FairWork Commission

3 April 2013

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

Sent by email: joe@sda.org.au

Dear Mr de Bruyn,

Shop, Distributive and Allied Employees Association - Financial Report for year ended 30 June 2013 - (FR2013/291)

I refer to the financial report of the Shop, Distributive and Allied Employees Association (the reporting unit). The documents included the report for the New South Wales Deductions Account Office. The documents were lodged with the Fair Work Commission on 12 November 2013. The reports have now been filed.

The financial reports were filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial reports for the year ending 30 June 2014 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the reports lodged for 2013. The Fair Work Commission will confirm these matters have been addressed prior to filing next year's reports.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to "Financial reporting process and timelines"[1] which explains the timeline requirements, and "Diagrammatic summary of financial reporting timelines"[2] which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirement was not met.

Documents must be lodged with the Fair Work Commission within 14 days of General Meeting

The reports were lodged on 12 November 2013. Section 268 of the RO Act, states that the full report and the designated officer's certificate are required to be lodged with the Fair Work Commission within 14 days of the meeting referred to in section 266. The Designated Officer's Certificates indicate that this meeting occurred on 21 October 2013. If this is correct, the reports should have been lodged with the Fair Work Commission by 4 November 2013.

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[1] See https://www.fwc.gov.au/documents/documents/organisations/factsheets/RO_FS_7_FinReporting.pdf

[2] See https://www.fwc.gov.au/documents/documents/organisations/factsheets/RO_FS_8_FRTimelines.pdf

The organisation should have applied for an extension of time to lodge the required reports and the designated officer's certificates, in accordance with section 268 of the RO Act.

I note that the 14 day time period was drawn by FWC to the reporting unit's attention in letters in relation to the report for the years ended 30 June 2009[3] and 30 June 2011[4]. In future financial years if the reports cannot be lodged within the prescribed 14 days, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made prior to the required date of lodgement.

Auditor's report: declaration regarding going concern

Paragraph 45 of the reporting guidelines requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statements.

Disclosure of employee expenses/benefits to office holders and other employees

Notes 18 and 21 of the financial statements for the report of the Association have disclosed wages, superannuation, annual leave, long service leave and other employee benefits expenses separately for officers and other employees, but do not separately disclose separation and redundancies expenses for either officers or other employees. The Reporting Guidelines requires that all employee and officer benefits are reported separately (refer items 17(f) and 17(g))[5].

The Reporting Guidelines also require either the statement of financial position or the notes to disclose any liability for employee benefits separately in respect of office holders and other employees (refer items 21(c) and 21 (d))[6]. Note 15 discloses liabilities for annual leave, long service leave and other employee provisions but does not separately disclose separation and redundancy provisions. It is also not clear whether the balances disclosed relate to office-holders or other employees or both although Note 1(f) would suggest they relate to both. Note 21 does not appear to include the prescribed liabilities (provisions) for the listed office holders.

Items 18 and 22 of the Reporting Guidelines state that if activities identified in items 17 or 21 respectively have not occurred in the reporting period, a statement to this effect (or a nil balance for each such activity[7]) must be included in the notes to the GPFR.

If you have any queries regarding this letter, I may be contacted on (02) 6723 723 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely

Stephen Kellett

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

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[3] See letter from Kevin Donellan, dated 31 January 2010 (attached)
[4] See letter from Larry Powell, dated 29 February 2012 (attached)
[5] See RG17(f)(iv) relates to holders of offices; RG17(g)(iv) relates to other employees
[6] See RG 21(c) relates to holders of offices; RG 21(d) relates to other employees
[7] See Note 8A on page 37/53 of model financial statements at https://www.fwc.gov.au/documents/documents/organisations/reporting_guidelines/Model-financial-statements.pdf

<u>**Designated Officer's Certificate**</u>

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 20th September, 2013.

- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 21st October 2013; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: J de Bruyn

Joseph de Bruyn

Date: 7th November, 2013

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 JUNE 2013

Contents

Operating Report

For the year ended 30 June 2013

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 2013 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2013 was 213,075 (2012: 204,127).

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 finance, 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 Betts, Woolworths Petrol, KFC, Pretty Girl Fashion Group, McDonalds, Sanity, Bunnings, Woolworths Liquor, Best & Less, BBQ Galore, Ikea and Aldi. These agreements all resulted in improved wages and working conditions for the employees covered by them.

The Association ran a major case in defence of penalty rates in its major awards and also protected other entitlements from attack by employers. The Association also ran a major test case in support of the principle of the adult rate of pay at 18 years of age, and sought the immediate application of the adult rate at 20 years.

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2013, there were 16 persons employed by the national office of the Association (2012: 13).

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 2013, 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. SDA Report to the Workplace Gender Equality Agency

The Shop, Distributive and Allied Employees' Association, as required by the *Workplace Gender Equality Act 2012,* lodged its public report for the reporting year 2012-2013, to the Workplace Gender Equality Agency, on the 31st May 2013. The report is available on the SDA National website at www.sda.org.au

7. 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).

Operating Report (continued)

Dated at Melbourne this 22nd day of August, 2013

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 2013 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 8 to 39 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 8 to 39 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 2013;

(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 2013 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, 2013

Gerard Dwyer	Joseph de Bruyn
National President	**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 2013 the number of members of the Association was 213,075.

