION**

**ANNUAL FINANCIAL REPORT
30 JUNE 2007**

Contents

	<i>Page</i>
• Operating report	3
• Certificate by National Executive	5
• Certificate by National Secretary-Treasurer	6
• Income statement	7
• Statement of recognised income and expense	8
• Balance sheet	9
• Statement of cash flows	10
• Notes to the financial statements	11
• Audit report	25

Shop, Distributive & Allied Employees' Association Annual Financial Report – 30 June 2007

Operating report

For the year ended 30 June 2007

The members of the National Executive present their report together with the financial report of Shop, Distributive & Allied Employees' Association ('the Association') for the financial year ended 30 June 2007 and the auditor's report thereon.

1. Membership

Membership of the Association as at 31st December 2006 was 220,068.

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:

<i>Name</i>	<i>Experience</i>
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, 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.

Shop, Distributive & Allied Employees' Association

Annual Financial Report – 30 June 2007

Operating report (continued)

For the year ended 30 June 2007

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 the Coles Group, Bunnings, Woolworths, The Just Group, Red Rooster, Freedom Furniture, Dominos, McDonald's, and others. These agreements all resulted in improved wages and working conditions for the Employees covered by them.

The Association participated in inquiries and investigations conducted by the Federal Parliament, Officers of the Association discussed a range of issues relevant to members with Federal and State Parliamentarians.

The Association has completed a major refurbishment of its National Office building at 53 Queen Street Melbourne, funded from cash reserves.

At 30 June 2007, there were 11 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. Ms S Burnley is also a director of CARE Super Pty Ltd.

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).

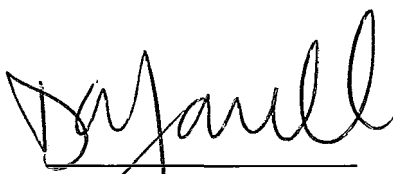
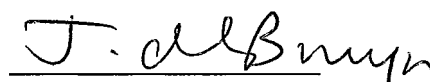
**Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007**

Certificate by National Executive

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

- (a) the financial statements and notes set out on pages 7 to 24 comply with the Australian Accounting Standards;
- (b) the financial statements and notes set out on pages 7 to 24 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 2007;
- (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 2007 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 for each of the branches of the Association;
 - (v) to the knowledge of any member of the National Executive, there have been no instances of information sought in any request of a member of the Association or a Registrar duly made under section 272 of the RAO Schedule that have not been furnished to the member or Registrar; and
 - (vi) no orders for inspection of financial records have been made by the Commission under section 273 of the RAO Schedule.

Dated at Melbourne this 14th day of September 2007


Donald Farrell
National President
Joseph de Bruyn
National Secretary-Treasurer

**Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007**

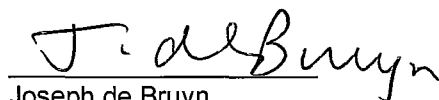
Certificate by National Secretary-Treasurer

I, Joseph de Bruyn, being the officer responsible for keeping the accounting records of the Association certify that as at 30 June 2007 the number of members of the Association was 220,068.

In my opinion:-

- (i) the accompanying financial report set out on pages 7 to 24 shows a true and fair view of the financial position of the Association as at 30 June 2007;
- (ii) a record has been kept of all monies paid by or collected from members of the Association and all monies so paid or collected have been credited to the bank account to which those monies are to be credited in accordance with the rules of the Association;
- (iii) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (iv) no payments were made out of funds or accounts operated by the Association in respect of compulsory levies raised by the Association or voluntary contributions collected from members of the Association or other funds, the operation of which is required by the rules of the Association for a purpose other than the purpose for which the funds or accounts were operated;
- (v) no loans or other financial benefits other than remuneration in respect of their full time employment with the Association were made to persons holding office in the Association; and
- (vi) the Register of Members of the Association was maintained in accordance with the Workplace Relations Act 1996.

Dated at Melbourne this 14th day of September 2007.



