FAIR WORK COMMISSION

26 November 2013

Mr Joe de Bruyn
National Secretary-Treasurer
Shop, Distributive and Allied Employees' Association

sent to: joe@sda.org.au

Dear Mr de Bruyn,

Re: Lodgement of Financial Statements and Accounts - Shop, Distributive and Allied Employees' Association - for year ended 30 June 2012 (FR2012/382)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 23 October 2012. I acknowledge the delay in corresponding to you in relation to this report.

The documents have been filed.

Yours sincerely

Stephen Kellett

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

Terrace Towers
80 William Street
East Sydney NSW 2011

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23 OCT 2012
FAIR WORK AUSTRALIA
VICTORIA

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 14th September, 2012.

- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 15th October 2012; in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: J. de Bruyn
Joseph de Bruyn

Date: 19th October, 2012

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 JUNE 2012

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Contents

Operating Report

For the year ended 30 June 2012

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 2012 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2012 was 204,127 (2011: 201,741).

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:

Name	***Experience***
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 President of UNI.

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

Operating Report (continued)

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 Officeworks, David Jones, K Mart, Super Retail Group, Bunnings, Woolworths, 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 and the Productivity Commission. 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 2012, there were 13 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 2012, along with the nominated alternate Employee Directors. Ms S Burnley is also a Director of CARE Super Pty Ltd.

Directors:	*Alternates:*
Mr Joseph 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 22nd day of August, 2012

G Dwyer | J. de Bruyn

Gerard Dwyer
National President

Joseph de Bruyn
National Secretary-Treasurer

Committee of Management Statement

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 22nd August 2012 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 35 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 7 to 35 comply with the reporting guidelines of *Fair Work Australia* ("FWA");

(c) the financial statements and notes present a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year ended 30 June 2012;

(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 2012 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 22nd day of August, 2012

G. Dwyer J. deBruyn

Gerard Dwyer
National President

Joseph de Bruyn
National Secretary-Treasurer

Certificate by National Secretary-Treasurer

I, Joseph de Bruyn, being the officer responsible for keeping the accounting records of the Association certify that as at 30 June 2012 the number of members of the Association was 204,127.

In my opinion:-

(i) the accompanying financial report set out on pages 7 to 35 presents a true and fair view of the financial position of the Association as at 30 June 2012;

(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 22nd day of August, 2012

J. deBruyn

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Joseph de Bruyn
National Secretary-Treasurer

Statement of Financial Position

As at 30 June 2012	Note	2012	2011
		$	$
Assets			
Cash and cash equivalents	9	1,072,041	1,173,503
Receivables	10	318,384	450,419
Other financial assets	11	22,100,000	18,200,000
Total current assets		23,490,425	19,823,922
Investment property	12	14,232,296	14,295,426
Property, plant and equipment	13	315,492	349,131
Employee benefits	15	-	153,241
Total non-current assets		14,547,788	14,797,798
TOTAL ASSETS		**38,038,213**	**34,621,720**
Liabilities			
Trade and other payables	14	162,115	196,984
Employee benefits	15	715,131	660,528
Total current liabilities		877,246	857,512
Employee benefits	15	210,686	2,393
Total non-current liabilities		210,686	2,393
TOTAL LIABILITIES		**1,087,932**	**859,905**
NET ASSETS		**36,950,281**	**33,761,815**
Equity			
Retained earnings		36,950,281	33,761,815
TOTAL EQUITY		**36,950,281**	**33,761,815**

The notes on pages 12 to 35 are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2012	Note	2012 $	2011 $
Revenue			
Affiliation fee contributions	21	5,751,183	5,739,882
		5,751,183	5,739,882
Other income	7	1,363,506	3,770,753
		7,114,689	9,510,635
Expenditure			
53 Queen St, Melbourne - direct operating expenses		454,786	450,485
ACTU IR Campaign Levy		-	214,680
Affiliation fees	21	1,196,246	1,176,357
Auditors' remuneration	8	22,800	22,134
Delegates expenses		355,522	373,777
Depreciation	13	43,350	44,568
Donations		217,197	215,202
Legal expenses		281,074	433,047
Meeting expenses		245,323	229,149
Office & administration expenses		120,428	106,207
Other expenses		308,875	122,210
Personnel expenses	18	1,142,542	888,864
Travel expenses		160,412	96,797
Total Expenses		**4,548,555**	**4,373,477**
Result from Operating Activities		**2,566,134**	**5,137,158**
Finance income			
Interest income	11	1,065,390	883,026
		1,065,390	883,026
Income tax expense	3(k)	-	-
PROFIT FOR THE PERIOD		**3,631,524**	**6,020,184**
Other comprehensive income			
Defined benefit plan actuarial gains (losses)	15	(443,058)	(22,784)
Income tax on other comprehensive income	3(k)	-	-
		(443,058)	(22,784)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,188,466**	**5,997,400**

The notes on pages 12 to 35 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2012	Note	Retained earnings $	Total equity $
Balance at 1 July 2010		27,764,415	27,764,415
Total comprehensive income for the period			
Profit for the period		6,020,184	6,020,184
Other comprehensive income			
Defined benefit plan actuarial (losses), net of tax	15	(22,784)	(22,784)
Total comprehensive income for the period		5,997,400	5,997,400
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2011		**33,761,815**	**33,761,815**
Balance at 1 July 2011		33,761,815	33,761,815
Total comprehensive income for the period			
Profit for the period		3,631,524	3,631,524
Other comprehensive income			
Defined benefit plan actuarial (losses), net of tax	15	(443,058)	(443,058)
Total comprehensive income for the period		3,188,466	3,188,466
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2012		**36,950,281**	**36,950,281**