In my opinion:

(i) the accompanying financial report set out on pages 8 to 39 presents a true and fair view of the financial position of the Association as at 30 June 2013;

(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, 2013

J. deBruyn

Joseph de Bruyn
National Secretary-Treasurer

Statement of Financial Position

As at 30 June 2013	Note	2013 $	2012 $
Assets			
Cash and cash equivalents	9	1,042,785	1,072,041
Receivables	10	348,125	318,384
Other financial assets	11	25,100,000	22,100,000
Total current assets		26,490,910	23,490,425
Investment property	12	15,301,973	14,232,296
Property, plant and equipment	13	289,366	315,492
Total non-current assets		15,591,339	14,547,788
TOTAL ASSETS		**42,082,249**	**38,038,213**
Liabilities			
Trade and other payables	14	352,839	162,115
Employee benefits	15	815,398	715,131
Total current liabilities		1,168,237	877,246
Employee benefits	15	93,507	210,686
Total non-current liabilities		93,507	210,686
TOTAL LIABILITIES		**1,261,744**	**1,087,932**
NET ASSETS		**40,820,505**	**36,950,281**
Equity			
Retained earnings		40,820,505	36,950,281
TOTAL EQUITY		**40,820,505**	**36,950,281**

The notes on pages 12 to 39 are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2013	Note	2013 $	2012 * Restated $
Revenue			
Affiliation fee contributions	21	6,208,699	5,751,183
		6,208,699	5,751,183
Other income	7	2,410,754	1,363,506
		8,619,453	**7,114,689**
Expenditure			
53 Queen St, Melbourne - direct operating expenses		480,541	454,786
ACTU IR Campaign Levy		424,158	-
Affiliation fees	21	1,251,062	1,196,246
Auditors' remuneration	8	27,465	22,800
Delegates expenses		205,334	355,522
Depreciation	13	36,797	43,350
Donations		222,039	217,197
Legal expenses		479,654	281,074
Meeting expenses		199,130	245,323
Office & administration expenses		127,566	120,428
Other expenses		795,686	308,875
Personnel expenses	18	1,404,181	1,192,522
Travel expenses		158,498	160,412
Total Expenses		**5,812,111**	**4,598,535**
Result from Operating Activities		**2,807,342**	**2,516,154**
Finance income			
Interest income	11	959,317	1,065,390
		959,317	1,065,390
Income tax expense	3(k)	-	-
PROFIT FOR THE PERIOD		**3,766,659**	**3,581,544**
Other comprehensive income			
Defined benefit plan actuarial gains (losses)	15	103,565	(393,078)
Income tax on other comprehensive income	3(k)	-	-
		103,565	(393,078)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,870,224**	**3,188,466**

The notes on pages 12 to 39 are an integral part of these financial statements.
* Refer to Note 2(e)(ii) for details of the restatement.

Statement of Changes in Equity

For the year ended 30 June 2013	Note	Retained earnings * Restated $	Total equity $
Balance at 1 July 2011		33,761,815	33,761,815
Total comprehensive income for the period			
Profit for the period		3,581,544	3,581,544
Other comprehensive income			
Defined benefit plan actuarial (losses), net of tax	15	(393,078)	(393,078)
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**

	Note	Retained earnings $	Total equity $
Balance at 1 July 2012		36,950,281	36,950,281
Total comprehensive income for the period			
Profit for the period		3,766,659	3,766,659
Other comprehensive income			
Defined benefit plan actuarial gains, net of tax	15	103,565	103,565
Total comprehensive income for the period		3,870,224	3,870,224
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2013		**40,820,505**	**40,820,505**

The notes on pages 12 to 39 are an integral part of these financial statements.
* Refer to Note 2(e)(ii) for details of the restatement.

Statement of Cash Flows

For the year ended 30 June 2013	Note	2013 $	2012 $
Cash flows from operating activities			
Cash receipts from operations		8,306,120	7,799,617
Cash paid to suppliers and employees		(6,242,298)	(5,122,857)
Cash generated from operations		2,063,822	2,676,760
Interest received		917,593	1,131,374
Net cash from operating activities	*20*	**2,981,415**	**3,808,134**
Cash flows from investing activities			
Acquisition of term deposits		(3,000,000)	(3,900,000)
Acquisition of property, plant and equipment	*13*	(10,671)	(9,596)
Net cash used in investing activities		**(3,010,671)**	**(3,909,596)**
Cash flows from financing activities			
Net cash used in financing activities		-	-
Net (decreases) in cash and cash equivalents		(29,256)	(101,462)
Cash and cash equivalents at 1 July		1,072,041	1,173,503
CASH AND CASH EQUIVALENTS AT 30 JUNE	*9*	**1,042,785**	**1,072,041**

The notes on pages 12 to 39 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 2013 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 2013.

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)

2. Basis of Preparation (continued)

e) Changes in accounting policies

(i) Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Association applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.* The change in accounting policy only relates to disclosures and has had no impact on net income. The changes have been applied retrospectively and require the Association to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the statement of profit or loss and other comprehensive income.

(ii) Defined Benefit Plans

The Association early adopted AASB 119 *Employee Benefits* (2011) with a date of initial application of 1 July 2012 and changed its basis for determining the income or expense related to defined benefit plans.

As a result of the change, the Association now determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. It takes into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The net interest on the net defined benefit liability (asset) comprises:

- Interest cost on the defined benefit obligation; and
- Interest income on plan assets.

Previously, the Association determined interest income on plan assets based on their long-term rate of expected return.

The change in accounting policy has been applied retrospectively, the details of their adjustment have been presented below:

	2012 Original	Change	2012 Restated
	$	$	$
Profit for the period	3,631,524	(49,980)	3,581,544
Other comprehensive income	(443,058)	49,980	(393,078)
Retained earnings	36,950,281	-	36,950,281

The change in accounting policy increased the defined benefit expense recognised in profit or loss and correspondingly reduced the defined benefit plan remeasurement loss recognised in other comprehensive income by $49,980 for the reporting period ending 30 June 2012.

The change in accounting policy had no impact on net liabilities as at 30 June 2012 and no impact on income taxes for the comparative period.

For further details, see Note 15.

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, except for the changes in accounting policies as explained in Note 2(e).

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 originate. 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, receivables, and cash and cash equivalents.

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 3e(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 3e(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.

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 an unincorporated 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.

When 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 investment 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 equipment, 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 amortised 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 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 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.

Remeasurements arising from the defined benefit plan comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Association recognises them immediately in other comprehensive income and all other expenses related to the defined benefit plan in employee benefit expenses in profit or loss.