Joseph de Bruyn
National Secretary-Treasurer

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007

Income Statement

For the year ended 30 June 2007

Income	Note	2007	2006
53 Queen St, Melbourne - rent		368,659	393,349
Branch contribution to ACTU IR Campaign Levy		1,090,773	540,603
Care director's fees		32,650	27,164
Interest received		318,831	485,066
Membership subscriptions		4,995,221	4,749,148
53 Queen St, Melbourne – fair value increment	6	1,117,808	-
		<u>7,923,942</u>	<u>6,195,330</u>
Expenditure			
53 Queen St, Melbourne – direct operating expenses	7	411,893	378,319
53 Queen St, Melbourne - fair value decrement	6	-	1,530,000
ACTU IR Advertising Campaign Levy		1,090,773	540,603
Affiliation fees		941,649	910,642
Auditors' remuneration	8	16,510	21,630
Bank charges and interest		128	272
Consulting - legal fees		30,419	23,327
Consulting - professional fees		10,481	64,465
Delegates expenses		190,599	294,621
Depreciation	13	47,039	22,792
Donations – ACTU 2005 IR Advertising Campaign Donation		-	305,017
Donations – Other		193,266	265,972
Electricity		5,708	5,366
Fringe benefits tax		11,481	13,856
General Office expenses		24,437	27,938
Holiday pay		62,188	54,499
Long service leave		32,956	9,432
Meeting expenses		131,937	157,299
Other administration expenses		53,697	65,511
Payroll tax		48,361	46,584
Postage		3,627	4,968
Publishing		27,533	33,573
Remuneration to Employees		803,496	725,900
Superannuation - Defined benefit expense	15	128,854	109,743
Superannuation - SGC		4,965	-
Subscriptions/publications		17,298	17,896
Telephone		25,792	21,544
Travel expenses for Employees		133,367	151,031
Workcare		14,439	12,242
		<u>4,462,893</u>	<u>5,815,042</u>
Operating Surplus/(Deficit)		<u>3,461,049</u>	<u>380,288</u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 11 to 24

**Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007**

Statement of recognised income and expense

For the year ended 30 June 2007

	<i>Note</i>	2007	2006
Actuarial gains/(losses) on defined benefit superannuation funds	15	279,930	168,780
Net income recognised directly in equity		<u>279,930</u>	<u>168,780</u>
Surplus/(Deficit) for the period		3,461,049	380,288
Total recognised income and expense for the period	23	<u>3,740,979</u>	<u>549,068</u>

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 24.

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007

Balance Sheet

As at 30 June 2007

	<i>Note</i>	2007	2006
Assets			
Cash and cash equivalents	9	1,247,337	1,580,375
Receivables	10	226,447	304,882
Other financial assets	11	5,908,992	6,133,337
Total current assets		<u>7,382,776</u>	<u>8,018,594</u>
Investment property	12	14,070,388	10,786,561
Property, plant and equipment	13	454,126	163,837
Defined benefit superannuation asset	15	917,400	643,400
Total non-current assets		<u>15,441,914</u>	<u>11,593,798</u>
Total assets		<u>22,824,690</u>	<u>19,612,392</u>
Liabilities			
Trade and other payables	14	572,786	1,211,801
Employee benefits	15	552,846	439,876
Total current liabilities		<u>1,125,632</u>	<u>1,651,677</u>
Employee benefits	15	4,497	7,133
Total non-current liabilities		<u>4,497</u>	<u>7,133</u>
Total liabilities		<u>1,130,129</u>	<u>1,658,810</u>
Net assets		<u>21,694,561</u>	<u>17,953,582</u>
Equity			
Retained earnings		21,694,561	17,953,582
Total equity	23	<u>21,694,561</u>	<u>17,953,582</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 11 to 24.

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007

Statement of cash flows

For the year ended 30 June 2007

	<i>Note</i>	2007	2006
Cash flows from operating activities			
Cash receipts from operations		6,490,958	5,717,401
Cash paid to suppliers and employees		(4,671,691)	(3,851,144)
Cash generated from operations		1,819,267	1,866,257
Interest received		320,732	467,797
Net cash from operating activities	21	2,139,999	2,334,054
Cash flows from investing activities			
Payments for investment property (including lease incentives)	12	(2,360,054)	(6,592,270)
Payments for leasehold improvements	13	(331,840)	-
Payments for property, plant & equipment	13	(5,488)	(85,342)
Net cash from investing activities		(2,697,382)	(6,677,612)
Net increase in cash and cash equivalents		(557,383)	(4,343,558)
Cash and cash equivalents at 1 July		7,713,712	12,057,270
Cash and cash equivalents at 30 June	9	7,156,329	7,713,712

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 24.

**Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007**

Notes to the financial statements

	Page		Page
1. Reporting Entity	12	8. Auditors' remuneration	17
2. Basis of preparation	12	9. Cash and cash equivalents	17
3. Significant accounting policies	12	10. Receivables	17
(a) Property, plant and equipment	13	11. Other financial assets	17
(b) Investments	13	12. Investment property	18
(c) Impairment	13	13. Property, plant and equipment	18
(d) Employee benefits	14	14. Trade and other payables	19
(e) Revenue	14	15. Employee benefits	19
(f) Income tax	15	16. Financial instruments	21
(g) Goods and services tax	15	17. Operating Lease	22
(h) Segment reporting	15	18. Capital commitments	22
(i) New standards and interpretations not yet adopted	15	19. Contingencies	22
4. Determination of fair values	15	20. Controlled entities	23
5. Segment reporting	16	21. Reconciliation of cash flows from operating activities	23
6. Material Items	16	22. Related party disclosures	23
7. Other expenses	16	23. Statement of changes in equity	24

Shop, Distributive & Allied Employees' Association

Annual Financial Report – 30 June 2007

Notes to the financial statements

1. Reporting Entity

Shop, Distributive & Allied Employees' Association (the 'Association') is an Association domiciled in Australia. The address of the Association's registered office is Level 6, 53 Queen Street, Melbourne. The financial report of the Association for the financial year ended 30 June 2007 comprise the National Account and the International Fund.

