



FAIR WORK  
AUSTRALIA

5 April 2011

Mr Joseph de Bruyn  
Secretary-Treasurer  
Shop, Distributive and Allied Employees Association

email: [general@sda.org.au](mailto:general@sda.org.au)

Dear Mr de Bruyn

**Re: Financial Report for the Shop, Distributive and Allied Employees Association and the Shop, Distributive and Allied Employees Association N.S.W Deductions Account Office for year ended 30 June 2010 – FR2010/2691**

Further to the filing correspondence for the above report dated 18 November 2010 and the request for advice from the Shop, Distributive and Allied Employees Association (the Association) regarding the referral of the full report to a second meeting of the Committee of Management by Fair Work Australia.

I acknowledge your advice that the Association relies on sub-rule 28(bb) (Control of National Council by Members) of the Association's rules for the referral of the full report to a further meeting of the Committee of Management to satisfy sub-section 266(3) of the *Fair Work (Registered Organisations) Act 2009*.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)



FAIR WORK  
AUSTRALIA

18 November 2010

Mr Joseph de Bruyn  
Secretary-Treasurer  
Shop, Distributive and Allied Employees Association

email: [general@sda.org.au](mailto:general@sda.org.au)

Dear Mr de Bruyn

**Re: Financial Report for the Shop, Distributive and Allied Employees Association and the Shop, Distributive and Allied Employees Association N.S.W Deductions Account Office for year ended 30 June 2010 – FR2010/2691**

I acknowledge receipt of the financial report for the Shop, Distributive and Allied Employees Association (the Association) and the Shop, Distributive and Allied Employees Association N.S.W Deductions Account Office (the Office) for the year ended 30 June 2010. The report was lodged with Fair Work Australia on 22 October 2010.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

#### **Referral of the Full Report to a Second Meeting of the Committee of Management**

Section 266 *Fair Work (Registered Organisations) Act 2009* (the Act) requires a reporting unit to present the full report to a general meeting of members of the reporting unit within six months of the end of the financial year. Where the rules of a reporting unit provide for a specific percentage (not exceeding 5%) of members to be able to call a general meeting the full report may be presented to a meeting of the committee of management in accordance with section 266(3).

In examining the Association's rules it is not immediately apparent which rule the organisation relies on to present the full report to a meeting of the National Council rather than to a general meeting of members. If my reading of the rules is correct, then in the absence of an alteration to the rules, the (federal) reporting unit will need to present the appropriate reports to a general meeting of members. I acknowledge that Fair Work Australia's practice over a period of time has been to file the financial report notwithstanding this shortfall in the rules.

If the organisation does not share this view I would be pleased if you would advise me accordingly and I, in consultation with my colleagues, would be pleased to consider your response.

**Shop, Distributive and Allied Employees Association N.S.W Deductions Account Office  
Financial Report**

#### **Right of members to resign**

Subsection 254(2)(c) of the Act requires the operating report to 'give details' of the right of members to resign from the reporting unit under section 174 of the Act. This requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that rule 27 of the organisation's Rules is applicable.

**Audit Report**

The Audit Report contains reference to the *Fair Work Act 2009* and the Audit Opinion contains reference to the RO Schedule of the *Fair Work Act 2009*. The correct reference should be the *Fair Work (Registered Organisations) Act 2009*.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K Donnellan', with a long horizontal line extending to the right.

Kevin Donnellan

Tribunal Services and Organisations

Fair Work Australia

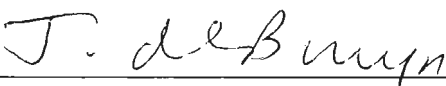
Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

### **Designated Officer's Certificate**

s268 Fair Work (Registered Organisations) Act 2009

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

- that the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members before 17<sup>th</sup> September, 2010.
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 11<sup>th</sup> October 2010; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature:   
Joseph de Bruyn

Date: 20<sup>th</sup> October, 2010



**SHOP DISTRIBUTIVE AND  
ALLIED EMPLOYEES' ASSOCIATION**

**ANNUAL FINANCIAL REPORT  
30 JUNE 2010**

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

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# Shop, Distributive & Allied Employees' Association

## Annual Financial Report – 30 June 2010

### Operating report

#### For the year ended 30 June 2010

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 2010 and the auditor's report thereon.

#### 1. Membership

Membership of the Association as at 30 June 2010 was 201,824.

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Pursuant to s174 of the *Fair Work (Registered Organisations) Act 2009* ("RO Act") and in accordance with Rule 27 of the Association, members have the right to 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. Gerard Dwyer National President	National Executive Member since 2005 Elected National President 2008
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. Paul Griffin	National Executive Member since 1990
Mr. Chris Ketter	National Executive Member since 1996
Ms. Barbara Nebart	National Executive Member since 2004
Mr. Peter Malinauskas	National Executive Member since 2008

#### 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 and the Australian Labor Advisory Council.

The Association is affiliated with the Australian Council of Trade Unions ("ACTU"). The National Secretary-Treasurer is Senior Vice President of the ACTU. Four 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, vocational education and training, future strategies, international and award modernisation.

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 2010

### Operating report (continued)

For the year ended 30 June 2010

#### 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, McDonald's, Best and Less, Ikea, The Just Group, Priceline, Spotlight, Super Cheap Auto 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.

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2010, there were 12 persons employed by the national office of the Association.

#### 5. Superannuation Trustees

Four representatives of the Association hold positions as Directors of the Retail Employees' Superannuation Trust ("REST"). Below are the directors as at 30 June 2010, along with the nominated alternate Employee Directors. Ms S Burnley is also a Director of CARE Super Pty Ltd.

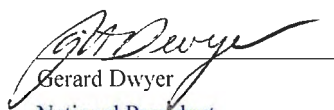
<i><b>Directors:</b></i>	<i><b>Alternates:</b></i>
Mr Joe de Bruyn	Ms Barbara Nebart
Mr Ian Blandthorn	Mr Michael Donovan
Mr Geoff Williams	Mr Joseph Bullock
Ms Sue-Anne Burnley	Mr Chris Ketter

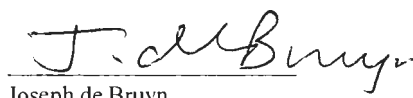
#### 6. Information to be provided to members or General Manager

In accordance with the requirements of subsection 272(5) of the RO Act, 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 the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be 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).

Dated at Melbourne this 18<sup>th</sup> day of August, 2010

  
Gerard Dwyer  
National President

  
Joseph de Bruyn  
National Secretary-Treasurer



**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**


**Certificate by National Executive**

We, Gerard Dwyer 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 on 18 August 2010 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 29 comply with the Australian Accounting Standards;
- (b) the financial statements and notes set out on pages 7 to 29 comply with the reporting guidelines of the *Fair Work Australia* ("FWA");
- (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 2010;
- (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 2010 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 the *Fair Work (Registered Organisations) Act 2009* ("RO Act") and the RO 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 FWA duly made under section 272 of the RO Act that have not been furnished to the member or FWA;
  - (vi) no orders for inspection of financial records have been made by FWA under section 273 of the RO Act; and
  - (vii) in relation to the recovery of wages activity, there has been no such activity undertaken by the Association.