When the benefits of the plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Association recognises gains and losses on the settlement of the defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Association in connection with the settlement.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

f) Employee benefits (continued)

(ii) Other long-term employee benefits

The Association's net obligation in respect of long-term employee benefits other than defined benefit superannuation funds is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating the terms of the Association's obligations in which the benefits are expected to be paid.

(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.

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.

(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.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

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.

(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.

Notes to Financial Statements (continued)

3. Significant accounting policies (continued)

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 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Association are set out below. The Association does not plan to adopt these standards early.

(i) AASB 9 *Financial Instruments* (2010), AASB 9 *Financial Instruments* (2009)

AASB 9 *Financial Instruments* (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The extent of the impact has not been determined.

(ii) AASB 13 *Fair Value Measurement (2011)*

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Association is currently reviewing its methodologies in determining fair values (see Note 4). AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The extent of the impact has not been determined.

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 2 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.

Notes to Financial Statements (continued)

4. Determination of fair values (continued)

Investment property (continued)

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.

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.

Notes to Financial Statements (continued)

6. Financial risk management (continued)

a) Credit risk (continued)

(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 (2012: no impairment loss).

(ii) Cash and cash equivalents

The Group held cash and cash equivalents of $1,042,786 at 30 June 2013 (2012: $1,072,041), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are located in Australia.

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.

(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.

Notes to Financial Statements (continued)

6. Financial risk management (continued)

c) Market risk (continued)

(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 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.

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 the Association is not subject to externally imposed capital requirements.

Notes to Financial Statements (continued)

7. Other income

	Note	2013 $	2012 $
53 Queen Street, Melbourne - Rental income from investment property	*17*	1,037,208	1,327,591
53 Queen Street, Melbourne - Fair value increment	*12*	1,100,000	-
Branch Reimbursements	*21*	238,654	-
CARE director's fees		34,892	35,300
Other income		-	615
		2,410,754	**1,363,506**

8. Auditor's remuneration

	2013 $	2012 $
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	27,465	22,800
	27,465	22,800
Other services		
Auditors of the Association		
KPMG Australia:		
Other assurance services	6,616	8,372
	6,616	8,372
TOTAL AUDITORS' REMUNERATION	**34,081**	**31,172**

9. Cash and cash equivalents

	Note	2013 $	2012 $
Cash at bank		145,206	95,489
Cash management accounts		830,074	909,047
Term deposits		67,505	67,505
		1,042,785	**1,072,041**

Notes to Financial Statements (continued)

9. Cash and cash equivalents (continued)

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

	Note	2013 $	2012 $
Cash and cash equivalents		1,042,785	1,072,041
		1,042,785	**1,072,041**

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

10. Receivables

	2013 $	2012 $
Accrued interest income	167,418	125,694
Prepayments	46,214	26,632
Sundry debtors	134,493	166,058
	348,125	**318,384**

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

11. Other financial assets

	2013 $	2012 $
Term deposits	25,100,000	22,100,000
	25,100,000	**22,100,000**

Term deposits have stated interest rates of 3.70 to 4.10 percent (2012: 4.45 to 5.30 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 2013, there was interest income of $959,317 (2012: $1,065,390) in respect of financial assets not at fair value through profit and loss.

Notes to Financial Statements (continued)

12. Investment property

	2013 $	2012 $
Property		
Balance at 1 July	14,200,000	14,200,000
Fair value adjustment (refer below)	1,100,000	-
Balance at 30 June	15,300,000	14,200,000
	2013 **$**	**2012** **$**
Lease incentives		
Balance at 1 July	32,296	95,426
Amortisation of lease incentives	(30,323)	(63,130)
Balance at 30 June	1,973	32,296
	15,301,973	**14,232,296**

The carrying amount of investment properties is the fair value of the property at 30 June 2013 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 are as follows:

Offices	Yields	
Melbourne, Australia	7.61% - 9.33%	(2012: 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 four years. Some 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 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**
Balance at 1 July 2012	201,041	92,189	331,840	625,070
Acquisitions	10,671	-	-	10,671
Balance at 30 June 2013	**211,712**	**92,189**	**331,840**	**635,741**
Depreciation and impairment losses				
Balance at 1 July 2011	129,821	53,447	82,960	266,228
Depreciation expense for the year	18,167	8,591	16,592	43,350
Balance at 30 June 2012	**147,988**	**62,038**	**99,552**	**309,578**
Balance at 1 July 2012	**147,988**	**62,038**	**99,552**	**309,578**
Depreciation expense for the year	13,557	6,648	16,592	36,797
Balance at 30 June 2013	**161,545**	**68,686**	**116,144**	**346,375**
Carrying amounts				
At 1 July 2011	61,509	38,742	248,880	349,131
At 30 June 2012	**53,053**	**30,151**	**232,288**	**315,492**
At 1 July 2012	**53,053**	**30,151**	**232,288**	**315,492**
At 30 June 2013	**50,167**	**23,503**	**215,696**	**289,366**

14. Trade and other payables

	2013 $	2012 $
Sundry creditors	257,723	72,827
PAYG withholding tax payable	27,611	21,783
Tenant security deposit	67,505	67,505
	352,839	**162,115**

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

Notes to Financial Statements (continued)

15. Employee benefits

	2013 $	2012 $
Current liability		
Liability for long service leave	530,416	475,485
Liability for annual leave	284,982	239,646
	815,398	**715,131**
Non-current liability		
Liability for long-service leave	6,608	2,240
Present value of funded obligations	2,297,379	2,258,545
Fair value of plan assets - funded	(2,210,480)	(2,050,099)
Recognised liability for defined benefit obligations	86,899	208,446
	93,507	**210,686**
Non-current asset		
Present value of funded obligations	-	-
Fair value of plan assets - funded	-	-
Recognised (asset) for defined benefit obligations	-	-

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 2013 (30 June 2012: no decrease in the defined benefit asset).

The following tables analyse plan assets, present value of defined benefit obligations, expense recognised in profit or loss, actuarial assumptions and other information for the plan.