The financial report was authorised for issue by the National Executive on 14 September 2007.

2.

Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Workplace Relations Act 1996. The financial reports of the Association also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following:

- Investment property is measured at fair value

The method used to measure fair value is discussed further in note 4.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Association's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 9 – valuation of investment property
- Note 12 – measurement of defined benefit obligations

3. Significant accounting policies

The Association has elected to early adopt the following accounting standards and amendments:

- AASB 101 *Presentation of Financial Statements (October 2006)*

In the prior financial year the Association adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* in accordance with the transitional rules of AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. There was no impact on the Association of the adoption of this accounting policy.

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007
Notes to the financial statements

3. Significant accounting policies (continued)

(a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 July 2005, the date of transition to AASBs, was determined by reference to its fair value at the date. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss 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:

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

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(b) Investments

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss.

The carrying value of investment property consists of its fair value, plus capitalised lease incentives. Amortisation of capitalised lease incentives is recognised in the profit and loss as an integral part of the total rental income over the lease term.

(c) Impairment

The carrying amounts of the Association's assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

**Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007**

Notes to the financial statements

3. Significant accounting policies (continued)

(c) Impairment (Cont'd)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed 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.

(d) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss 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 reporting date on AA credit-rated (Commonwealth 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 calculation results in a benefit to the Association, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the fund or reductions in future contributions to the fund.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss 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 profit or loss.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee 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 plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated [Commonwealth Government] bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group 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 Group as the benefits are taken by the employees.

(e) 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.

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007

Notes to the financial statements

3. Significant accounting policies (continued)

(e) Revenue (Cont'd)

(iii) Rental income

Rental income from investment property is recognised in profit and loss 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.

(f) Income tax

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

(g) 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.

(h) 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.

(i) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 117 *Leases*, AASB 139 *Financial Instruments: Recognition and Measurement*, and AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the financial report.

4. Determination of fair values

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is 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 market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007
Notes to the financial statements

4. Determination of fair values (continued)

(b) Fair value of investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the Association's investment property at 30 June 2007. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows 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 vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Association and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

The valuation was undertaken assuming a hypothetical lease to the Association over the owner occupied floors (levels 6 and 7). The valuation ascribes no value to the internal fit-out of the Association's premises (included separately as leasehold improvements under property, plant and equipment) nor lease incentives to tenants.

(c) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5. Segment reporting

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

6. Material items

	<i>Note</i>	2007	2006
Fair value adjustments of investment property – increment/(decrement)	12	1,117,808	(1,530,000)
		1,117,808	(1,530,000)

7. Other expenses

	2007	2006
Direct operating expenses of investment property that:		
Generated rental income – 53 Queen St.	411,893	378,319
Did not generate income – 53 Queen St.	-	-
	411,893	378,319

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007
Notes to the financial statements

8. Auditors' remuneration

	2007	2006
Audit services		
Auditors of the Company		
<i>KPMG Australia:</i>		
Audit of financial reports	11,420	10,570
Audit of AIFRS transition	-	4,500
	11,420	15,070
Other services		
Auditors of the Company		
<i>KPMG Australia</i>		
Review of financial reports	5,090	4,710
Review of AIFRS conversion	-	1,850
	5,090	6,560

9. Cash and cash equivalents

	2007	2006
Cash at bank	18,373	36,960
Cash management accounts	1,218,898	1,537,158
Property agent trust account	10,066	6,257
	1,247,337	1,580,375

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

	<i>Note</i>	2007	2006
Cash and cash equivalents		1,247,337	1,580,375
Bank bills	11	5,908,992	6,133,337
		7,156,329	7,713,712

10. Receivables

	2007	2006
Current		
Accrued income	52,318	54,363
Prepayments	77,875	60,351
Sundry debtors	96,254	190,168
	226,447	304,882

11. Other financial assets

	2007	2006
Current		
Bank bills	5,908,992	6,133,337

Shop, Distributive & Allied Employees' Association

Annual Financial Report – 30 June 2007

Notes to the financial statements

12. Investment property

Non-current investment property

	2007	2006
Balance at 1 July	10,786,561	5,724,291
Acquisitions	1,695,631	6,592,270
Fair value adjustments	1,117,808	(1,530,000)
	<u>13,600,000</u>	<u>10,786,561</u>
Capitalised Lease Incentives	664,423	-
Amortisation of lease incentives	(194,035)	-
	<u>470,388</u>	<u>-</u>
Balance at 30 June	<u>14,070,388</u>	<u>10,786,561</u>

Investment property comprises a commercial property located at 53 Queen Street, Melbourne. The Association retains possession of levels 6 and 7 as its registered head office and leases the remaining floors to third parties. Each of the leases contains an initial non-cancellable period of a minimum of five years. Lease incentives were paid and are being amortised over the period of the leases. Subsequent renewals are to be negotiated with the lessee. See note 17 for further information.