Dated at Melbourne this 18<sup>th</sup> day of August, 2010

  
Gerard Dwyer  
National President

  
Joseph de Bruyn  
National Secretary-Treasurer

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

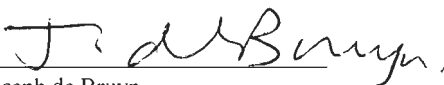
**Certificate by National Secretary-Treasurer**

I, Joseph de Bruyn, being the officer responsible for keeping the accounting records of the Association certify that as at 30 June 2010 the number of members of the Association was 201,824.

In my opinion:-

- (i) the accompanying financial report set out on pages 7 to 29 shows a true and fair view of the financial position of the Association as at 30 June 2010;
- (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 *Fair Work (Registered Organisations) Act 2009*.

Dated at Melbourne this 18<sup>th</sup> day of August 2010.



Joseph de Bruyn  
National Secretary-Treasurer

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Statement of financial position**

**As at 30 June 2010**

	<i>Note</i>	<b>2010</b>	<b>2009</b>
<b>Assets</b>			
Cash and cash equivalents	9	886,752	1,235,546
Receivables	10	349,060	263,516
Other financial assets	11	15,286,707	11,808,508
<b>Total current assets</b>		<b>16,522,519</b>	<b>13,307,570</b>
Investment property	12	11,863,633	12,007,903
Property, plant and equipment	13	366,977	401,760
Defined benefit superannuation asset	15	88,304	182,148
<b>Total non-current assets</b>		<b>12,318,914</b>	<b>12,591,811</b>
<b>Total assets</b>		<b>28,841,433</b>	<b>25,899,381</b>
<b>Liabilities</b>			
Trade and other payables	14	341,151	156,293
Employee benefits	15	734,750	696,155
<b>Total current liabilities</b>		<b>1,075,901</b>	<b>852,448</b>
Employee benefits	15	1,117	399
<b>Total non-current liabilities</b>		<b>1,117</b>	<b>399</b>
<b>Total liabilities</b>		<b>1,077,018</b>	<b>852,847</b>
<b>Net assets</b>		<b>27,764,415</b>	<b>25,046,534</b>
<b>Equity</b>			
Retained earnings		27,764,415	25,046,534
<b>Total equity</b>		<b>27,764,415</b>	<b>25,046,534</b>

The notes on pages 11 to 29 are an integral part of these financial statements.

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Statement of comprehensive income**

**For the year ended 30 June 2010**

<b>Revenue</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
ACTU Reimbursement - Award Modernisation		50,000	-
Branch contribution to Federal ALP Election Campaign	21	200,000	-
Interest received	9	511,138	500,429
Membership subscriptions	21	5,342,359	5,349,700
		<u>6,103,497</u>	<u>5,850,129</u>
<b>Other income</b>	7	1,068,679	1,040,047
		<u>7,172,176</u>	<u>6,890,176</u>
<b>Expenditure</b>			
53 Queen St, Melbourne – direct operating expenses		451,543	390,926
53 Queen St, Melbourne – fair value decrement	12	-	1,900,000
Affiliation fees		1,027,901	1,080,187
Auditors' remuneration	8	21,080	20,365
Delegates expenses		456,052	275,511
Depreciation	13	34,704	39,559
Donations		579,467	291,079
Employee travel expenses		163,502	162,036
Meeting expenses		185,507	188,157
Office & administration		103,592	107,299
Other expenses		242,580	127,159
Personnel expenses	18	1,056,386	1,108,487
		<u>4,322,314</u>	<u>5,690,765</u>
<b>Profit for the period</b>		<u>2,849,862</u>	<u>1,199,411</u>
<b>Other comprehensive income</b>			
Defined benefit plan actuarial gains (losses)	15	(131,981)	(583,219)
		<u>(131,981)</u>	<u>(583,219)</u>
<b>Total comprehensive income for the period</b>		<u>2,717,881</u>	<u>616,192</u>

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Statement of changes in equity**

	Retained earnings	Total equity
Balance at 1 July 2008	24,430,342	24,430,342
<b>Total comprehensive income for the period</b>		
Profit or loss	1,199,411	1,199,411
<i>Other comprehensive income</i>		
Defined benefit plan actuarial gains (losses)	(583,219)	(583,219)
Total comprehensive income for the period	616,192	616,192
Balance at 30 June 2009	25,046,534	25,046,534
Balance at 1 July 2009	25,046,534	25,046,534
<b>Total comprehensive income for the period</b>		
Profit or loss	2,849,862	2,849,862
<i>Other comprehensive income</i>		
Defined benefit plan actuarial gains (losses)	(131,981)	(131,981)
Total comprehensive income for the period	2,717,881	2,717,881
Balance at 30 June 2010	27,764,415	27,764,415

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Statement of cash flows**

**For the year ended 30 June 2010**

	<i>Note</i>	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>			
Cash receipts from operations		6,661,272	6,355,467
Cash paid to suppliers and employees		(4,014,965)	(3,499,640)
Cash generated from operations		2,646,307	2,855,827
Interest received		481,611	555,593
<b>Net cash from operating activities</b>	<b>20</b>	<b>3,127,918</b>	<b>3,411,420</b>
<b>Cash flows from investing activities</b>			
Acquisition of term deposits		(3,700,000)	-
Acquisition of property, plant & equipment	<b>13</b>	(5,258)	(39,624)
Proceeds from sale of property, plant & equipment		6,745	6,818
<b>Net cash used in investing activities</b>		<b>(3,698,513)</b>	<b>(32,806)</b>
Net increase in cash and cash equivalents		(570,595)	3,378,614
Cash and cash equivalents at 1 July		13,044,054	9,665,440
<b>Cash and cash equivalents at 30 June</b>	<b>9</b>	<b>12,473,459</b>	<b>13,044,054</b>

The notes on pages 11 to 29 are an integral part of these financial statements.

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Notes to the financial statements**

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# Shop, Distributive & Allied Employees' Association

## Annual Financial Report – 30 June 2010

### 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 2010 comprises the National Account and the International Fund.

#### 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 *Fair Work (Registered Organisations) Act 2009*. The financial report of the Association also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the National Executive on 18 August 2010.

##### (b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the statement of financial position:

- investment property is measured at fair value
- the defined benefit asset is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

##### (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 in conformity with AASBs 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 12 – valuation of investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 15 – measurement of defined benefit obligations

##### (e) Changes in accounting policies

Starting as of 1 July 2009, the Association has changes its accounting policies in the following areas:

- Presentation of financial statements.