The notes on pages 12 to 35 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2012	Note	2012	2011
		$	$
Cash flows from operating activities			
Cash receipts from operations		7,799,617	7,728,394
Cash paid to suppliers and employees		(5,122,857)	(5,275,680)
Cash generated from operations		2,676,760	2,452,714
Interest received		1,131,374	774,052
Net cash from operating activities	20	**3,808,134**	**3,226,766**
Cash flows from investing activities			
Acquisition of term deposits		(3,900,000)	(14,500,000)
Acquisition of property, plant and equipment	13	(9,596)	(26,722)
Net cash used in investing activities		**(3,909,596)**	**(14,526,722)**
Cash flows from financing activities		-	-
Net cash used in financing activities		**-**	**-**
Net (decreases) in cash and cash equivalents		(101,462)	(11,299,956)
Cash and cash equivalents at 1 July		1,173,503	12,473,459
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	**1,072,041**	**1,173,503**

The notes on pages 12 to 35 are an integral part of these financial statements.

Notes to 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 2012 comprises the National Account and the International Fund. The Association is a not-for-profit entity and primarily is involved in retail trade union activities.

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') adopted by the Australian Accounting Standards Board ('AASB') and the *Fair Work (Registered Organisations) Act 2009*.

The financial statements were approved by the National Executive on 22nd August 2012.

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; and
- the defined benefit asset is recognised 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 note:

- Note 12 – valuation and classification 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 note:

- Note 15 – measurement of defined benefit obligations.

Notes to Financial Statements (continued)

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. Certain comparative amounts have been reclassified to conform with the current year's presentation.

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 (see note 3d(i)). 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.

Held to maturity financial assets comprise Term Deposits held with the Commonwealth Bank of Australia (see note 11).

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 (see note 3d(i)).

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank bills with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

a) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Association's other financial liabilities are recognised initially on the trade date which is the date that the Association becomes a party to the contractual provisions of the instrument.

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(ii) Non-derivative financial liabilities (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of 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 financial liabilities are recognised 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. Other financial liabilities comprise trade and other payables.

(iii) Share capital

The Association is a registered organisation under the Fair Work (Registered Organisations) Act 2009 and does not have share capital.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Association at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

c) 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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or 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 value 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Association will obtain ownership by the end of the lease term.

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.

d) 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 cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investmetn property to a working condition for their intended use and capitalised borrowing costs.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

d) Investment property (continued)

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equip0ment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

e) Impairment

(i) Non-derivative financial assets

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.

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.

Financial asset at amortised cost

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.

An impairment loss in respect of a financial asset measured at mortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Association's non-financial 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.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

e) Impairment (continued)

(ii) Non-financial assets (continued)

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 or CGU.

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.

f) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution 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 and all expenses related to defined benefit plans in personnel expenses in profit and loss.

The Association recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(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 in which the benefits are expected to be paid.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

f) Employee benefits (continued)

(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 and expensed 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.

g) Provisions

A provision is recognised if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

h) Revenue

(i) Affiliation fee contributions

Affiliation fee contributions represent affiliation fees received from the state branches, recognised on receipt when the right to receive the affiliation fee has been established and can be reliably measured.

(ii) Rental income

Rental income from investment property is recognised in profit or 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.

i) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

j) Leases

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

j) Leases (continued)

(ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Association determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Association separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Association concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Association's incremental borrowing rate.

k) Income tax

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

l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

m) 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. All operating segments' operating results are reviewed regularly by the Association's office holders to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Association, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Association's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Association does not plan to adopt this standard early and the extent of the impact has not been determined.

Notes to Financial Statements (continued)

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 years where external, independent valuations are not obtained, these are substituted with Association management performing internal valuations utilising publicly available market data for properties with similar characteristics to the Association's investment property.

In the absence of current prices in an active market, the valuation is prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

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.

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.

Notes to Financial Statements (continued)

6. Financial risk management (continued)

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. All receivables are with tenants in the Australian geographical region and therefore no impairment loss has been recognised at balance date (2011: no impairment loss).

(ii) Cash and cash equivalents

The Group held cash and cash equivalents of $1,072,041at 30 June 2012 (2011: $1,173,503), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA-, based on rating agency Fitch ratings.

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 at least 120 days, the maximum term of its primary financial assets being term deposits. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Refer to note 16.

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.

Notes to Financial Statements (continued)

6. Financial risk management (continued)

c) Market risk (continued)

(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). Refer to note 16 for further details.