13. Property, plant and equipment

	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
Cost				
Balance at 1 July 2005	305,111	91,966	137,114	534,191
Acquisitions	85,342	-	-	85,342
Balance at 30 June 2006	<u>390,453</u>	<u>91,966</u>	<u>137,114</u>	<u>619,533</u>
Balance at 1 July 2006	390,453	91,966	137,114	619,533
Acquisitions	5,488	-	331,840	337,328
Disposals	-	-	(137,114)	(137,114)
Balance at 30 June 2007	<u>395,941</u>	<u>91,966</u>	<u>331,840</u>	<u>819,747</u>
Depreciation and impairment losses				
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	<u>286,178</u>	<u>32,404</u>	<u>137,114</u>	<u>455,696</u>
Balance at 1 July 2006	286,178	32,404	137,114	455,696
Depreciation charge for the year	23,002	7,445	16,592	47,039
Disposals	-	-	(137,114)	(137,114)
Balance at 30 June 2007	<u>309,180</u>	<u>39,849</u>	<u>16,592</u>	<u>365,621</u>
Carrying amounts				
At 1 July 2005	33,216	68,071	-	101,287
At 30 June 2006	<u>104,275</u>	<u>59,562</u>	<u>-</u>	<u>163,837</u>
At 1 July 2006	104,275	59,562	-	163,837
At 30 June 2007	<u>86,761</u>	<u>52,117</u>	<u>315,248</u>	<u>454,126</u>

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007
Notes to the financial statements

14. Trade and other payables

	2007	2006
Sundry creditors	232,509	726,626
PAYG tax payable	17,112	19,658
Unearned rental income	9,200	5,689
Rental Tenant temporary security deposit	67,506	-
Cash retention – building contractor	246,459	459,828
	<u>572,786</u>	<u>1,211,801</u>

15. Employee benefits

Current

	2007	2006
Liability for long service leave	400,851	310,064
Liability for annual leave	151,995	129,812
	<u>552,846</u>	<u>439,876</u>

Non Current

Liability for long-service leave	<u>4,497</u>	<u>7,133</u>
----------------------------------	--------------	--------------

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

	2007	2006
Present value of funded obligations	1,544,610	1,590,471
Fair value of fund assets – funded	(2,462,010)	(2,238,871)
Present value of net obligations	<u>(917,400)</u>	<u>(643,400)</u>
Recognised liability/(asset) for defined benefit obligations (see below)	<u>(917,400)</u>	<u>(643,400)</u>

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

	2007	2006
Net liability/(asset) for defined benefit obligations at 1 July	(643,400)	(460,510)
Contributions received	(122,924)	(123,853)
Amount recognised in retained earnings (actuarial (gains)/losses)	(279,930)	(168,780)
Expense recognised in the income statement	128,854	109,743
Net liability/(asset) for defined benefit obligations at 30 June	<u>(917,400)</u>	<u>(643,400)</u>

Defined benefit superannuation funds

	2007	2006
Amounts in the balance sheet		
Liabilities		-
Assets	(917,400)	(643,400)
Net liability/(asset)	<u>(917,400)</u>	<u>(643,400)</u>

Amounts for the current and previous periods are as follows:

	2007	2006
Defined benefit obligation	(1,544,610)	(1,590,471)
Fund assets	2,462,010	2,233,871
Surplus/(deficit)	<u>917,400</u>	<u>643,400</u>

Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007
Notes to the financial statements

15. Employee benefits (continued)

Movement in the liability for defined benefit obligations

	2007	2006
Liability for defined benefit obligations at 1 July	1,590,471	1,497,038
Service cost	189,134	173,423
Interest cost	75,080	66,510
Actuarial losses (gains)	(82,610)	(34,510)
Benefits paid	(193,695)	(71,210)
Taxes, premiums & expenses paid	(33,770)	(40,780)
Liability for defined benefit obligations at 30 June	<u>1,544,610</u>	<u>1,590,471</u>

Movement in plan assets

	2007	2006
Fair value of plan assets at 1 July	2,233,871	1,957,548
Expected return	135,360	130,190
Actuarial gains and (losses)	197,320	134,270
Contributions by employer	122,924	123,853
Benefits paid	(193,695)	(71,210)
Taxes, premiums & expenses paid	(33,770)	(40,780)
Transfers in	-	-
Fair value of plan assets at 30 June	<u>2,462,010</u>	<u>2,233,871</u>

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

	2007	2006
Australian Equity	30%	29%
International Equity	20%	22%
Fixed Income	18%	16%
Property	7%	7%
Cash	10%	14%
Other	15%	12%

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 profit or loss

	2007	2006
Current service costs	189,134	173,423
Interest on obligation	75,080	66,510
Expected return on fund assets	(135,360)	(130,190)
	<u>128,854</u>	<u>109,743</u>

Shop, Distributive & Allied Employees' Association

Annual Financial Report – 30 June 2007

Notes to the financial statements

15. Employee benefits (continued)

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

	2007	2006
Defined benefit superannuation expense	128,854	109,743
Actual return on fund assets	332,680	264,450

The Association expects to contribute \$60,615 to its defined benefit superannuation funds in the 2008 financial year.