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

	2013 $	2012 $
Net liability/(asset) for defined benefit obligations at 1 July	208,446	(153,241)
Contributions paid into the plan	(151,751)	(115,846)
Amount recognised in other comprehensive income - actuarial (gains) losses	(103,565)	393,078
Expenses recognised in statement of comprehensive income with personnel expenses	133,769	84,455
Net liability/(asset) for defined benefit obligations at 30 June	**86,899**	**208,446**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Movement in the present value of the defined benefit obligations

	2013 $	2012 $
Defined benefit obligations at 1 July	2,258,545	2,046,200
Current service cost	130,495	93,275
Interest cost	72,912	96,138
Actuarial (gains)/ losses recognised in other comprehensive income (see below)	60,710	299,586
Benefits paid by the plan	(181,238)	(235,494)
Taxes, premium & expenses paid	(44,045)	(41,160)
Defined benefit obligations at 30 June	**2,297,379**	**2,258,545**

All benefits are vested at the end of the reporting period.

Movement in the present value of plan assets

	2013 $	2012 $
Fair value of plan assets at 1 July	2,050,099	2,199,441
Expected return on plan assets at discount rate	69,638	154,938
Actuarial gains/(losses) recognised in other comprehensive income (see below)	164,275	(143,472)
Contributions paid	151,751	115,846
Benefits paid	(181,238)	(235,494)
Taxes and expenses	(44,045)	(41,160)
Fair value of plan assets at 30 June	**2,210,480**	**2,050,099**

Expense recognised in profit or loss

	Note	2013 $	2012 $
Current service costs		130,495	93,275
Net interest costs		3,274	(8,820)
	18	**133,769**	**84,455**

Re-measurements of net defined benefit liability/asset

Loss/(Gain) on Defined Benefit Obligation	60,710	299,586
Loss/(Gain) on Assets	(164,275)	93,492
Other comprehensive (Income)/Expense	**(103,565)**	**393,078**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Actuarial gains (and losses) recognised in other comprehensive income

	2013 $	2012 $
Cumulative amount at 1 July	(676,207)	(283,129)
Recognised during the period	103,565	(393,078)
Cumulative amount at 30 June	**(572,642)**	(676,207)

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

	2013	2012
Australian Equity	24%	29%
International Equity	31%	25%
Fixed Income	12%	11%
Property	9%	9%
Cash	6%	9%
Other	18%	17%

Actuarial assumptions

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

	2013	2012
Discount rate at 30 June	3.75%	3.00%
Future salary increases	4.00%	3.75%

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	2013	2012
Additional DBO for a 1% decrease in the discount rate	(225)	(238)
Additional DBO for a 1% increase in the discount rate	220	232

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 July 2012 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Historical information

	2013	2012	2011	20010	2009
	$	$	$	$	$
Present value of the defined benefit obligation	2,297,379	2,258,545	2,046,200	2,122,605	1,954,063
Fair value of plan assets - funded	(2,210,480)	(2,050,099)	(2,199,441)	(2,210,909)	(2,136,211)
Recognised liability / (asset) for defined benefit obligation	**86,899**	**208,446**	**(153,241)**	**(88,304)**	**(182,148)**

Funding

The plan is fully funded by the Association. The funding requirements are based on the plan fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Employees are not required to contribute to the plan.

The Association expects to contribute $187,876 to its defined benefit superannuation funds during the year ended 30 June 2014.

16. Financial instruments

(a) Credit risk

Exposure to credit risk

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

		Carrying amount	
	Note	2013	2012
		$	$
Current			
Cash and cash equivalents	*9*	1,042,785	1,072,041
Receivables	*10*	348,125	318,384
Other financial assets	*11*	25,100,000	22,100,000
		26,490,910	**23,490,425**

Impairment losses

None of the Association's receivables are past due (2012: 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 2013 the Association does not have any collective impairments on its cash and cash equivalents, receivables or other financial assets (2012: nil). All receivables are in the Australia geographic region.

Notes to Financial Statements (continued)

16. Financial instruments (continued)

(b) 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 (2012: 3 months or less). The Association has adequate financial assets to meet these liabilities and assesses liquidity risk as minimal.

(c) 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 (2012: nil).

(d) 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
		2013	
			$
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	1.40%	1,042,785
Other financial assets (fixed rate)	*11*	3.91%	25,100,000
			26,142,785

		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

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 2012.

Notes to Financial Statements (continued)

16. Financial instruments (continued)

(d) Interest rate risk (continued)

	Profit or loss	
	100bp increase	100bp decrease
30 June 2013		
Cash management accounts	8,301	(8,301)
30 June 2012		
Cash management accounts	9,090	(9,090)

Fair values

The fair value of the Association's assets and liabilities as at 30 June 2013 approximate their carrying amounts shown in the statement of financial position.

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:

	2013 $	2012 $
Less than one year	793,068	786,297
Between one and five years	1,416,894	412,731
	2,209,962	**1,199,028**

During the year, $1,037,208 was recognised as rental income in profit or loss (2012: $1,327,591).

18. Personnel expenses

		2013 $	2012 $
Wages and salaries expense		1,047,743	951,446
Holiday leave expense		83,445	75,573
Long service leave provision (decrease) / increase		59,299	9,888
Payroll tax expense		57,407	51,668
Expenses related to defined benefit plan	*15*	133,769	84,455
Other superannuation expense		1,671	-
Workcover expense		10,267	7,185
Fringe benefits tax expense		10,580	12,307
		1,404,181	**1,192,522**

Notes to Financial Statements (continued)

19. Controlled entities

Parent entity

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

	2013	2012
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 2013 are nil, consolidated accounts are not prepared.