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:

- 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

Notes to Financial Statements (continued)

6. Financial risk management (continued)

d) Operational risk (continued)

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

	2012 $	2011 $
53 Queen Street, Melbourne - Rental income from investment property	1,327,591	1,239,996
53 Queen Street, Melbourne - Fair value increment	-	2,500,000
CARE director's fees	35,300	30,757
Other income	615	-
	1,363,506	**3,770,753**

8. Auditor's remuneration

	2012 $	2011 $
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	22,800	22,134
	22,800	22,134
Other services		
Auditors of the Association		
KPMG Australia:		
Other assurance services	8,372	2,250
	8,372	2,250
TOTAL AUDITORS' REMUNERATION	**31,172**	**24,384**

Notes to Financial Statements (continued)

9. Cash and cash equivalents

For the year ended 30 June 2012	*Note*	2012 $	2011 $
Cash at bank		95,489	44,549
Cash management accounts		909,047	1,061,449
Term deposits		67,505	67,505
		1,072,041	**1,173,503**

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

	Note	2012 $	2011 $
Cash and cash equivalents		1,072,041	1,173,503
		1,072,041	**1,173,503**

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

10. Receivables

	2012 $	2011 $
Accrued income	125,694	191,678
Prepayments	26,632	120,116
Sundry debtors	166,058	138,625
	318,384	**450,419**

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

11. Other financial assets

	2012 $	2011 $
Term deposits	22,100,000	18,200,000
	22,100,000	**18,200,000**

Term deposits have stated interest rates of 4.45 to 5.30 percent (2011: 5.65 to 5.80 percent) and mature in 120 days.

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

During the year ended 30 June 2012, interest income of $1,065,390 (2011: $883,026) in respect of financial assets not at fair value through profit and loss.

Notes to Financial Statements (continued)

12. Investment property

	2012	2011
	$	$
Property		
Balance at 1 July	14,200,000	11,700,000
Fair value adjustment (refer below)	-	2,500,000
Balance at 30 June	14,200,000	14,200,000
	2012	**2011**
Lease incentives	$	$
Balance at 1 July	799,908	799,908
Amortisation of lease incentives	(767,612)	(704,482)
Balance at 30 June	32,296	95,426
	14,232,296	**14,295,426**

The carrying amount of investment properties is the fair value of the property at 30 June 2011 as determined by RJ Scrivener, Director and certified practising valuer of Urbis, a registered independent appraiser having an appropriate recognised professional qualification in Australian Property Institute and recent experience in the location and category of the property being valued. Fair value was determined having regard to recent market transactions for similar properties in the same location as the Association's investment property, using midpoint of the capitalisation of net income and direct comparison approaches for 53 Queen Street, Melbourne.

The range of yields applied to the net annual rentals to determine fair value of property for which current prices in an active market are unavailable is as follows:

Offices	Yields
Australia	8.25% - 9.25%

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 three 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.

Notes to Financial Statements (continued)

13. Property, plant and equipment

Cost	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
	$	$	$	$
Balance at 1 July 2010	169,420	92,189	331,840	593,449
Acquisitions	26,722	-	-	26,722
Impairments	(4,812)	-	-	(4,812)
Balance at 30 June 2011	191,330	92,189	331,840	615,359
Balance at 1 July 2011	191,330	92,189	331,840	615,359
Acquisitions	9,711	-	-	9,711
Balance at 30 June 2012	**201,041**	**92,189**	**331,840**	**625,070**
Depreciation and impairment losses				
Balance at 1 July 2010	117,774	42,330	66,368	226,472
Depreciation charge for the year	16,859	11,117	16,592	44,568
Impairments	(4,812)	-	-	(4,812)
Balance at 30 June 2011	129,821	53,447	82,960	266,228
Balance at 1 July 2011	129,821	53,447	82,960	266,228
Depreciation charge for the year	18,167	8,591	16,592	43,350
Balance at 30 June 2012	**147,988**	**62,038**	**99,552**	**309,578**
Carrying amounts				
At 1 July 2010	51,646	49,859	265,472	366,977
At 30 June 2011	61,509	38,742	248,880	349,131
At 1 July 2011	61,509	38,742	248,880	349,131
At 30 June 2012	**53,053**	**30,151**	**232,288**	**315,492**

14. Trade and other payables

	2012	2011
	$	$
Sundry creditors	72,827	109,515
PAYG withholding tax payable	21,783	19,964
Tenant security deposit	67,505	67,505
	162,115	**196,984**

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

Notes to Financial Statements (continued)

15. Employee benefits

	2012	2011
	$	$
Current liability		
Liability for long service leave	475,485	465,444
Liability for annual leave	239,646	195,084
	715,131	**660,528**
Non-current liability		
Liability for long-service leave	2,240	2,393
Present value of funded obligations	2,258,545	-
Fair value of plan assets - funded	(2,050,099)	-
Recognised liability for defined benefit obligations	**208,446**	**-**
	210,686	**2,393**
Non-current asset		
Present value of funded obligations	-	2,046,200
Fair value of plan assets - funded	-	(2,199,441)
Recognised (asset) for defined benefit obligations	**-**	**(153,241)**

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 2012 (30 June 2011: no decrease in the defined benefit asset).