Actuarial assumptions

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

	2007	2006
Discount rate at 30 June	5.30%	4.90%
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.

16. 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.

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:

			2007	
	Note	Effective interest rate	Total	6 months or less
Financial assets				
Cash and cash equivalents*	9	4.99%	1,247,337	1,247,337
Other financial assets	11	6.26%	5,908,992	5,908,992
			7,156,329	7,156,329

Shop, Distributive & Allied Employees' Association Annual Financial Report – 30 June 2007

Notes to the financial statements

16. Financial instruments (continued)

	Note	Effective interest rate	2006 Total	6 months or less
Financial assets				
Cash and cash equivalents*	9	4.71%	1,580,375	1,580,375
Other financial assets	11	5.63%	6,133,337	6,133,337
			<u>7,713,712</u>	<u>7,713,712</u>

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

Fair values

The fair value of the Associations assets and liabilities as at 30 June 2007 approximate their carrying amounts.

17. Operating Leases

Leases as lessor

The Association leases out its investment property under operating leases (see note 12). The future minimum lease payments under non-cancellable leases are as follows:

	2007	2006
Less than one year	987,468	502,544
Between one and five years	3,744,460	2,338,761
More than five years	590,259	834,540
	<u>5,322,187</u>	<u>3,675,845</u>

18. Capital commitments

The Association has completed the refurbishment of its National Office building at 53 Queen Street, Melbourne. No further works are anticipated.

Investment property

Contracted but not provided for and payable:

	2007	2006
Within one year	-	3,378,168

19. 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

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:

	2007	2006
Doncaster Travel branch	19,339	19,339
Traveland Eastwood branch	7,183	7,183
Interest	11,825	-
	<u>38,347</u>	<u>26,522</u>

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

Shop, Distributive & Allied Employees' Association

Annual Financial Report – 30 June 2007

Notes to the financial statements

20. Controlled Entities

Parent Entity

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

	2007	2006
<i>Controlled Entity</i>		
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.

21. Reconciliation of cash flows from operating activities

Cash flows from operating activities	2007	2006
Profit/(loss) for the period	3,461,049	380,288
<i>Adjustments for:</i>		
Amortisation of lease incentives	194,035	-
Depreciation	47,039	22,792
Fair value (increment)/decrement	(1,117,808)	1,530,000
Actuarial gains/(losses) recognised in equity	279,930	168,780
Operating profit before changes in working capital	2,864,245	2,101,860
(Increase)/decrease in accrued income	2,045	(10,132)
(Increase)/decrease in prepayments	(17,524)	320
(Increase)/decrease in sundry debtors	93,914	12,067
(Increase)/decrease in pension asset	(274,000)	(182,890)
Increase/(Decrease) in trade and other payables	(710,032)	412,778
Increase/(Decrease) in unearned rental income	3,511	5,689
Increase/(Decrease) in security deposits	67,506	-
Increase/(Decrease) in provisions and employee benefits	110,334	(5,638)
Net cash from operating activities	2,139,999	2,334,054

22. 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	Total \$
		Salary & fees \$	Non-monetary benefits \$	Total	Super-annuation benefits \$	
Officers						
Joseph de Bruyn – National Secretary-Treasurer	2007	101,843	11,573	113,416	12,221	125,637
	2006	98,466	11,573	110,039	11,816	121,855
Ian Blandthorn – National Assistant Secretary	2007	83,828	4,101	87,929	10,059	97,988
	2006	81,049	4,101	85,150	9,726	94,876
Don Farrell – National President	2007	5,000	-	5,000	-	5,000
	2006	5,000	-	5,000	-	5,000
Joseph Bullock – National Vice-President	2007	3,500	-	3,500	-	3,500
	2006	3,500	-	3,500	-	3,500
Total compensation: key management personnel	2007	194,171	15,674	209,845	22,280	232,125
	2006	188,015	15,674	203,689	21,542	225,231

**Shop, Distributive & Allied Employees' Association
Annual Financial Report – 30 June 2007**

Notes to the financial statements

23. Statement of changes in equity

	Retained earnings	Total equity
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
 Balance at 1 July 2006	 17,953,582	 17,953,582
Total recognised income and expense	3,740,979	3,740,979
Balance at 30 June 2007	21,694,561	21,694,561



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 2007, consisting of the income statement, statement of recognised income and expense, balance sheet, statement of cash flows, accompanying notes [1 to 23], and the Certificate by National Council and National Secretary-Treasurer set out on pages [5] to [24]. The members of the National Council of the Association are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

The financial report has been prepared for distribution to the members of the Association for the purpose of fulfilling the requirements of subsections 265(1) and 265(5) of the Registration and Accountability of Organisations Schedule ("RAO") (Schedule 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 2007; and
 - (b) the income and expenditure, and any surplus or deficit, of the Association for the financial year ended 30 June 2007.