# Shop, Distributive & Allied Employees' Association

## Annual Financial Report – 30 June 2010

### Notes to the financial statements

#### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Association, except as explained in note 2(e), which addresses changes in accounting policies.

##### (a) Financial instruments

###### (i) Non-derivative financial assets

The Association initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on the trade date at which the Association becomes a party to the contractual provisions of the instrument.

The Association derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Association is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the financial position when, and only when, the Association has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Association has the following non-derivative financial assets: held-to maturity financial assets and receivables.

###### *Held-to-maturity financial assets*

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Association from classifying investment securities as held-to-maturity for the current and the following two financial years.

###### *Receivables*

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise accrued income, prepayments and sundry debtors (see note 10).

Cash and cash equivalents comprise cash balances, bank bills and term deposits with original maturities of three months or less.

###### (ii) Non-derivative financial liabilities

The Association's financial liabilities are trade and other payables which are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

##### (b) Property, plant and equipment

###### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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.

# Shop, Distributive & Allied Employees' Association

## Annual Financial Report – 30 June 2010

### Notes to the financial statements

#### 3. Significant accounting policies (continued)

##### (b) Property, plant and equipment (continued)

###### (i) Recognition and measurement (continued)

Gains on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit and loss. Losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other expenses in profit and loss.

###### (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 Association and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. 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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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, to most closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset.

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

- Leasehold improvements 20 years
- Fixtures and fittings 4-20 years
- Motor vehicles 8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

##### (c) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. 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.

##### (d) Impairment

###### (i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each financial reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably. All impairment losses are recognised in profit or loss.

Objective evidence that financial assets (including receivables) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Association on terms the Association would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

**Shop, Distributive & Allied Employees' Association**  
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## **Notes to the financial statements**

### **3. Significant accounting policies (continued)**

#### **(d) Impairment (continued)**

##### **(i) Financial assets (including receivables) (continued)**

The Association considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment, and those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together those with similar risk characteristics.

In assessing collective impairment the Association uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical trends.

##### **(ii) Non-financial assets**

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 (CGU) exceeds its recoverable amount. A CGU 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 CGU 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.

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.

#### **(e) Employee benefits**

##### **(i) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan. The Association's net obligation in respect of defined benefit plans is calculated separately for each plan 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. Any unrecognised past service costs and the fair value of any fund assets are 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 annually 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 plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Association. An economic benefit is available to the Association if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan 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.

The Association recognises all actuarial gains and losses arising from defined benefit plans directly in other comprehensive income.

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

## **Notes to the financial statements**

### **3. Significant accounting policies (continued)**

#### **(e) Employee benefits (continued)**

##### **(ii) Other long-term employee benefits**

The Association'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 Association's obligations.

##### **(iii) 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 Association expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Association as the benefits are taken by the employees.

#### **(f) Revenue**

##### **(i) Membership subscriptions**

Membership subscriptions represent revenue earned from affiliation fees received from the state branches, recognised when the right to receive the revenue has been established and can be reliably measured.

##### **(ii) Interest Income**

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

##### **(iii) Rental income**

Rental income from investment property is recognised in 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, over the term of the lease.

#### **(g) Income tax**

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

#### **(h) 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.

#### **(i) Segment reporting**

An operating segment is a component of the Association that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other Association's other components.



## Shop, Distributive & Allied Employees' Association Annual Financial Report – 30 June 2010

### Notes to the financial statements

#### 3. Significant accounting policies (continued)

##### (j) 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 2010, but have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Association's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Association has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Association's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Association's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirements – AASB 14* make amendments to Interpretation 14 AASB 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements* removing an unintended consequences arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Association's 30 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.

#### 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.

##### Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Association's investment property at least every 3 years. 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 and willingly.

In the absence of current prices in an active market, the valuation is 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, 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.

# Shop, Distributive & Allied Employees' Association Annual Financial Report – 30 June 2010

## Notes to the financial statements

### 4. Determination of fair values (continued)

#### Investment property (continued)

The most recent valuation was undertaken at 30 June 2009, and assumed 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. The National Executive has reviewed the relevant market information and conditions at 30 June 2010, determining that the value is still appropriate and that no independent valuation is required this year.

### 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. Financial risk management

The Association has exposure to the following risks from their use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk
- (d) Operational risk

This note presents information about the Association's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital. Further quantitative disclosures are included throughout these financial statements.

#### Risk Management Framework

The National Executive has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's receivables from customers and other financial assets.

##### (i) Receivables

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer or tenant. Credit evaluations are performed on all tenants of the investment property prior to the signing of a lease agreement and security deposits are required by way of bank guarantees or cash, to be held for the term of all leases. None of the tenants were in arrears at the balance sheet date and there is no indication to management that any of the tenants present a significant credit risk.

##### (ii) Other financial assets

The Association limits its exposure to credit risk by only investing 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.

# **Shop, Distributive & Allied Employees' Association**

## **Annual Financial Report – 30 June 2010**

### **Notes to the financial statements**

#### **6. Financial risk management (continued)**

##### **(b) Liquidity risk**

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

The Association prepares budgets and cash flow forecasts, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, the maximum term of its primary financial assets being bank bills. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

##### **(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### **(i) Currency risk**

The Association has limited exposure to currency risks on International Fund transactions (international affiliation fees and donations) that are denominated in a currency other than the functional currency, being the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are Swiss Francs (CHF) and Singapore dollars (SGD).

The Association uses at its discretion forward exchange contracts (typically 1-3 months) to hedge its currency risk, with maturity dates the same as the due dates of the International Fund transactions. At reporting date there were no forward exchange contracts in place.

##### **(ii) Interest rate risk**

The Association's interest rate risk arises from its investments in bank bills, term deposits and cash management accounts. Bank bills and term deposits are issued at fixed rates for terms of between 30 and 120 days. The Association maintains a number of different bank bills and term deposits maturing at regular intervals to smooth fluctuations in interest rates being offered. The majority of cash reserves are held in bank bills and term deposits, with cash management bank accounts (with variable interest rates) used to provide liquidity funds at call.

##### **(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Association's operations.

The Association's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Association's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Association. This responsibility is supported by the development of overall Association standards for the management of operational risk in the following areas:

# Shop, Distributive & Allied Employees' Association

## Annual Financial Report – 30 June 2010

### Notes to the financial statements

#### 6. Financial risk management (continued)

##### (d) Operational risk (continued)

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

##### Capital Management

The Association's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the union's activities. The National Executive monitors the return on capital and seeks to maintain a conservative position between higher returns and the advantages and security afforded by a sound capital position.

There were no changes in the Association's approach to capital management during the year, and was not subject to externally imposed capital requirements.