20. Reconciliation of cash flows from operating activities

	2013 $	2012 $
Profit for the period	3,766,659	3,581,544
Adjustment for:		
Amortisation of lease incentives	30,323	63,130
Depreciation	36,797	43,350
Fair value (increment) / decrement on investment property	(1,100,000)	-
Loss on disposal of property, plant and equipment	-	(115)
Actuarial (losses) recognised in equity on defined benefit plan	103,565	(393,078)
Operating profit before changes in working capital & provisions	**2,837,344**	**3,294,831**
Change in accrued income	(41,724)	65,984
Change in prepayments	(19,582)	93,484
Change in sundry debtors	31,565	(27,433)
Change in pension asset/ (liability)	(121,547)	361,687
Change in trade and other payables	190,724	(34,869)
Change in provisions and employee benefits	104,635	54,450
Net cash from operating activities	**2,981,415**	**3,808,134**

Notes to Financial Statements (continued)

21. Related party disclosures

Branches

The Association received from its branches the following income:

	Induction Materials Reimbursements		ACTU IR Campaign Levy Reimbursements		Affiliation fee contributions	
	2013	2012	2013	2012	2013	2012
	$	$	$	$	$	$
Newcastle	1,618	-	12,815	-	428,190	353,963
New South Wales	7,615	-	60,040	-	1,759,951	1,665,101
Queensland	4,413	-	37,179	-	1,100,233	1,061,123
South Australia	3,397	-	26,469	-	738,474	674,157
Tasmania	763	-	6,082	-	169,565	86,032
Victoria	6,043	-	48,692	-	1,390,841	1,304,094
Western Australia	2,726	-	20,802	-	621,445	606,713
	26,575	**-**	**212,079**	**-**	**6,208,699**	**5,751,183**

The amounts paid or payable by the Association to its branches for expenses incurred on it's behalf:

	Target seat coordinator employment reimbursements		Other expense reimbursements	
	2013	2012	2013	2012
	$	$	$	$
Newcastle	51,847	-	8,735	505
New South Wales	49,333	-	5,332	455
Queensland	108,238	-	-	5,825
South Australia	-	-	3,636	3,257
Tasmania	-	-	313	-
Victoria	12,977	-	35,734	-
Western Australia	7,112	-	75,128	-
	229,507	-	128,878	10,042

Affiliates

The Association made the following payments to its affiliates:

	2013	2012
	$	$
Affiliation fees		
ACTU affiliation fees	719,371	686,104
Union Network International affiliation fees	531,691	510,142
	1,251,062	1,196,246
Donations		
ACTU (Worksite For Schools program)	20,000	3,000
Union Network International (UNI APRO Activities Fund donation)	101,539	94,197
	121,539	97,197

The Association contributed $424,158 (2012:nil) towards the ACTU IR Campaign Fund, and also made total payments of $2,182 (2012: $7,565) for Association representatives to attend training courses and union dinners hosted by the ACTU.

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

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

Key management personnel remuneration

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 all are included as key management personnel. In addition to their salaries and fees, the Association also provides motor vehicles to the National Secretary-Treasurer and Assistant Secretary and contributes to a post-employment defined benefit superannuation fund on their behalf. National Executive Members are not paid by the Association, meaning there are only 4 remunerated officers of the Association

The Association pays or reimburses travel, accommodation and meal allowances for the National Officers and the National Executive Members whilst attending National Council and/or National Executive meetings or performing other Association duties. The National Officers and National Executive Members are allowed to keep any frequent flyer points or rewards earned as a result of such travel, the value of which cannot be determined.

Key management personnel compensation to the National Officers comprised:

	2013	2012 $
Short-term employee benefits	308,886	308,565
Post-employment benefits	37,328	35,979
Other long term benefits	6,221	5,997
	352,435	**350,541**

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

Key management personnel remuneration (continued)

The remuneration by officer comprised:

Key Management Personnel Remuneration for 2012	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$
Short-term employee benefits					
Salary (including annual leave taken)	-	-	[redacted]	[redacted]	239,859
Honorarium	[redacted]	[redacted]	-	-	8,500
Annual leave accrued	-	-	[redacted]	[redacted]	12,024
Non-monetary (motor vehicle & parking)	-	-	[redacted]	[redacted]	48,182
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	[redacted]	**308,565**
Post-employment benefits					
Superannuation	-	-	[redacted]	[redacted]	35,979
Total post-employment benefits	-	-	[redacted]	[redacted]	**35,979**
Other long-term benefits					
Long-service leave	-	-	[redacted]	[redacted]	5,997
Total other long-term benefits	-	-	[redacted]	[redacted]	**5,997**
Total	[redacted]	[redacted]	[redacted]	[redacted]	**350,541**

Key Management Personnel Remuneration for 2013					
Short-term employee benefits					
Salary (including annual leave taken)	-	-	[redacted]	[redacted]	248,854
Honorarium	[redacted]	[redacted]	-	-	8,500
Annual leave accrued	-	-	[redacted]	[redacted]	5,535
Non-monetary (motor vehicle & parking)	-	-	[redacted]	[redacted]	45,997
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	[redacted]	**308,886**
Post-employment benefits					
Superannuation	-	-	[redacted]	[redacted]	37,328
Total post-employment benefits	-	-	[redacted]	[redacted]	**37,328**
Other long-term benefits					
Long-service leave	-	-	[redacted]	[redacted]	6,221
Total other long-term benefits	-	-	[redacted]	[redacted]	**6,221**
Total	[redacted]	[redacted]	[redacted]	[redacted]	**352,435**

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.

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

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).

KPMG

Independent auditor's 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 2013, 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 Executive's responsibility for the financial report

The National Executive of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the National Executive determine is necessary to enable the preparation 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 of the financial report that gives a true and fair view 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 members of the National Executive, 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 Association's financial position and of its performance.

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 2013 presents fairly in accordance with applicable Australian Accounting Standards and other 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

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, the Shop Distributive and Allied Employees' Association N.S.W. Deductions Account Office Financial Report for the year ended 30 June, 2013 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 20th September, 2013.

- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 21st October 2013; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: J. deBruyn

Joseph de Bruyn

Date: 7th November, 2013

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 2013

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 2013

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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 2013

Resolved:

The National Executive ratifies the transfer of an amount of $4,656,347 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 2013.

Dated at Melbourne this 22nd day of August 2013

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

OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2013

Membership

Membership as at 30 June 2013 was 58,202 (2012: 57,909).