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

	2012	2011
	$	$
Net liability/(asset) for defined benefit obligations at 1 July	(153,241)	(88,304)
Contributions paid into the plan	(115,846)	(92,774)
Amount recognised in other comprehensive income - actuarial (gains) losses	443,058	22,784
Expenses recognised in statement of comprehensive income with personal expenses	34,475	5,053
Net liability/(asset) for defined benefit obligations at 30 June	**208,446**	**(153,241)**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Movement in the present value of the defined benefit obligations

	2012 $	2011 $
Defined benefit obligations at 1 July	2,046,200	2,122,605
Service cost	93,275	63,415
Interest cost	96,138	95,503
Actuarial (gains) losses recognised in other comprehensive income (see below)	299,586	113,917
Benefits paid by the plan	(235,494)	(319,278)
Taxes, premium & expenses paid	(41,160)	(29,962)
Defined benefit obligations at 30 June	**2,258,545**	**2,046,200**

Movement in the present value of plan assets

	2012 $	2011 $
Fair value of plan assets at 1 July	2,199,441	2,210,909
Expected return on plan assets	154,938	153,865
Actuarial (losses) gains recognised in other comprehensive income (see below)	(143,472)	91,133
Contributions paid into the plan	115,846	92,774
Benefits paid by the plan	(235,494)	(319,278)
Taxes, premiums and expenses paid	(41,160)	(29,962)
Fair value of plan assets at 30 June	**2,050,099**	**2,199,441**

Expense/(benefit) recognised in profit or loss

	2012 $	2011 $
Current service costs	93,275	63,415
Interest on obligation	96,138	95,503
Expected return on plan assets	(154,938)	(153,865)
	34,475	**5,053**

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

	Note	2012 $	2011 $
Expenses related to defined benefit plan	*18*	**34,475**	**5,053**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Actual return/(loss) on plan assets

	2012 $	2011 $
Actual gains (losses)	(143,472)	91,133
Expected return on plan assets	154,938	153,865
	11,466	**244,998**

Actuarial gains (and losses) recognised in other comprehensive income

	2012 $	2011 $
Cumulative amount at 1 July	(283,129)	(260,345)
Recognised during the period	(443,058)	(22,784)
Cumulative amount at 30 June	**(726,187)**	**(283,129)**

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

	2012	2011
Australian Equity	29%	30%
International Equity	25%	23%
Fixed Income	11%	12%
Property	9%	10%
Cash	9%	6%
Other	17%	19%

Actuarial assumptions

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

	2012	2011
Discount rate at 30 June	3.00%	4.40%
Expected return on plan assets at 30 June	6.50%	6.50%
Future salary increases	3.75%	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.

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Historical information

	2012	2011	2010	2009	2008
	$	$	$	$	$
Present value of the defined benefit obligation	2,258,545	2,046,200	2,122,605	1,954,063	1,511,370
Fair value of plan assets - funded	(2,050,099)	(2,199,441)	(2,210,909)	(2,136,211)	(2,327,015)
Recognised liability / (asset) for defined benefit obligation	**208,446**	**(153,241)**	**(88,304)**	**(182,148)**	**(815,645)**

The Association expects to contribute $135,928 to its defined benefit superannuation funds during the year ended 30 June 2013.

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:

	Note	Carrying amount 2012	2011
		$	$
Current			
Cash and cash equivalents	*9*	1,072,041	1,173,503
Receivables	*10*	318,384	450,419
Other financial assets	*11*	22,100,000	18,200,000
		23,490,425	**19,823,922**

Impairment losses

None of the Association's receivables are past due (2011: 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 2012 the Association does not have any collective impairments on its cash and cash equivalents, receivables or other financial assets (2011: nil). All receivables are in the Australia geographic region.

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 (2011: 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 (trade payables or receivables) or forward exchange contracts in place at reporting date (2011: nil).

Notes to Financial Statements (continued)

16. Financial instruments (continued)

Interest rate risk

Profile

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

	Note	Effective interest rate	Carrying amount
		2012	
			$
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	2.15%	1,072,041
Other financial assets (fixed rate)	*11*	4.74%	22,100,000
			23,172,041
		2011	
			$
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	3.63%	1,173,503
Other financial assets (fixed rate)	*11*	5.70%	18,200,000
			19,373,503

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 2011.

	Profit or loss	
	100bp increase	100bp decrease
30 June 2012		
Cash management accounts	9,090	(9,090)
30 June 2011		
Cash management accounts	10,614	(10,614)

Fair values
The fair value of the Association's assets and liabilities as at 30 June 2012 approximate their carrying amounts shown in the statement of financial position.

Notes to Financial Statements (continued)

17. Operating leases

Leases as lessor

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

	2012 $	2011 $
Less than one year	786,297	1,216,598
Between one and five years	412,731	1,199,028
	1,199,028	**2,415,626**

During the year, $1,327,592 was recognised as rental income in profit or loss (2011: $1,239,996).

18. Personnel expenses

		2012 $	2011 $
Wages and salaries expense		951,446	814,583
Holiday leave expense		75,573	58,844
Long service leave provision (decrease) / increase		9,888	(54,056)
Payroll tax expense		51,668	44,617
Expenses related to defined benefit plan	*15*	34,475	5,053
Other superannuation expense		-	107
Workcover expense		7,185	9,653
Fringe benefits tax expense		12,307	10,063
		1,142,542	**888,864**

19. Controlled entities

Parent entity

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

	2012	2011
Controlled Entity		
Ordinary shares	%	%
WT Travel Pty Ltd	100	100

WT Travel Pty Ltd, an Australian controlled entity, was purchased by the Shop Distributive and Allied Employees' Association National Executive on 30 September 1993. It formerly traded as a travel agency, but is currently a dormant company. Given WT Travel is a dormant company and its results and financial position at 30 June 2012 are nil, consolidated accounts are not prepared.