#### 7. Other income

	2010	2009
53 Queen St, Melbourne – rental income	1,036,313	1,010,858
CARE director's fees	29,027	29,189
Profit on sale of office equipment	1,408	-
Sitting fees – DETA Queensland	1,931	-
	1,068,679	1,040,047

#### 8. Auditors' remuneration

	2010	2009
<b>Audit services</b>		
Auditors of the Association		
<i>KPMG Australia:</i>		
Audit and review of financial reports	21,080	20,365
	21,080	20,365
<b>Other services</b>		
Auditors of the Association		
<i>KPMG Australia</i>		
Review of statement of outgoings – 53 Queen Street Melbourne *	2,145	2,070
	2,145	2,070

\* This amount is disclosed under 53 Queen Street - Direct Operating Expenses in the Statement of Comprehensive Income.



**Shop, Distributive & Allied Employees' Association**  
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**Notes to the financial statements**

**9. Cash and cash equivalents**

	2010	2009
Cash at bank	7,801	9,581
Cash management accounts	811,446	1,158,460
Term deposits	67,505	67,505
	886,752	1,235,546

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

	Note	2010	2009
Cash and cash equivalents		886,752	1,235,546
Bank bills	11	11,586,707	11,808,508
		12,473,459	13,044,054

During the year ended 30 June 2010, interest income of \$511,138 (2009: \$500,429) was received on cash and cash equivalents and financial assets not at fair value through profit and loss.

The Association's exposure to interest rate risk and a sensitivity analysis for financial assets is disclosed in note 16.

**10. Receivables**

	2010	2009
<b>Current</b>		
Accrued income	82,704	55,215
Prepayments	85,661	54,894
Sundry debtors	180,695	153,407
	349,060	263,516

The Association's exposure to credit and currency risks, and impairment losses related to receivables is disclosed in note 16.

**11. Other financial assets**

	2010	2009
<b>Current</b>		
Bank bills	11,586,707	11,808,508
Term deposits	3,700,000	-
	15,286,707	11,808,508

Term deposits have stated interest rates of 5.60 percent (2009: nil) and mature in less than 120 days. Bank bills have stated interest rates of 4.40 to 4.75 percent (2009: 3.10 to 3.20 percent) and mature in 60 to 90 days.

The Association's exposure to credit and interest rate risk is disclosed in note 16.

**12. Investment property**

	2010	2009
<b>Non-current</b>		
Balance at 1 July	11,700,000	13,600,000
Fair value adjustments	-	(1,900,000)
	11,700,000	11,700,000
Capitalised lease incentives	799,908	799,908
Amortisation of lease incentives	(636,275)	(492,005)
	163,633	307,903
Balance at 30 June	11,863,633	12,007,903

**Shop, Distributive & Allied Employees' Association**  
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**Notes to the financial statements**

**12. Investment property (continued)**

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 negotiated with the lessee. See note 17 for further information.

**13. Property, plant and equipment**

<b>Cost</b>	<b>Furniture and fittings</b>	<b>Motor Vehicles</b>	<b>Leasehold Improvements</b>	<b>Total</b>
Balance at 1 July 2008	400,923	91,966	331,840	824,729
Acquisitions	3,488	36,136	-	39,624
Write-downs	(215,595)	-	-	(215,595)
Disposals	-	(35,913)	-	(35,913)
Balance at 30 June 2009	188,816	92,189	331,840	612,845
Balance at 1 July 2009	188,816	92,189	331,840	612,845
Acquisitions	5,258	-	-	5,258
Write-downs	(5,095)	-	-	(5,095)
Disposals	(19,559)	-	-	(19,559)
Balance at 30 June 2010	169,420	92,189	331,840	593,449
<b>Depreciation and impairment losses</b>				
Balance at 1 July 2008	326,396	46,364	33,184	405,944
Depreciation charge for the year	15,301	7,666	16,592	39,559
Write-downs	(215,595)	-	-	(215,595)
Disposals	-	(18,823)	-	(18,823)
Balance at 30 June 2009	126,102	35,207	49,776	211,085
Balance at 1 July 2009	126,102	35,207	49,776	211,085
Depreciation charge for the year	10,989	7,123	16,592	34,704
Write-downs	(5,095)	-	-	(5,095)
Disposals	(14,222)	-	-	(14,222)
Balance at 30 June 2010	117,774	42,330	66,368	226,472
<b>Carrying amounts</b>				
At 1 July 2008	74,527	45,602	298,656	418,785
At 30 June 2009	62,714	56,982	282,064	401,760
At 1 July 2009	62,714	56,982	298,656	401,760
At 30 June 2010	51,646	49,859	265,472	366,977

**Shop, Distributive & Allied Employees' Association**  
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**Notes to the financial statements**

**14. Trade and other payables**

	2010	2009
Sundry creditors	254,906	68,870
PAYG withholding tax payable	18,740	19,917
Tenant security deposit	67,505	67,506
	<u>341,151</u>	<u>156,293</u>

The Association's exposure to liquidity risk is disclosed in note 16.

**15. Employee benefits**

**Current liability**

Liability for long service leave	520,776	505,196
Liability for annual leave	<u>213,974</u>	<u>190,959</u>
	<u>734,750</u>	<u>696,155</u>

**Non-current liability**

Liability for long-service leave	<u>1,117</u>	<u>399</u>
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**Non-current asset**

Present value of funded obligations	2,122,605	1,954,063
Fair value of plan assets – funded	<u>(2,210,909)</u>	<u>(2,136,211)</u>
Recognised liability/(asset) for defined benefit obligations	<u>(88,304)</u>	<u>(182,148)</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.

The Association has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements (such as minimum funding requirements) of the plan of the respective jurisdictions, the present value of refunds or reductions in future contributions is not lower than the balance of the fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at 30 June 2010 (30 June 2009: no decrease in the defined benefit asset).