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

Principal activities

The principal activities of the reporting unit are preserving and enhancing the wages and working conditions of its members, and the promotion of the interests and rights of workers. In addition to industrial representation, members are also provided with a range of services and benefits.

New enterprise agreements were negotiated with a wide range of employers including Kmart, Big W, Woolworths Supermarkets, Target, Dick Smith, Bunnings 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 2013, there were 85 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 member of the Service Skills NSW Wholesale, Retail and Personal Services Committee.

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 2013, 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 2013

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 2013

Committee of Management (cont)

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

Gerard Dwyer	Joe de Bruyn
Committee of Management	*Committee of Management*

Dated at Melbourne this 22nd day of August 2013

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

STATEMENT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2013

On 22 August 2013 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) for the year ended 30 June 2013:

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

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

b) The financial statements and notes comply with the reporting guidelines of the General Manager of the Fair Work Commission;

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; and

   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; and

   iii) The financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

   iv) Where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

   v) Information has been furnished to any member of the reporting unit or to the General Manager of the Fair Work Commission, as the case may be, where information sought by the member or the General Manager of the Fair Work Commission was duly made under section 272 of the RO Act; and

   vi) No orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act.

f) In relation to recovery of wages activity:

   (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and

   (ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and

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

STATEMENT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2013

f) In relation to recovery of wages activity (cont):

(iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

(iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

(v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

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

Gerard Dwyer	Joe de Bruyn
Committee of Management	*Committee of Management*

Dated at Melbourne this 22nd day of August 2013

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

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

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 2013 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.

Joseph Grech

Joseph Paul Grech
Registered Company Auditor
Number 4327
Holder of Current Practicing Certificate and
Member of the Australian Institute of
Chartered Accountants Number 24310

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Dated at Sydney this 22nd day of August 2013

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue	2	17,251,311	17,287,800
Expenses	3,4		
Employee benefits expense		(7,107,901)	(6,854,745)
Depreciation expense		(803,617)	(771,584)
Commission paid		(1,430,799)	(1,442,038)
Contracting and consulting expenses		(505,702)	(407,102)
Insurance expenses		(485,335)	(315,415)
Legal and litigation expenses		(196,005)	(166,878)
Motor vehicle expenses		(487,940)	(472,117)
Printing, postage and stationery		(449,466)	(328,973)
Telephone expenses		(173,292)	(197,502)
Donations		(27,032)	(12,886)
NSW Branch expenses		(4,656,347)	(4,035,155)
Occupancy expenses		(1,165,492)	(1,000,671)
Accommodation and travel expenses		(196,756)	(242,280)
Surplus To EFA Campaign Acct		-	-
Other expenses		(348,064)	(452,592)
Profit before income tax		(782,437)	587,862
Income tax expense	1(d)	-	-
Profit attributable to members of the Association		(782,437)	587,862

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 2013

	Note	2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,121,079	8,201,215
Trade and other receivables	6	2,144,878	666,834
Prepayments	7	87,091	399,522
TOTAL CURRENT ASSETS		8,353,048	9,267,571
NON-CURRENT ASSETS			
Cash and cash equivalents	5	-	-
Prepayments	7	519,587	2,469
Property, plant and equipment	8	10,556,714	10,981,830
Investment property	9	18,397,676	17,724,549
TOTAL NON-CURRENT ASSETS		29,473,977	28,708,848
TOTAL ASSETS		37,827,025	37,976,419
CURRENT LIABILITIES			
Trade and other payables	10	976,399	399,424
Employee Benefits	11	2,142,824	2,074,127
TOTAL CURRENT LIABILITIES		3,119,223	2,473,551
NON-CURRENT LIABILITIES			
Employee Benefits	11	51,612	64,241
TOTAL NON-CURRENT LIABILITIES		51,612	64,241
TOTAL LIABILITIES		3,170,835	2,537,792
NET ASSETS		34,656,190	35,438,627
EQUITY			
Reserves	12	3,378,769	3,378,769
Retained earnings		31,277,421	32,059,858
TOTAL EQUITY		34,656,190	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 CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2013

	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1 July 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
Profit attributable to members of the Association	(782,437)	-	(782,437)
Fair value adjustments	-	-	-
Balance at 30 June 2013	31,277,421	-	34,656,190

No compulsory levies or voluntary contributions have been collected from members of the reporting unit.
No balances existed in during the year in any accounts, for compulsory levies or voluntary contributions.

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 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,388,074	16,566,392
Payments to suppliers and employees		(16,597,091)	(15,707,015)
Interest received		271,698	456,920
Rent received		1,368,935	1,188,687
Net cash provided by (used in) operating activities	14(a)	(568,384)	2,504,984
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		185,183	129,764
Purchase of investment property		(1,199,504)	(3,249,769)
Purchase of property, plant and equipment		(497,431)	(518,118)
Net cash provided by (used in) investing activities		(1,511,752)	(3,638,123)
Net increase/(decrease) in cash held		(2,080,136)	(1,133,139)
Cash at beginning of financial year		8,201,215	9,334,354
Cash at end of financial year	5	6,121,079	8,201,215

The accompanying notes form part of these financial statements.

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

RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Cash assets in respect of recovered money at beginning of year			
Receipts			
Amounts recovered from employers in respect of wages etc.		-	-
Interest received on recovered money		-	-
Total receipts		-	-
Payments			
Deductions of amounts due in respect of Membership for:			
12 months or less		-	-
Greater than 12 months		-	-
Deductions of donations or other contributions to accounts or funds of:			
The reporting unit:			
name of account		-	-
name of fund		-	-
Name of other reporting unit of the organisation:			
name of account		-	-
name of fund		-	-
Name of other entity:			
name of account		-	-
name of fund		-	-
Deductions of fees or reimbursement of Expenses		-	-
Payments to workers in respect of recovered Money		-	-
Total payments		-	-
Cash asset's in respect of recovered money at end of year		-	-
Number of workers to which the monies recovered relates		-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed			
Payable balance		-	-
Number of workers the payable relates to		-	-
Fund or account operated for recovery of wages		-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities at measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

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

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

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

(c) New Australian Accounting Standards
No accounting standard has been adopted earlier than the application date stated in the standard.
The accounting policies adopted are consistent with those of the previous financial year.