Notes to Financial Statements (continued)

20. Reconciliation of cash flows from operating activities

	2012 $	2011 $
Profit for the period	3,631,524	6,020,184
Adjustment for:		
Amortisation of lease incentives	63,130	68,207
Depreciation	43,350	44,568
Fair value (increment) / decrement on investment property	-	(2,500,000)
Loss on disposal of property, plant and equipment	(115)	-
Actuarial (losses) recognised in equity on defined benefit plan	(443,058)	(22,784)
Operating profit before changes in working capital & provisions	**3,294,831**	**3,610,175**
Change in accrued income	65,984	(108,974)
Change in prepayments	93,484	(34,455)
Change in sundry debtors	(27,433)	42,070
Change in pension asset/ (liability)	361,687	(64,937)
Change in trade and other payables	(34,869)	(144,167)
Change in provisions and employee benefits	54,450	(72,946)
Net cash from operating activities	**3,808,134**	**3,226,766**

21. Related party disclosures

Branches

The Association received from its branches the following affiliation fee contributions:

	Affiliation fee contributions	
	2012 $	**2011** $
Newcastle	353,963	301,460
New South Wales	1,665,101	1,681,856
Queensland	1,061,123	1,011,140
South Australia	674,157	631,549
Tasmania	86,032	181,504
Victoria	1,304,094	1,332,574
Western Australia	606,713	599,799
	5,751,183	**5,739,882**

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

Affiliates

The Association made the following payments to its affiliates:

	2012 $	2011 $
ACTU (Affiliation fees)	686,104	658,194
Union Network International (Affiliation fees)	510,142	518,163
Total Affiliation fees	1,196,246	1,176,357
ACTU (Worksite for schools donations)	3,000	6,000
Union Network International (UNI APRO activities fund donations)	94,197	93,002
Total donations	97,197	99,002
	1,293,443	**1,275,359**

Other related parties

Key management personnel

The following were key management personnel of the Association during the financial year:

Name	Position
Gerard Dwyer	Officer – National President
Joseph Bullock	Officer – National Vice-President
Joseph de Bruyn	Officer – National Secretary-Treasurer
Ian Blandthorn	Officer – National Assistant Secretary
Michael Donovan	National Executive Member
Paul Griffin	National Executive Member
Chris Ketter	National Executive Member
Barbara Nebart	National Executive Member
Peter Malinauskas	National Executive Member

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

Transactions with key management personnel

The National President and Vice-President were paid honorariums for their services while the National Secretary-Treasurer and Assistant Secretary are salaried employees of the Association and included as key management personnel. In addition to their salaries and fees, the Association also provided travel allowances to the National Officers and the National Executive Members whilst attending National Council and/or National Executive meetings or performing other Association duties, and for the salaried officers contributes to a post-employment defined benefit superannuation fund on their behalf.

Key management personnel compensation

Key management personnel compensation comprised:

	2012 $	2011 $
Short-term employee benefits	289,083	269,414
Other long term benefits	5,996	5,786
Post-employment benefits	35,979	34,714
	331,058	**309,914**

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 a post-employment defined benefit fund (REST) on behalf of employees are disclosed in note 15.

22. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the officer holders of the Association, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

23. 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).

Independent audit report to the members of the Shop, Distributive and Allied Employees' Association

Report on the financial report

We have audited the accompanying financial report of the Shop, Distributive and Allied Employee's Association (the Association), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies, other explanatory information, the Operating Report, the Committee of Management Statement and Certificate by the National Secretary-Treasurer.

National Council's responsibility for the financial report

The National Council of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the National Council determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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 Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the National Council, 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 and the *Fair Work (Registered Organisations) Act 2009*, a view which is consistent with our understanding of the Union'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 Shop, Distributive and Allied Employees' Association general purpose financial report for the year ended 30 June 2012 presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009.

KPMG

KPMG

Antoni Cinanni
Partner
Melbourne
22nd August, 2012

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 2012

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 2012

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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 2012

Resolved:

The National Executive ratifies the transfer of an amount of $4,035,155 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 2012.

Dated at Melbourne this 22nd day of August 2012

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

OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Membership

Membership as at 30 June 2012 was 57,909 (2011: 57,107).

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 Rule 27 of the Rules of the Association, 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.

New enterprise agreements were negotiated with a wide range of employers including Officeworks, Bunnings, David Jones, St Vincent de Paul Society, Wollongong UniCentre, Supabarn Supermarkets, Eureka Operations and others. These agreements all resulted in improved wages and working conditions for the employees covered by them

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

At 30 June 2012, there were 87 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 2012, along with the nominated alternate Employee Directors. Ms S Burnley is also a Director of CARE Super Pty Ltd.