Movements in the net asset for defined benefit obligations recognised in the statement of financial position:

	2010	2009
Net liability/(asset) for defined benefit obligations at 1 July	(182,148)	(815,645)
Contributions paid into the plan	(81,028)	(72,936)
Amount recognised in other comprehensive income - actuarial (gains) losses	131,981	583,219
Expense recognised in statement of comprehensive income within personnel expenses	<u>42,891</u>	<u>123,214</u>
Net liability/(asset) for defined benefit obligations at 30 June	<u>(88,304)</u>	<u>(182,148)</u>



**Shop, Distributive & Allied Employees' Association**  
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**Notes to the financial statements**

**15. Employee benefits (continued)**

**Movement in the present value of the defined benefit obligations**

	2010	2009
Defined benefit obligations at 1 July	1,954,063	1,511,370
Service cost	95,747	184,984
Interest cost	99,381	86,190
Actuarial (gains) losses recognised in other comprehensive income (see below)	228,830	223,807
Benefits paid by the plan	(217,436)	(21,260)
Taxes, premiums & expenses paid	(37,980)	(31,028)
Defined benefit obligations at 30 June	<u>2,122,605</u>	<u>1,954,063</u>

**Movement in the present value of plan assets**

	2010	2009
Fair value of plan assets at 1 July	2,136,211	2,327,015
Expected return on plan assets	152,237	147,960
Actuarial (losses) gains recognised in other comprehensive income (see below)	96,849	(359,412)
Contributions paid into the plan	81,028	72,936
Benefits paid by the plan	(37,980)	(21,260)
Taxes, premiums & expenses paid	(217,436)	(31,028)
Fair value of plan assets at 30 June	<u>2,210,909</u>	<u>2,136,211</u>

**Expense/(benefit) recognised in profit or loss**

	2010	2009
Current service costs	95,747	184,984
Interest on obligation	99,381	86,190
Expected return on plan assets	<u>(152,237)</u>	<u>(147,960)</u>
	<u>42,891</u>	<u>123,214</u>

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

	<i>Note</i>	2010	2009
Expenses related to defined benefit plan	18	<u>42,891</u>	<u>123,214</u>

**Actual return/(loss) on plan assets**

	2010	2009
Actuarial gains (losses)	96,849	(359,412)
Expected return on plan assets	<u>152,237</u>	<u>147,960</u>
	<u>249,086</u>	<u>(211,452)</u>

**Actuarial gains and losses recognised in other comprehensive income**

	2010	2009
Cumulative amount at 1 July	(128,364)	454,855
Recognised during the period	<u>(131,981)</u>	<u>(583,219)</u>
Cumulative amount at 30 June	<u>(260,345)</u>	<u>(128,364)</u>

**Shop, Distributive & Allied Employees' Association**  
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**Notes to the financial statements**

**15. Employee benefits (continued)**

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

	2010	2009
Australian Equity	30%	30%
International Equity	23%	23%
Fixed Income	12%	12%
Property	10%	10%
Cash	6%	6%
Other	19%	19%

**Actuarial assumptions**

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

	2010	2009
Discount rate at 30 June	4.30%	4.70%
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.

**Historical information**

	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	2,122,605	1,954,063	1,511,370	1,544,610	1,590,470
Fair value of plan assets – funded	(2,210,909)	(2,136,211)	(2,327,015)	(2,462,010)	(2,233,870)
Recognised liability/(asset) for defined benefit obligations	(88,304)	(182,148)	(815,645)	(917,400)	(643,400)

The Association expects to contribute \$92,774 to its defined benefit superannuation funds during the year ended 30 June 2011.

**16. Financial instruments**

**Credit risk**

**Exposure to credit risk**

The carrying amount of the Association's financial assets represents the maximum credit exposure. The Association's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	2010	2009
<b>Current</b>			
Cash and cash equivalents	9	886,752	1,235,546
Receivables	10	349,060	263,516
Other financial assets	11	15,286,707	11,808,508
		<u>16,522,519</u>	<u>13,307,570</u>

# Shop, Distributive & Allied Employees' Association

## Annual Financial Report – 30 June 2010

### Notes to the financial statements

#### 16. Financial instruments (continued)

##### Credit risk (continued)

##### Impairment Losses

None of the Association's receivables are past due (2009: nil) and based on historic default rates and the minimal credit risk, the Association believes no impairment allowance is necessary. The other financial assets are all bank bills and term deposits issued by the Commonwealth Bank of Australia and the Association believes no impairment allowance is necessary. At 30 June 2010 the Association does not have any collective impairments on its cash and cash equivalents, receivables or other financial assets (2009: nil).

##### Liquidity risk

The carrying amount of the Association's financial liabilities is represented by Trade and other payables (note 14). The carrying amounts approximate contractual cashflows and all are due in 3 months or less. The Association has adequate financial assets to meet these liabilities and assesses liquidity risk as minimal.

##### Currency risk

International Fund transactions requiring settlement in foreign currencies represent the carrying amount and maximum exposure to currency risk. The Association has no contractual obligations or forward exchange contracts in place at reporting date (2009: nil).

##### Interest rate risk

##### Profile

At the reporting date the interest rate profile of the Association's interest-bearing financial instruments was:

	<i>Note</i>	<b>Effective interest rate</b>	<b>Carrying Amount</b>
<b>2010</b>			
<b>Financial assets</b>			
Cash and cash equivalents (fixed and variable rates)	9	3.47%	886,752
Other financial assets (fixed rate)	11	4.83%	15,286,707
			<u>16,173,459</u>
<b>2009</b>			
<b>Financial assets</b>			
Cash and cash equivalents (fixed and variable rates)	9	2.28%	1,235,546
Other financial assets (fixed rate)	11	3.16%	11,808,508
			<u>13,044,054</u>

##### Fair value sensitivity analysis for fixed rate instruments

The Association does not account for any fixed and variable rate financial assets at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

##### Fair value sensitivity analysis for variable rate instruments

Variable rate instruments consist of cash management bank accounts, shown in Cash and cash equivalents (note 9). A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Notes to the financial statements**

**16. Financial instruments (continued)**

**Interest rate risk (continued)**

	Profit or loss	
	100bp increase	100bp decrease
<b>30 June 2010</b>		
Cash management accounts	8,114	(8,114)
<b>30 June 2009</b>		
Cash management accounts	11,585	(11,585)

**Fair values**

The fair value of the Association's assets and liabilities as at 30 June 2010 approximate their carrying amounts shown in the balance sheet.

**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:

	2010	2009
Less than one year	1,157,897	1,039,643
Between one and five years	2,384,734	2,270,355
More than five years	-	-
	<u>3,542,631</u>	<u>3,309,998</u>

**18. Personnel expenses**

	2010	2009
Wages and salaries	864,207	797,596
Holiday leave	65,851	60,316
Long service leave	16,298	61,462
Payroll tax	46,480	42,841
Expenses related to defined benefit plan	42,891	123,214
Workcover	9,648	13,532
Fringe benefits tax	11,011	9,526
	<u>1,056,386</u>	<u>1,108,487</u>

**19. Controlled entities**

*Parent Entity*

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

	2010	2009
<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. Given WT Travel is a dormant company and its results and financial position at 30 June 2010 are not material, consolidated accounts are not prepared.