KPMG

KPMG

Graeme C Matthews

Melbourne

14th September 2007

This page has been left intentionally blank.

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: 26th November 2007

Signed: J. de Bruyn
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 2007**

**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 2007**

CONTENTS

RESOLUTION REGARDING TRANSFER OF FUNDS SURPLUS	2
OPERATING REPORT	3
STATEMENT OF THE COMMITTEE OF MANAGEMENT	5
AUDITOR'S INDEPENDENCE DECLARATION	6
INCOME STATEMENT	7
BALANCE SHEET	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11
INDEPENDENT AUDITORS' REPORT	26

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

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

Resolved:

The National Executive ratifies the transfer of an amount of \$3,984,917 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 2007.

Dated at Sydney this 19th day of September 2007.

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

OPERATING REPORT

Membership

Membership as at 30 June 2007 was 65,057 (2006: 64,228).

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 2007, there were 73 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**

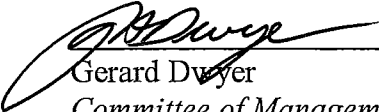
OPERATING REPORT (CONT.)


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:

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

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


Gerard Dwyer
Committee of Management


Joe de Bruyn
Committee of Management

Dated at Sydney this 19th day of September 2007.

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

STATEMENT OF THE COMMITTEE OF MANAGEMENT

On 19 September 2007 the Committee of Management of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office passed the following resolution in relation to the general-purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2007:

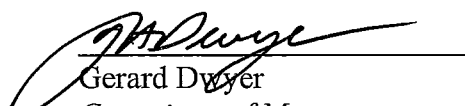
The Committee of Management declares in relation to the GPFR that in its opinion:


- 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 6.

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


Gerard Dwyer
Committee of Management


Joe de Bruyn
Committee of Management

Dated at Sydney this 19th day of September 2007.

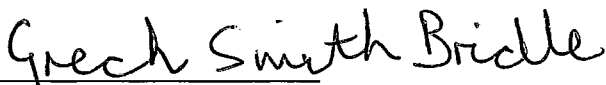
**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

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 2007 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
Chartered Accountants



Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 19th day of September 2007.

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

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Revenue	2	15,676,484	15,412,297
Employee benefits expense		(5,640,830)	(5,196,612)
Depreciation expense		(775,059)	(729,200)
Commission paid		(1,282,050)	(1,250,947)
Insurance expenses		(265,382)	(250,488)
Legal and litigation expenses		(157,521)	(83,037)
Motor vehicle expenses		(373,496)	(395,736)
Printing and stationery		(281,379)	(379,752)
Telephone expenses		(194,070)	(252,350)
Donations		(76,762)	(14,487)
NSW Branch expenses		(3,984,917)	(3,733,434)
Occupancy expenses		(638,931)	(564,181)
Accommodation and travel expenses		(198,069)	(256,463)
Loss on disposal of plant and equipment		(17,227)	(51,725)
Other expenses		<u>(596,899)</u>	<u>(577,652)</u>
Profit before income tax		1,193,892	1,676,233
Income tax expense	1(a)	-	-
Profit attributable to members of the Association		<u>1,193,892</u>	<u>1,676,233</u>

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 2007**

	Note	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,085,292	6,758,058
Trade and other receivables	7	1,142,888	1,111,577
Other current assets	8	288,350	262,233
TOTAL CURRENT ASSETS		<u>7,516,530</u>	<u>8,131,868</u>
NON-CURRENT ASSETS			
Cash and cash equivalents	6	2,500,000	-
Property, plant and equipment	9	11,529,471	12,112,847
Investment property	10	8,250,000	8,250,000
TOTAL NON-CURRENT ASSETS		<u>22,279,471</u>	<u>20,362,847</u>
TOTAL ASSETS		<u>29,796,001</u>	<u>28,494,715</u>
CURRENT LIABILITIES			
Trade and other payables	11	837,305	805,087
Short-term provisions	12	1,387,762	1,302,122
TOTAL CURRENT LIABILITIES		<u>2,225,067</u>	<u>2,107,209</u>
NON-CURRENT LIABILITIES			
Long-term provisions	12	25,195	35,659
TOTAL NON-CURRENT LIABILITIES		<u>25,195</u>	<u>35,659</u>
TOTAL LIABILITIES		<u>2,250,262</u>	<u>2,142,868</u>
NET ASSETS		<u>27,545,739</u>	<u>26,351,847</u>
EQUITY			
Reserves	13	1,463,413	1,463,413
Retained earnings		26,082,326	24,888,434
TOTAL EQUITY		<u>27,545,739</u>	<u>26,351,847</u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2007**