(d) Income Tax

Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).
Revenues, expenses and assets are recognised net of GST except:
• where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
• for receivables and payables.

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

Note 1: Summary of Significant Accounting Policies (cont)

(e) Income Tax (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows. No provision for income tax is necessary as Trade Unions are exempt from income tax under the Income Tax Assessment Act 1936, as amended.

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(g) Gains - Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

(h) Capitation fees and levies

Capitation fees and levies are to be recognised on an accrual basis and record as a revenue and/or expense in the year to which it relates.

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Note 1: Summary of Significant Accounting Policies (cont)

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.
The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.
Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.
Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(k) Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

(l) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, less any accumulated depreciation and impairment losses. Initially each class of property, plant and equipment is recognised at cost in the Statement of Financial Position,

Revaluations - Property

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Note 1: Summary of Significant Accounting Policies (cont)

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

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 asset are based on the following useful lives:

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

Note 1: Statement of Significant Accounting Policies (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.

(m)Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.
An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(n) Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.
The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(o) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Note 1: Statement of Significant Accounting Policies (cont)

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(p) Critical Accounting Estimates and Judgments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

Note 2: Revenue	**2013**	**2012**
	$	**$**
Operating activities		
- Membership Subscriptions	16,019,391	16,027,972
- Interest revenue	271,698	456,920
- Rental revenue from property	87,849	86,908
- Rental revenue from investment property	754,708	667,077
- Profit on disposal of plant and equipment	66,251	48,923
- Miscellaneous Income	51,414	-
- Compulsory Levies	-	-
- Donations or Grants	-	-
- Capitation Fees	-	-
Total Revenue	17,251,311	17,287,800

(a) Interest revenue from:		
- other persons	271,698	456,920
Total interest revenue	271,698	456,920

Note 3: Profit from Ordinary Activities

(a) Expenses		
Consideration paid to employers for payroll deductions	1,430,799	1,442,038
Capitation Fees	-	-
Affiliation Fees	-	-
Compulsory Levies	-	-
Conference and meeting expenses	85,984	95,611
Fees/Allowances – meeting and conferences	-	-
Grants or Donations	27,302	12,886
Legal costs	196,005	166,878
Penalties – via RO Act or RO Regulations	-	-
Depreciation of non-current assets		
- Buildings	236,313	211,505
- Plant and equipment	567,304	560,079
Total depreciation	803,617	771,584
Rental expense on operating leases		
- Minimum lease payments	349,249	363,044

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 3: Profit from Ordinary Activities (cont)	Note	2013 $	2012 $
Note 3b: Employee expenses			
Holders of office:			
Wages and salaries		278,103	258,194
Superannuation		59,879	57,018
Leave and other entitlements		2,663	19,173
Separation and redundancies		-	-
Other employee expenses		26,549	26,293
Subtotal employee expenses holders of office		**367,194**	**360,678**
Employees other than office holders:			
Wages and salaries		4,966,162	4,581,851
Superannuation		515,019	481,291
Leave and other entitlements		673,360	811,130
Separation and redundancies		-	-
Other employee expenses		586,166	619,795
Subtotal employee expenses employees other than office holders		**6,740,707**	**6,494,067**
Total employee expenses		**7,107,901**	**6,854,745**

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013**

	2013 $	2012 $
Note 4: Auditors' Remuneration		
Remuneration of the auditor of the Association for:		
- Auditing the financial report	47,500	47,200
Note 5: Cash and Cash Equivalents		
CURRENT		
Cash at bank and in hand	520,158	671,864
Short-term bank deposits	5,600,921	7,529,351
	6,121,079	8,201,215

The effective interest rate on short-term bank deposits was 3.76% (2012: 4.32%). These deposits have any average maturity of 32 (2012 -26 days).

NON-CURRENT		
Long-term bank deposits	-	-

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	6,121,079	8,201,215
Cash and cash equivalents – non-current	-	-
	6,121,079	8,201,215

Note 6: Trade and Other Receivables		
CURRENT		
Amount receivable from another reporting unit	-	-
Less Provision for doubtful debts from another reporting unit	-	-
Trade receivables	2,049,403	643,746
Other receivables	95,475	23,088
	2,144,878	666,834
Note 7: Prepayments		
CURRENT		
Prepayments	87,091	399,522
	87,091	399,522
NON-CURRENT		
Prepayments	519,587	2,469
	519,587	2,469

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013**

	2013	2012
	$	$
Note 8: Property, Plant and Equipment		
BUILDINGS		
Buildings at:		
- Independent valuation 2011 (Canberra)	826,500	826,500
- Independent valuation 2012 (Level 3, Quay Street)	3,990,000	3,990,000
- Independent valuation 2012 (Level 4, Quay Street)	3,610,000	3,610,000
- Independent valuation 2012 (Car Spaces)	1,026,000	1,026,000
Less accumulated depreciation	(41,325)	(20,663)
Total buildings	9,411,175	9,431,837
PLANT AND EQUIPMENT:		
Plant and equipment:		
At cost	3,538,893	3,527,136
Accumulated depreciation	(2,393,354)	(1,977,143)
Total plant & equipment	1,145,539	1,549,993
Total property, plant and equipment	10,556,714	10,981,830

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	9,431,837	1,549,993	10,981,830
Additions		497,431	497,431
Disposals		(118,930)	(118,930)
Revaluation increments/(decrements)		-	-
Depreciation expense	(20,662)	(782,955)	(803,617)
Carrying amount at the end of year	9,411,175	1,145,539	10,556,714

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

Note 9: Investment Property	2013	2012
	$	$
Property		
Balance at beginning of year	14,912,979	14,909,439
Additions – at cost	39,654	122,334
Fair value adjustments		-
Less: Incentive disclosed below (included in additions 2011)		(118,794)
Balance at end of year	14,952,633	14,912,979
Lease incentives		
Balance transfer from Property above		118,794
Additions – at cost	4,630,122	3,351,478
Amortisation of lease incentives	(1,185,079)	(658,702)
Balance at end of year	3,445,043	2,811,570
Total Investment Property	18,397,676	17,724,549

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.