**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Notes to the financial statements**

**20. Reconciliation of cash flows from operating activities**

	2010	2009
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period	2,849,862	1,199,411
<i>Adjustments for:</i>		
Amortisation of lease incentives	144,270	148,985
Depreciation	34,704	39,559
Fair value (increment)/decrement	-	1,900,000
Loss on disposal of property, plant & equipment	(1,408)	10,272
Actuarial gains/(losses) recognised in equity	(131,981)	(583,219)
<b>Operating profit before changes in working capital &amp; provisions</b>	<b>2,895,447</b>	<b>2,715,008</b>
(Increase)/decrease in accrued income	(27,489)	55,164
(Increase)/decrease in prepayments	(30,767)	17,677
(Increase)/decrease in sundry debtors	(27,288)	(34,280)
(Increase)/decrease in pension asset	93,844	633,497
Increase/(Decrease) in trade and other payables	184,858	(62,408)
Increase/(Decrease) in provisions and employee benefits	39,313	86,762
<b>Net cash from operating activities</b>	<b>3,127,918</b>	<b>3,411,420</b>

**21. Related party disclosures**

**Branches**

The Association received from its branches the following membership subscription fees and contributions to the 2010 Federal ALP Election Campaign:

	<b>Membership Subscriptions</b>		<b>ALP Campaign Contribution</b>	
	2010	2009	2010	2009
Newcastle	288,183	286,939	11,052	-
New South Wales	1,587,227	1,607,343	59,821	-
Queensland	962,910	1,006,788	33,938	-
South Australia	578,875	583,980	22,898	-
Tasmania	161,937	149,913	5,911	-
Victoria	1,238,531	1,218,855	46,591	-
Western Australia	524,696	495,882	19,789	-
	<b>5,342,359</b>	<b>5,349,700</b>	<b>200,000</b>	<b>-</b>

**Affiliates**

The Association made the following payments to its affiliates:

	2010	2009
ACTU (Affiliation fees)	612,419	578,965
ACTU (Worksite for Schools Donations)	-	3,000
ALP (2010 Federal Election Campaign Donations)	400,000	-
Union Network International (Affiliation Fees)	415,482	501,222
Union Network International (UNI APRO Activities Fund Donations)	89,767	113,111



**Shop, Distributive & Allied Employees' Association**  
**Annual Financial Report – 30 June 2010**

**Notes to the financial statements**

**21. Related party disclosures (continued)**

**Other related parties**

**Key management personnel disclosure**

The names of each person holding the position of National Officer of the Association during the financial year are Messrs G Dwyer, 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	2010	119,259	7,715	126,974	17,889	144,863
	2009	111,885	7,715	119,600	16,783	136,383
Ian Blandthorn – National Assistant Secretary	2010	103,329	7,227	110,556	15,499	126,055
	2009	93,388	5,357	98,745	14,008	112,753
Gerard Dwyer – National President	2010	5,000	-	5,000	-	5,000
	2009	5,000	-	5,000	-	5,000
Joseph Bullock – National Vice-President	2010	3,500	-	3,500	-	3,500
	2009	3,500	-	3,500	-	3,500
Total compensation: key management personnel	2010	231,088	14,942	246,030	33,388	279,418
	2009	213,773	13,072	226,845	30,791	257,636

Apart from the details disclosed in this note, no officer has entered into any material transactions with the Association since the end of the previous financial year and there were no material contracts involving officers' interests existing at year-end.

**Other related parties**

Contributions to REST on behalf of employees are disclosed in note 15.



## Independent audit report to the members of the Shop Distributive and Allied Employees' Association National Council

### Report on the financial report

We have audited the accompanying financial report of Shop Distributive and Allied Employees' Association National Council ('the Association') for the year ended 30 June 2010, which comprises the statement of financial position as at 30 June 2010, statement of comprehensive income, statement of changes in equity and statement of cash flow statements for the year ended on that date, a summary of significant accounting policies, accompanying notes 1 to 21, Operating report and the Certificate by National Executive and National Secretary-Treasurer set out on pages 3 to 29.

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 *Fair Work (Registered Organisations) Act 2009* in relation to the financial report and independent auditor's report.

#### *National Council responsibility for the financial report*

The National Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards, a view which is consistent with our understanding of the entity's financial position, and of its performance and cash flows. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Auditor's opinion**

In our opinion the financial report presents fairly, in accordance with Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*, the financial position of Shop Distributive and Allied Employees' Association as of 30 June 2010 and of its financial performance and its cash flows for the year then ended.

KPMG

Graeme C Matthews  
Partner

Melbourne

18<sup>th</sup> August, 2010

### **Designated Officer's Certificate**

s268 Fair Work (Registered Organisations) Act 2009

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

- that the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members before 17<sup>th</sup> September, 2010.
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 11<sup>th</sup> October 2010; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: J. de Bruyn  
Joseph de Bruyn

Date: 20<sup>th</sup> October, 2010

**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 2010**

**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 2010**

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**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  
FOR THE YEAR ENDED 30 JUNE 2010**

**Resolved:**

The National Executive ratifies the transfer of an amount of \$3,828,232 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 2010.

Dated at Sydney this 18<sup>th</sup> day of August 2010

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

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**Membership**

Membership as at 30 June 2010 was 57,957 (2009: 60,543).

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

**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 2010, there were 86 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 hold positions as Directors of the Retail Employees' Superannuation Trust ("REST"). Below are the directors as at 30 June 2010, along with the nominated alternate Employee Directors. Ms S Burnley is also a Director of CARE Super Pty Ltd.

**Directors**

Mr Joe de Bruyn

Mr Ian Blandthorn

*(replaced Mr Jim Maher, effective 25 September 2008)*

Mr Geoff Williams

*(replaced Mr Don Farrell, effective 24 July 2008)*

Ms Sue-Anne Burnley

**Alternates**

Ms Barbara Nebart

*(replaced Mr Geoff Williams, effective 27 August 2008)*

Mr Michael Donovan

Mr Joseph Bullock

Mr Chris Ketter

*(replaced Ian Blandthorn, effective 27 November 2008)*

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

**OPERATING REPORT (CONT.)  
FOR THE YEAR ENDED 30 JUNE 2010**

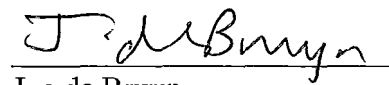
**Committee of Management**

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. G. Dwyer National President	National Executive member since 2005 Appointed National President 2008
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. P. Griffin	National Executive member since 1990
Mr. C. Ketter	National Executive member since 1996
Mr. P Malinauskas	National Executive member since 2008
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 18<sup>th</sup> day of August 2010



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

**STATEMENT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

On 18 August 2010 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 2010:

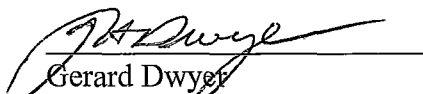
The Committee of Management declares in relation to the GPFR that in its opinion:

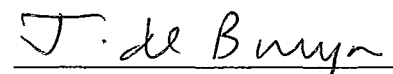
- a) The financial statements and notes comply with the Australian Accounting Standards;
- b) The financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia.
- c) The financial statements and notes give a true and fair view of the financial performance, 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 RO Schedule and the RO 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 General Manager duly made under section 272 of the RO 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 Fair Work Australia 2009 under section 273 of the RO 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 18<sup>th</sup> day of August 2010