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

OPERATING REPORT (CONT.)
FOR THE YEAR ENDED 30 JUNE 2012

Directors	**Alternates**
Mr Joe de Bruyn	Ms Barbara Nebart
Mr Ian Blandthron	Mr Michael Donovan
Mr Geoff Williams	Mr Joseph Bullock
Ms Sue-Anne Burnley	Mr Chris Ketter

Committee of Management

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

Name	*Experience*	*Position*
Mr. G. Dwyer	National Executive member since 2005 Appointed National President 2008	National President
Mr. J. Bullock	National Executive member since 1996 Appointed National Vice President 2004	National Vice President
Mr. J. de Bruyn	National Executive member since 1978 Appointed National Secretary - Treasurer 1978	National Secretary-Treasurer
Mr. I. Blandthorn	National Executive member since 1986 Appointed National Assistant Secretary 1986	National Assistant Secretary
Mr. M. Donovan	National Executive member since 1996	Member of Committee
Mr. P. Griffin	National Executive member since 1990	Member of Committee
Mr. C. Ketter	National Executive member since 1996	Member of Committee
Mr. P Malinauskas	National Executive member since 2008	Member of Committee
Ms. B. Nebart	National Executive member since 2004	Member of Committee

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

OPERATING REPORT (CONT.)
FOR THE YEAR ENDED 30 JUNE 2012

Committee of Management (cont)

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

Gerard Dwyer
Committee of Management

Joe de Bruyn
Committee of Management

Dated at Melbourne this 22nd day of August 2012

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

STATEMENT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2012

On 22 August 2012 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 2012:

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

a) The financial statements and notes comply with the Australian Accounting Standards;

b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;

c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

d) There are reasonable grounds to believe the reporting unit will be able to pay its debts as and when they become due and payable;

e) During the financial year to which the GPFR relates and since the end of that year:

   i) Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;

   ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;

   iii) The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisation) Act 2009 (RO Act) 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 Fair Work Australia duly made under section 272 of the Fair Work (Registered Organisation) Act 2009 has been furnished to the member of the reporting unit or the General Manager of Fair Work Australia; and

   vi) There has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisation) Act 2009.

f) There was activity for the recovery of wages during the year. However, no amounts in connection with recovery of wages have been received by the organisation and no fees have been charged or reimbursed in connection with this.

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

STATEMENT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2012

Auditor's Independence

A copy of the auditor's independence declaration is set out on page 8.
Signed in accordance with a resolution of the Committee of Management:

Gerard Dwyer
Committee of Management

Joe de Bruyn
Committee of Management

Dated at Melbourne this 22nd day of August 2012

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

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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

Grech Smith Bridle
Chartered Accountants

Joseph Grech

Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 22nd day of August 2012

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue	2	17,287,800	16,608,446
Employee benefits expense		(6,854,745)	(6,392,277)
Depreciation expense		(771,584)	(752,160)
Commission paid		(1,442,038)	(1,367,802)
Contracting and consulting expenses		(407,102)	(435,831)
Insurance expenses		(315,415)	(317,410)
Legal and litigation expenses		(166,878)	(232,187)
Motor vehicle expenses		(472,117)	(465,674)
Printing, postage and stationery		(328,973)	(338,744)
Telephone expenses		(197,502)	(174,787)
Donations		(12,886)	(35,631)
NSW Branch expenses		(4,035,155)	(3,878,590)
Occupancy expenses		(1,000,671)	(1,110,726)
Accommodation and travel expenses		(242,280)	(244,516)
Surplus To EFA Campaign Acct		-	(18,929)
Other expenses		(452,592)	(390,376)
Profit before income tax		587,862	452,806
Income tax expense	1(a)	-	-
Profit attributable to members of the Association		587,862	452,806

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 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,201,215	9,334,354
Trade and other receivables	6	666,834	1,198,754
Prepayments	7	399,522	408,491
TOTAL CURRENT ASSETS		9,267,571	10,941,599
NON-CURRENT ASSETS			
Cash and cash equivalents	5	-	-
Prepayments	7	2,469	-
Property, plant and equipment	8	10,981,830	9,732,542
Investment property	9	17,724,549	14,909,439
TOTAL NON-CURRENT ASSETS		28,708,848	24,641,981
TOTAL ASSETS		37,976,419	35,583,580
CURRENT LIABILITIES			
Trade and other payables	10	399,424	430,110
Employee Benefits	11	2,074,127	1,869,196
TOTAL CURRENT LIABILITIES		2,473,551	2,299,306
NON-CURRENT LIABILITIES			
Employee Benefits	11	64,241	17,147
TOTAL NON-CURRENT LIABILITIES		64,241	17,147
TOTAL LIABILITIES		2,537,792	2,316,453
NET ASSETS		35,438,627	33,267,127
EQUITY			
Reserves	12	3,378,769	1,795,131
Retained earnings		32,059,858	31,471,996
TOTAL EQUITY		35,438,627	33,267,127

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 2012

	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1 July 2010	31,019,190	2,356,459	33,375,649
Profit attributable to members of the Association	452,806	-	452,806
Fair value adjustments	-	(561,328)	(561,328)
Balance at 30 June 2011	31,471,996	1,795,131	33,267,127
Profit attributable to members of the Association	587,862	-	587,862
Fair value adjustments	-	1,583,638	1,583,638
Balance at 30 June 2012	32,059,858	3,378,769	35,438,627

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 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		16,566,392	15,005,247
Payments to suppliers and employees		(15,707,015)	(15,664,007)
Interest received		456,920	537,115
Rent received		1,188,687	881,242
Net cash provided by (used in) operating activities	14(a)	2,504,984	759,597
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		129,764	195,863
Purchase of investment property		(3,249,769)	(288,124)
Purchase of property, plant and equipment		(518,118)	(770,423)
Net cash provided by (used in) investing activities		(3,638,123)	(862,684)
Net increase/(decrease) in cash held		(1,133,139)	(103,087)
Cash at beginning of financial year		9,334,354	9,437,441
Cash at end of financial year	5	8,201,215	9,334,354

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 2012

Note 1: Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards Board (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the requirements of The Fair Work (Registered Organisations) Act 2009 (RO Act).