	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1 July 2005	23,212,201	1,230,124	24,442,325
Profit attributable to members of the Association	1,676,233	-	1,676,233
Revaluation Increment	-	399,160	399,160
Revaluation Decrement	-	(165,871)	(165,871)
Balance at 30 June 2006	24,888,434	1,463,413	26,351,847
Profit attributable to members of the Association	1,193,892	-	1,193,892
Balance at 30 June 2007	26,082,326	1,463,413	27,545,739

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,100,083	14,137,466
Payments to suppliers and employees		(13,582,913)	(12,918,607)
Interest received		469,891	325,356
Rent received		1,049,083	985,096
Net cash provided by (used in) operating activities	16(a)	<u>2,036,144</u>	<u>2,529,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		107,925	149,863
Purchase of property, plant and equipment		(316,835)	(668,807)
Net cash provided by (used in) investing activities		<u>(208,910)</u>	<u>(518,944)</u>
Net increase/(decrease) in cash held		1,827,234	2,010,367
Cash at beginning of financial year		<u>6,758,058</u>	<u>4,747,691</u>
Cash at end of financial year	6	<u>8,585,292</u>	<u>6,758,058</u>

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 2007**

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

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.

(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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 1: Statement of Significant Accounting Policies (cont)

(b) Property, Plant and Equipment (cont)

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.

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%

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 1: Statement of Significant Accounting Policies (cont)

(b) Property, Plant and Equipment (cont)

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.

(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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 1: Statement of Significant Accounting Policies (cont)

(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.

(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.

It has not been necessary for the Committee of Management to make any key estimates or judgements in the report.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. DEDUCTIONS ACCOUNT OFFICE**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 2: Revenue	2007	2006
	\$	\$
Operating activities		
- Services revenue	14,157,510	14,101,845
- Interest revenue	469,891	325,356
- Rental revenue from property	64,899	29,354
- Rental revenue from investment property	984,184	955,742
Total Revenue	<u>15,676,484</u>	<u>15,412,297</u>

(a) Interest revenue from:		
- other persons	<u>469,891</u>	<u>325,356</u>
Total interest revenue	<u>469,891</u>	<u>325,356</u>

Note 3: Profit from Ordinary Activities**(a) Expenses**

Commission Paid	1,282,050	1,250,947
Depreciation of non-current assets		
- Buildings	250,652	256,518
- Plant and equipment	<u>524,407</u>	<u>472,682</u>
Total depreciation	<u>775,059</u>	<u>729,200</u>
Rental expense on operating leases		
- Minimum lease payments	<u>253,058</u>	<u>201,320</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

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	Total
	Salary & Fees	Superannuation Contribution	Bonus	Non-cash Benefits	Superannuation	Long term benefits Long service leave	
	\$	\$	\$	\$	\$	\$	\$
2007							
Total Compensation	95,813	17,449	-	-	-	40,008	153,270
2006							
Total Compensation	86,343	17,287	-	-	-	35,594	139,224

	2007 \$	2006 \$
Note 5: Auditors' Remuneration		
Remuneration of the auditor of the Association for:		
- Auditing the financial report	41,136	43,664

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

	2007 \$	2006 \$
Note 6: Cash and Cash Equivalents		
CURRENT		
Cash at bank and in hand	598,324	587,302
Short-term bank deposits	<u>5,486,968</u>	<u>6,170,756</u>
	<u>6,085,292</u>	<u>6,758,058</u>
The effective interest rate on short-term bank deposits was 6.06% (2006: 5.5%) these deposits have an average maturity of 25 days.		
NON-CURRENT		
Long-term bank deposits	<u>2,500,000</u>	<u>-</u>
The effective interest rate on long-term bank deposits was 6.74% (2006: 0%) this deposit matures in 9 years.		
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 – current	6,085,292	6,758,058
Cash and cash equivalents – non-current	<u>2,500,000</u>	<u>-</u>
	<u>8,585,292</u>	<u>6,758,058</u>
Note 7: Trade and Other Receivables		
CURRENT		
Trade receivables	1,107,887	1,066,619
Other receivables	<u>35,001</u>	<u>44,958</u>
	<u>1,142,888</u>	<u>1,111,577</u>
Note 8: Other Assets		
CURRENT		
Prepayments	<u>288,350</u>	<u>262,233</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

	2007	2006
	\$	\$
Note 9: Property, Plant and Equipment		
BUILDINGS		
Buildings at:		
- Independent valuation 2006 (Level 3, Quay Street)	4,284,750	4,284,750
- Independent valuation 2006 (Level 4, Quay Street)	3,940,000	3,940,000
- Independent valuation 2006 (Car Spaces)	1,083,500	1,083,500
- At cost (Canberra)	745,400	745,400
Less accumulated depreciation	(269,236)	(18,584)
Total buildings	<u>9,784,414</u>	<u>10,035,066</u>
PLANT AND EQUIPMENT:		
Plant and equipment:		
At cost	3,075,118	3,115,669
Accumulated depreciation	(1,330,061)	(1,037,888)
Total plant & equipment	<u>1,745,057</u>	<u>2,077,781</u>
Total property, plant and equipment	<u>11,529,471</u>	<u>12,112,847</u>