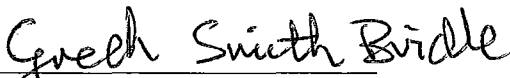
**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.  
DEDUCTIONS ACCOUNT OFFICE**

**AUDITOR'S INDEPENDENCE DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2010**

**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 2010 there has been:

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

  
**Grech Smith Bridle**  
Chartered Accountants

  
**Joseph Paul Grech**  
Partner, Registered Company Auditor

Dated at Sydney this 19<sup>th</sup> day of August 2010

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Note</b>	<b>2010</b> <b>\$</b>	<b>2009</b> <b>\$</b>
Revenue	2	16,937,257	16,253,678
Employee benefits expense		(6,083,696)	(5,453,057)
Depreciation expense		(700,157)	(721,480)
Commission paid		(1,361,651)	(1,328,046)
Contracting and consulting expenses		(520,059)	(605,486)
Insurance expenses		(303,100)	(303,994)
Legal and litigation expenses		(219,889)	(353,856)
Motor vehicle expenses		(446,886)	(384,138)
Printing, postage and stationery		(454,369)	(377,988)
Telephone expenses		(174,210)	(175,893)
Donations		(82,410)	(17,230)
NSW Branch expenses		(3,828,232)	(3,527,840)
Occupancy expenses		(887,010)	(711,279)
Accommodation and travel expenses		(226,864)	(246,020)
Loss on disposal of plant and equipment		-	(5,083)
Other expenses		<u>(298,490)</u>	<u>(341,826)</u>
Profit before income tax		1,350,234	1,700,462
Income tax expense	1(a)	-	-
Profit attributable to members of the Association		<u>1,350,234</u>	<u>1,700,462</u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	4,437,441	8,437,581
Trade and other receivables	6	1,197,437	557,165
Prepayments	7	279,751	253,862
<b>TOTAL CURRENT ASSETS</b>		<u>5,914,629</u>	<u>9,248,608</u>
<b>NON-CURRENT ASSETS</b>			
Cash and cash equivalents	5	5,000,000	5,000,000
Property, plant and equipment	8	9,797,482	10,098,703
Investment property	9	15,240,065	10,000,000
<b>TOTAL NON-CURRENT ASSETS</b>		<u>30,037,547</u>	<u>25,098,703</u>
<b>TOTAL ASSETS</b>		<u>35,952,176</u>	<u>34,347,311</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	798,922	813,330
Employee Benefits	11	1,761,900	1,492,154
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,560,822</u>	<u>2,305,484</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits	11	15,705	16,412
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>15,705</u>	<u>16,412</u>
<b>TOTAL LIABILITIES</b>		<u>2,576,527</u>	<u>2,321,896</u>
<b>NET ASSETS</b>		<u>33,375,649</u>	<u>32,025,415</u>
<b>EQUITY</b>			
Reserves	12	2,356,459	2,356,459
Retained earnings		31,019,190	29,668,956
<b>TOTAL EQUITY</b>		<u>33,375,649</u>	<u>32,025,415</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 2010**

	Retained Earnings	Asset Revaluation Reserve	Total
<b>Balance at 1 July 2008</b>	27,968,494	3,355,065	31,323,559
Profit attributable to members of the Association	1,700,462	-	1,700,462
Fair value adjustments	-	(998,606)	(998,606)
<b>Balance at 30 June 2009</b>	29,668,956	2,356,459	32,025,415
Profit attributable to members of the Association	1,350,234	-	1,350,234
Fair value adjustments	-	-	-
<b>Balance at 30 June 2010</b>	31,019,190	2,356,459	33,375,649

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		14,614,458	14,515,610
Payments to suppliers and employees		(14,632,234)	(13,665,932)
Interest received		396,932	683,757
Rent received		<u>1,206,651</u>	<u>1,099,744</u>
Net cash provided by (used in) operating activities	14(a)	<u>1,585,807</u>	<u>2,633,179</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		130,875	146,946
Purchase of investment property		(5,240,065)	-
Purchase of property, plant and equipment		<u>(476,757)</u>	<u>(716,437)</u>
Net cash provided by (used in) investing activities		<u>(5,585,947)</u>	<u>(569,491)</u>
Net increase/(decrease) in cash held		(4,000,140)	2,063,688
Cash at beginning of financial year		<u>13,437,581</u>	<u>11,373,893</u>
Cash at end of financial year	5	<u><u>9,437,441</u></u>	<u><u>13,437,581</u></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 2010**

**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.  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**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 statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income 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%

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**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 statement of comprehensive income. 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 statement of comprehensive income.

**(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.

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DEDUCTIONS ACCOUNT OFFICE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**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 statement of financial position.

**(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 statement of financial position 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 2010**

<b>Note 2: Revenue</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
- Services revenue	15,280,618	14,470,177
- Interest revenue	396,932	683,757
- Rental revenue from property	69,492	74,798
- Rental revenue from investment property	1,137,160	1,024,946
- Profit on disposal of plant and equipment	53,055	-
Total Revenue	<u>16,937,257</u>	<u>16,253,678</u>

(a) Interest revenue from:

- other persons	<u>396,932</u>	<u>683,757</u>
Total interest revenue	<u>396,932</u>	<u>683,757</u>

**Note 3: Profit from Ordinary Activities**

**(a) Expenses**

Commission Paid	1,361,651	1,328,046
Depreciation of non-current assets		
- Buildings	210,523	252,792
- Plant and equipment	<u>489,634</u>	<u>468,688</u>
Total depreciation	<u>700,157</u>	<u>721,480</u>
Rental expense on operating leases		
- Minimum lease payments	<u>432,902</u>	<u>361,980</u>

**Note 4: Auditors' Remuneration**

Remuneration of the auditor of the Association for:

- Auditing the financial report	<u>46,164</u>	<u>44,972</u>
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**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.  
DEDUCTIONS ACCOUNT OFFICE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Note 5: Cash and Cash Equivalents</b>		
CURRENT		
Cash at bank and in hand	43,832	752,563
Short-term bank deposits	4,393,609	7,685,018
	<u>4,437,441</u>	<u>8,437,581</u>
The effective interest rate on short-term bank deposits was 4.85% (2009: 2.76%). These deposits have any average maturity of 26 days.		
NON-CURRENT		
Long-term bank deposits	<u>5,000,000</u>	<u>5,000,000</u>
The effective interest rate on long-term bank deposits was 5.75% (2009: 7.00%) this deposit matures in 1 year.		
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 statement of financial position as follows:		
Cash and cash equivalents – current	4,437,441	8,437,581
Cash and cash equivalents – non-current	5,000,000	5,000,000
	<u>9,437,441</u>	<u>13,437,581</u>