The financial statements cover the Association of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office. The Shop, Distributive and Allied Employees' Association is a trade union registered pursuant to Fair Work (Registered Organisation) Act 2009.

The financial Statements of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office as a reporting unit 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 statements. 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 Statements have been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Income Tax

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

(b) Property, Plant and Equipment

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

Property

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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%

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 2: Revenue	**2012**	**2011**
	$	**$**
Operating activities		
- Services revenue	16,027,972	15,135,304
- Interest revenue	456,920	537,115
- Rental revenue from property	86,908	80,563
- Rental revenue from investment property	667,077	800,680
- Profit on disposal of plant and equipment	48,923	54,784
Total Revenue	17,287,800	16,608,446

(a) Interest revenue from:		
- other persons	456,920	537,115
Total interest revenue	456,920	537,115

Note 3: Profit from Ordinary Activities

(a) Expenses

Commission Paid	1,442,038	1,367,802
Depreciation of non-current assets		
- Buildings	211,505	210,522
- Plant and equipment	560,079	541,638
Total depreciation	771,584	752,160
Rental expense on operating leases		
- Minimum lease payments	363,044	492,414

Note 4: Auditors' Remuneration

Remuneration of the auditor of the Association for:		
- Auditing the financial report	47,200	47,236

	2012 $	2011 $
Note 5: Cash and Cash Equivalents		
CURRENT		
Cash at bank and in hand	671,864	53,673
Short-term bank deposits	7,529,351	9,280,681
	8,201,215	9,334,354

The effective interest rate on short-term bank deposits was 4.32% (2011: 4.75%). These deposits have any average maturity of 26 days.

NON-CURRENT		
Long-term bank deposits	-	-

The effective interest rate on long-term bank deposits was 4.78% (2011: 5.81%). 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	8,201,215	9,334,354
Cash and cash equivalents – non-current	-	-
	8,201,215	9,334,354

Note 6: Trade and Other Receivables

CURRENT		
Trade receivables	643,746	1,144,184
Other receivables	23,088	54,570
	666,834	1,198,754

Note 7: Prepayments

CURRENT		
Prepayments	399,522	408,491
	399,522	408,491
NON-CURRENT		
Prepayments	2,469	-
	2,469	-

	2012	2011
	$	$
Note 8: Property, Plant and Equipment		
BUILDINGS		
Buildings at:		
- Independent valuation 2011 (Canberra)	826,500	826,500
- Independent valuation 2009 (Level 3, Quay Street)	-	3,504,000
- Independent valuation 2009 (Level 4, Quay Street)	-	3,120,000
- Independent valuation 2009 (Car Spaces)	-	988,800
- Independent valuation 2012 (Level 3, Quay Street)	3,990,000	-
- Independent valuation 2012 (Level 4, Quay Street)	3,610,000	-
- Independent valuation 2012 (Car Spaces)	1,026,000	-
Less accumulated depreciation	(20,663)	(379,596)
Total buildings	9,431,837	8,059,704
PLANT AND EQUIPMENT:		
Plant and equipment:		
At cost	3,527,136	3,296,398
Accumulated depreciation	(1,977,143)	(1,623,560)
Total plant & equipment	1,549,993	1,672,838
Total property, plant and equipment	10,981,830	9,732,542

Independent valuers revalued the Association's Canberra building at 30 June 2011. During the year of 2011, the Association's Quay Street building was revalued by an independent valuer. The fair value of the building based on their fair value less cost to sell, based on an active market, was determined to increase by $1,583,638. The amount of $1,583,638 was credited directly to the Asset Revaluation Reserve.

(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	8,059,704	1,672,838	9,732,542
Additions		518,118	518,118
Disposals		(80,884)	(80,884)
Revaluation increments/(decrements)	1,583,638		1,583,638
Depreciation expense	(211,505)	(560,079)	(771,584)
Carrying amount at the end of year	9,431,837	1,549,993	10,981,830

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 9: Investment Property	**2012**	**2011**
	$	**$**
Property		
Balance at beginning of year	14,909,439	15,240,065
Additions – at cost	122,334	288,124
Fair value adjustments	-	(618,750)
Less: Incentive disclosed below (included in additions 2011)	(118,794)	
Balance at end of year	14,912,979	14,909,439
Lease incentives		
Balance transfer from Property above	118,794	-
Additions – at cost	3,351,478	-
Amortisation of lease incentives	(658,702)	-
Balance at end of year	2,811,570	-
Total Investment Property	17,724,549	14,909,439

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.

Included in 2011 Property – Additions at cost was an amount of $118,794 which represented the net lease incentive provided during the year. The 2011 comparative is:

Lease Incentive	$342,794
Less: Amortisation of lease incentives	($224,000)
	$118,794

The Day street building held by the Association was revalued at 30 June 2011 by an independent valuer. The fair value of the building based on the fair value less cost to sell, based on an active market, was determined to decrease by $618,750.