Independent valuers revalued the Association's Quay Street buildings at 30 June 2006. 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	10,035,066	2,077,781	12,112,847
Additions	-	316,835	316,835
Disposals	-	(125,152)	(125,152)
Revaluation increments/(decrements)	-	-	-
Depreciation expense	(250,652)	(524,407)	(775,059)
Carrying amount at the end of year	<u>9,784,414</u>	<u>1,745,057</u>	<u>11,529,471</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 10: Investment Property

	2007	2006
	\$	\$
Balance at beginning of year	8,250,000	8,250,000
Acquisitions	-	-
Fair value adjustments	-	-
Balance at end of year	<u>8,250,000</u>	<u>8,250,000</u>

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	611,817	595,445
Sundry payables and accrued expenses	225,488	209,642
	<u>837,305</u>	<u>805,087</u>

Note 12: Provisions

	Employee Entitlements	Total
	\$	\$
Opening balance at 1 July 2006	1,337,781	1,337,781
Additional provisions raised during year	264,251	264,251
Amounts used	(189,075)	(189,075)
Balance at 30 June 2007	<u>1,412,957</u>	<u>1,412,957</u>

Analysis of Total Provisions

	2007	2006
	\$	\$
Current	1,387,762	1,302,122
Non-Current	25,195	35,659
	<u>1,412,957</u>	<u>1,337,781</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

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:**

	2007	2006
	\$	\$
Payable - minimum lease payments		
- Not later than 12 months	218,391	222,724
- Between 12 months and five years	264,671	483,063
- Greater than five years	-	-
	<u>483,062</u>	<u>705,787</u>

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 16: Cash Flow Information

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

	2007	2006
	\$	\$
Profit from ordinary activities after income tax	1,193,892	1,676,233
Non-cash flows in profit from ordinary activities		
Depreciation	775,059	729,200
Net (gain)/loss on disposal of plant and equipment	17,227	51,725
Changes in assets and liabilities		
Increase/(decrease) in provisions	75,176	208,771
(Increase)/decrease in trade and term debtors	(31,311)	20,959
(Increase)/decrease in other assets	(26,117)	14,662
Increase/(decrease) in payables	32,218	(172,239)
	<u>2,036,144</u>	<u>2,529,311</u>

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 2007.

(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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

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 2007 approximately 54% 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 17(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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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				Non-interest Bearing		Total	
					Within 1 year		Over 5 years					
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:												
Cash and cash equivalents	5.9	5.1	1,420,775	2,364,328	4,663,067	4,392,280	2,500,000	-	1,450	1,450	8,585,292	6,758,058
Receivables	-	-	-	-	-	-	-	-	1,142,888	1,111,577	1,142,888	1,111,577
Total Financial Assets			1,420,775	2,364,328	4,663,067	4,392,280	2,500,000	-	1,144,338	1,113,027	9,728,180	7,869,635
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	-	-	837,305	805,087	837,305	805,087
Total Financial Liabilities			-	-	-	-	-	-	837,305	805,087	837,305	805,087

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

Note 17: Financial Instruments (cont)

(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.

	2007		2006	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial assets:				
Cash and cash equivalents	8,585,292	8,585,292	6,758,058	6,758,058
Receivables	1,142,888	1,142,888	1,111,577	1,111,577
	<u>9,728,180</u>	<u>9,728,180</u>	<u>7,869,635</u>	<u>7,869,635</u>
Financial liabilities:				
Trade and other payables	837,305	837,305	805,087	805,087
	<u>837,305</u>	<u>837,305</u>	<u>805,087</u>	<u>805,087</u>

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).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

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 2007 as set out on pages 5 to 25

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 6 of the financial report, has not changed as at the date of providing our audit opinion.

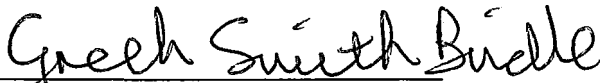
**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
DEDUCTIONS ACCOUNT OFFICE**

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

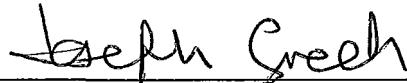
Audit Opinion

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 5 to 25 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 2007; and
 - b) The income and expenditure and surplus of the Association for the year ended on that date.
 - iii) All the information and explanations that, under section 257 of the RAO Schedule of the Workplace Relations Act 1996, that officers or employees of the organisation were required to provide, were provided.
- (b) other mandatory professional reporting requirements.



Grech Smith Bridle
Chartered Accountants



Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 19th day of September 2007.