**Note 6: Trade and Other Receivables**

CURRENT		
Trade receivables	1,172,052	490,719
Other receivables	25,385	66,446
	<u>1,197,437</u>	<u>557,165</u>

**Note 7: Prepayments**

CURRENT		
Prepayments	<u>279,751</u>	<u>253,862</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.  
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**NOTES TO THE FINANCIAL STATEMENTS  
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	2010 \$	2009 \$
<b>Note 8: Property, Plant and Equipment</b>		
<b>BUILDINGS</b>		
Buildings at:		
- Independent valuation 2008 (Canberra)	831,250	831,250
- Independent valuation 2009 (Level 3, Quay Street)	3,504,000	3,504,000
- Independent valuation 2009 (Level 4, Quay Street)	3,120,000	3,120,000
- Independent valuation 2009 (Car Spaces)	988,800	988,800
Less accumulated depreciation	(231,246)	(20,723)
Total buildings	<u>8,212,804</u>	<u>8,423,327</u>
<b>PLANT AND EQUIPMENT:</b>		
Plant and equipment:		
At cost	3,181,512	3,095,420
Accumulated depreciation	(1,596,834)	(1,420,044)
Total plant & equipment	<u>1,584,678</u>	<u>1,675,376</u>
Total property, plant and equipment	<u>9,797,482</u>	<u>10,098,703</u>

Independent valuers revalued the Association's Quay Street buildings at 30 June 2009 and the Canberra building at 30 June 2008. 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	8,423,327	1,675,376	10,098,703
Additions	-	476,757	476,757
Disposals	-	(77,821)	(77,821)
Revaluation increments/(decrements)	-	-	-
Depreciation expense	(210,523)	(489,634)	(700,157)
Carrying amount at the end of year	<u>8,212,804</u>	<u>1,584,678</u>	<u>9,797,482</u>



**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.  
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**NOTES TO THE FINANCIAL STATEMENTS  
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<b>Note 9: Investment Property</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	10,000,000	10,000,000
Additions – at cost	5,240,065	-
Fair value adjustments	-	-
Balance at end of year	<u>15,240,065</u>	<u>10,000,000</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 10: Payables**

**CURRENT**

Unsecured liabilities		
Trade payables	599,670	538,397
Sundry payables and accrued expenses	199,252	274,933
	<u>798,922</u>	<u>813,330</u>

**Note 11: Employee Benefits**

	<b>Employee Entitlements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Opening balance at 1 July 2009	1,508,566	1,508,566
Additional provisions raised during year	622,845	622,845
Amounts used	(353,806)	(353,806)
Balance at 30 June 2010	<u>1,777,605</u>	<u>1,777,604</u>

**Analysis of Total Provisions**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Current	1,761,900	1,492,154
Non-Current	15,705	16,412
	<u>1,777,605</u>	<u>1,508,566</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2010**

**Note 11: Employee Benefits (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 12: Reserves**

**(a) Asset Revaluation Reserve**

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

**Note 13: Capital and Leasing Commitments**

**(a) Operating Lease Commitments**

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

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Payable - minimum lease payments		
- Not later than 12 months	492,414	432,026
- Between 12 months and five years	529,451	470,914
- Greater than five years	-	-
	<u>1,021,865</u>	<u>902,940</u>

The operating leases (property, plant, equipment and a membership hosting system) 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.

**(b) Other Expenditure Commitments**

Other expenditure commitments contracted for:

- Renovations	<u>649,781</u>	<u>-</u>
Payable		
- Not later than 12 months	<u>649,781</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**Note 14: Cash Flow Information**

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

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Profit from ordinary activities after income tax</b>	1,350,234	1,700,462
Non-cash flows in profit from ordinary activities		
Depreciation	700,157	721,480
Net (gain)/loss on disposal of plant and equipment	(53,055)	5,083
Changes in assets and liabilities		
Increase/(decrease) in employee benefits	269,039	120,900
(Increase)/decrease in trade and other receivables	(640,272)	33,597
(Increase)/decrease in prepayments	(25,889)	11,835
Increase/(decrease) in trade and other payables	(14,407)	39,822
	<u>1,585,807</u>	<u>2,633,179</u>

**Note 15: 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 2010.

**(i) Treasury Risk Management**

The Committee of Management meets 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  
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**Note 15: 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 2010 approximately 55% 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 15(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 2010

### Note 15: 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 1 year					
	2010 %	2009 %	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<b>Financial Assets:</b>												
Cash and cash equivalents	5.3	4.3	2,085,974	5,891,354	4,850,017	2,544,777	2,500,000	5,000,000	1,450	1,450	9,437,441	13,437,581
Trade and other receivables	-	-	-	-	-	-	-	-	1,197,437	557,165	1,197,437	557,165
<b>Total Financial Assets</b>			<u>2,085,974</u>	<u>5,891,354</u>	<u>4,850,017</u>	<u>2,544,777</u>	<u>2,500,000</u>	<u>5,000,000</u>	<u>1,198,887</u>	<u>558,615</u>	<u>10,634,878</u>	<u>13,994,746</u>
<b>Financial Liabilities:</b>												
Trade and other payables	-	-	-	-	-	-	-	-	798,922	813,330	798,922	813,330
<b>Total Financial Liabilities</b>			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>798,922</u>	<u>813,330</u>	<u>798,922</u>	<u>813,330</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2010**

**Note 15: 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.

	<b>2010</b>		<b>2009</b>	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial assets:</b>				
Cash and cash equivalents	9,437,441	9,437,441	13,437,581	13,437,581
Trade and other receivables	1,197,437	1,197,437	557,165	557,165
	<u>10,634,878</u>	<u>10,634,878</u>	<u>13,994,746</u>	<u>13,994,746</u>
<b>Financial liabilities:</b>				
Trade and other payables	798,922	798,922	813,330	813,330
	<u>798,922</u>	<u>798,922</u>	<u>813,330</u>	<u>813,330</u>

Fair values are materially in line with carrying values.

**Note 16: 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 G Dwyer (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 2010**

**Note 17: Information to be provided to members or registrar**

In accordance with the requirements of subsection 272(5) of the R.O Schedule of the Fair Work Act, 2009, 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 the General Manager may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 2) The application must be 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 18: 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 2010 as set out on pages 5 to 24.

The financial report includes the financial statements of the individual entity at year end. The Association's Committee of Management are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

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

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

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Fair Work Act 2009.

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**

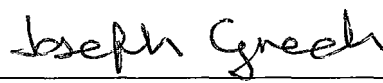
**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.  
DEDUCTIONS ACCOUNT OFFICE (CONT)**

**Audit Opinion**

In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RO Schedule of the Fair Work Act 2009.



**Grech Smith Bridle**  
Chartered Accountants



**Joseph Paul Grech**  
Partner, Registered Company Auditor

Dated at Sydney this 19<sup>th</sup> day of August 2010