The amount of $618,750 was debited directly to the Asset Revaluation Reserve to reverse previous increments which have been recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 10: Payables

CURRENT		
Unsecured liabilities		
Trade payables	371,567	424,919
Sundry payables and accrued expenses	27,857	5,191
	399,424	430,110

Note 11: Employee Benefits

	Employee Entitlements $	**Total $**
Opening balance at 1 July 2011	1,886,343	1,886,343
Additional provisions raised during year	252,025	252,025
Balance at 30 June 2012	2,138,368	2,138,368

Analysis of Total Provisions

	2012 $	**2011 $**
Current	2,074,127	1,869,196
Non-Current	64,241	17,147
	2,138,368	1,886,343

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:

	2012 $	2011 $
Payable - minimum lease payments		
- Not later than 12 months	349,249	328,509
- Between 12 months and five years	578,048	782,119
- Greater than five years	-	-
	927,297	1,110,628

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

	2012 $	2011 $
Other expenditure commitments contracted for:		
– Lease Incentive & Renovations	689,948	3,497,206
Payable		
– Not later than 12 months	689,948	1,748,603
- Between 12 months and five years	-	1,748,603
	689,948	3,497,206

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

Note 14: Cash Flow Information

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

	2012 $	2011 $
Profit from ordinary activities after income tax	587,862	452,806
Non-cash flows in profit from ordinary activities		
Amortisation	434,702	-
Depreciation	771,584	752,160
Net (gain)/loss on disposal of plant and equipment	(48,923)	(54,784)
Changes in assets and liabilities		
Increase/(decrease) in employee benefits	252,025	108,738
(Increase)/decrease in trade and other receivables	531,920	(1,317)
(Increase)/decrease in prepayments	6,500	(128,740)
Increase/(decrease) in trade and other payables	(30,686)	(369,266)
	2,504,984	759,597

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 2012.

(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.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

Note 15: Financial Instruments (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 2012 approximately 84.13% of the Association's cash balance is fixed. 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.

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					
	2012 %	2011 %	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial Assets:												
Cash and cash equivalents	4.32	5.6	1,299,765	332,904	6,900,000	9,000,000	-	-	1,450	1,450	8,201,215	9,334,354
Trade and other receivables	-	-	-	-	-	-	-	-	666,834	1,198,754	666,834	1,198,754
Total Financial Assets			1,299,765	332,904	6,900,000	9,000,000	-	-	668,284	1,200,204	8,868,049	10,533,108
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	-	-	399,424	430,110	399,424	430,110
Total Financial Liabilities			-	-	-	-	-	-	399,424	430,110	399,424	430,110

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.

	2012		2011	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	$	$	$	$
Financial assets:				
Cash and cash equivalents	8,201,215	8,201,215	9,334,354	9,334,354
Trade and other receivables	666,834	666,834	1,198,754	1,198,754
	8,868,049	8,868,049	10,533,108	10,533,108
Financial liabilities:				
Trade and other payables	399,424	399,424	430,110	430,110
	399,424	399,424	430,110	430,110

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).

Note 17: Information to be provided to members or registrar

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).

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 2012 as set out on pages 9 to 27.

The financial report includes the financial statements of the reporting unit 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 (Registered Organisations) Act 2009.

We declare to the best of our knowledge and belief that the auditor's independence declaration, set out on page 8 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 Fair Work (Registered Organisations) Act 2009.

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Joseph Grech

Joseph Paul Grech
Partner, Registered Company Auditor

Dated at Sydney this 22nd day of August 2012

FAIR WORK AUSTRALIA

7 August 2012

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

joe@sda.org.au

Dear Mr De Bruyn,

Lodgement of Financial Documents for year ended 30 June 2012 [FR2012/382]
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Shop, Distributive and Allied Employees Association (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

Failure to comply with these obligations is subject to a civil penalty provision - see s305 of the RO Act.

In addition, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website. The information can be viewed at www.fwa.gov.au – under *Registered Organisations – Overview – Fact sheets*. This site also contains the Financial Reporting Guidelines.

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at orgs@fwa.gov.au. Alternatively, you can forward the documents by fax to (03) 9655 0410.

Please do not hesitate to contact me on (03) 8661 7787 or by email at Andrea.O'HALLORAN@fwa.gov.au if you wish to discuss the requirements outlined in this correspondence.

Yours sincerely,

Andrea O'Halloran

Andrea O'Halloran
Organisations, Research & Advice
Fair Work Australia

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Melbourne VIC 3000
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Melbourne VIC 3001

Telephone: (03) 8661 7777
Email : orgs@fwa.gov.au
Internet : www.fwa.gov.au

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		*As soon as practicable after end of financial year*
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement. (b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	*As soon as practicable after end of financial year*
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	*Within a reasonable time of having received the GPFR* *(<u>NB</u>: Auditor's report <u>must</u> be dated on or after date of Committee of Management Statement*
Provide full report free of charge to members – s265 The full report includes: • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report.	/ /	*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,* *or* *(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*
Present full report to: (a) General Meeting of Members - s266 (1),(2); OR	/ /	*Within 6 months of end of financial year*
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	*Within 6 months of end of financial year*
Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate++ – s268	/ /	*Within 14 days of meeting*

** the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

 # The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.