Note 10: Payables	2013 $	2012 $
Note 10A: Trade Payables		
Amount payable to another reporting unit	-	-
Trade payables	921,730	371,567
Total trade payables	921,730	371,567
Note 10B: Other Payables		
Consideration to employers for payroll deductions	-	-
Legal costs	6,875	-
Sundry payables and accrued expenses	47,794	27,857
Total other payables	54,669	27,857
Total Payables	**976,399**	**399,424**

Note 11: Employee Benefits

	Employee Entitlements $	Total $
Opening balance at 1 July 2012	2,138,368	2,138,368
Additional provisions raised during year	56,068	56,068
Balance at 30 June 2013	2,194,436	2,194,436

Employee provisions in respect of holders of offices in the reporting unit

	2013 $	2012 $
Annual leave	64,281	80,378
Long service leave	151,715	133,247
Separation and redundancies	-	-
Other employee provisions	-	-
	215,996	213,625

Employee provisions in respect of employees (other than holders of offices) of the reporting unit

	2013 $	2012 $
Annual leave	769,885	828,020
Long service leave	1,208,555	1,096,723
Separation and redundancies	-	-
Other employee provisions	-	-
	1,978,440	1,924,743

Note 11: Employee Benefits (cont)

Analysis of Total Provisions

	2013	2012
	$	$
Current	2,142,824	2,074,127
Non-Current	51,612	64,241
	2,194,436	2,138,368

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:

	2013	2012
	$	$
Payable - minimum lease payments		
- Not later than 12 months	334,267	349,249
- Between 12 months and five years	530,325	578,048
- Greater than five years	-	-
	864,592	927,297

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

Note 13: Capital and Leasing Commitments (cont)

(b) Other Expenditure Commitments

	2013 $	2012 $
Other expenditure commitments contracted for:		
– Lease Incentive & Renovations	-	689,948
Payable		
– Not later than 12 months	-	689,948
- Between 12 months and five years	-	-
	-	689,948

Note 14A: Cash Flow Information

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

	2013 $	2012 $
Profit from ordinary activities after income tax	(782,437)	587,862
Non-cash flows in profit from ordinary activities		
Amortisation	526,375	434,702
Depreciation	803,617	771,584
Net (gain)/loss on disposal of plant and equipment	(66,251)	(48,923)
Changes in assets and liabilities		
Increase/(decrease) in employee benefits	56,068	252,025
(Increase)/decrease in trade and other receivables	(1,478,044)	531,920
(Increase)/decrease in prepayments	(204,687)	6,500
Increase/(decrease) in trade and other payables	576,975	(30,686)
	(568,384)	2,504,984

Note 14B: Cash Flow Information

Cash inflows		
Shop Distributive & Allied Employees Association Branch	-	-
Total cash inflows	-	-
Cash outflows		
Shop Distributive & Allied Employees Association Branch	4,656,347	4,035,155
Total cash outflows	**4,656,347**	**4,035,155**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

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 2013.

(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.

(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 2013 approximately 86.6% 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

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					
	2013 %	2012 %	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial Assets:												
Cash and cash equivalents	3.76	4.32	819,629	1,299,765	5,300,000	6,900,000	-	-	1,450	1,450	6,121,079	8,201,215
Trade and other receivables	-	-	-	-	-	-	-	-	2,144,878	666,834	2,144,878	666,834
Total Financial Assets			819,628	1,299,765	5,300,000	6,900,000	-	-	2,146,328	668,284	8,265,957	8,868,049
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	-	-	976,399	399,424	976,399	399,424
Total Financial Liabilities			-	-	-	-	-	-	976,399	399,424	976,399	399,424

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

	2013		2012	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial assets:				
Cash and cash equivalents	6,121,079	6,121,079	8,201,215	8,201,215
Trade and other receivables	2,144,878	2,144,878	666,834	666,834
	8,265,957	8,265,957	8,868,049	8,868,049
Financial liabilities:				
Trade and other payables	976,399	976,399	399,424	399,424
	976,399	976,399	399,424	399,424

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).

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Note 17: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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

Note 19: Acquisitions

The reporting unit has not acquired an asset or a liability during the financial year as a result of:
a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
b) a restructure of the branches of the organisation; or
c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

Note 20: Financial Support

The reporting unit does not provide financial support to any other reporting unit.
The reporting unit's ability to continue as a going concern is not reliant on the support of another reporting unit.
The reporting unit has not received financial support from another reporting unit.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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Note 21: Events after the reporting period

There were no events that occurred after 30 June 2013, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office.

**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

Report on the Financial Report

We have audited the financial report of Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office ("the Association") for the financial year ended 30 June 2013, consisting of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date, accompanying notes 1 to 20, the Operating Report and Committee of Management Statement. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

The financial Report has been prepared for distribution to the members of the Association for the purpose of fulfilling the requirements of subsections 265(1) and 265(5) of the Fair Work (Registered Organisations) Act 2009 in relation to the financial report and independent auditor's report.

Committee of Management's Responsibility for the Financial Report

The Committee of Management of the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and compliance with Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed and complied with the 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.

Audit Opinion

In our opinion the general purpose financial report is presented fairly in accordance with:

1. applicable Australian Accounting Standards (including the Australian Accounting Interpretations) and
2. in relation to recovery of wages activity:
    a. that the scope of the audit encompassed recovery of wages activity;
    b. that the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the general manager, including:
        i. any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
        ii. any donations or other contributions deducted from recovery money; and
3. any other requirements imposed by these reporting guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Joseph Grech

Joseph Paul Grech
Partner
Registered Company Auditor
Number 4327
Holder of Current Practicing Certificate and
Member of the Australian Institute of
Chartered Accountants Number 24310

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Dated at Sydney this 22nd day of August 2013