FairWork Commission

28 January 2015

Mr Gerard Dwyer
National Secretary-Treasurer
Shop, Distributive and Allied Employees Association
gerard@sda.org.au

CC: KPMG Attn: Antoni Cinanni by email: acinanni@kpmg.com.au
CC: Anthony Coles, accountant, by email: anthony@sda.org.au

Dear Mr Dwyer,

Shop, Distributive and Allied Employees Association
Financial Report for the year ended 30 June 2014 - [FR2014/223]

I acknowledge receipt of the financial report of the Shop, Distributive and Allied Employees Association. The documents were lodged with the Fair Work Commission on 6 November 2014. Further information was received from the organisation and the auditor on 16 December 2014 and 22 January 2015.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was 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 report for the year ending 30 June 2015 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 report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

Auditor's Declaration and Employee expenses and provisions

Thank you for the additional information provided by the organisation and the auditor. This included a breakdown of employee expenses and provisions between holders of office and employees other than holders of office in the categories required by the Reporting Guidelines. The efforts to obtain the superannuation information were appreciated.

A further declaration by the auditor was also received by the Commission. It arrived promptly following our request and the Commission will confirm that the declaration appears in next year's auditor's statement.

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

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process and timelines which explains the timeline requirements, and Diagrammatic summary of financial reporting timelines which sets out the timeline requirements in diagrammatical form.

As per prior correspondence, the requirement to lodge within 14 days of the meeting was not met.

The organisation provided an explanation concerning the length of the meeting involved and a possible postal delay. However, please note that in future financial years if the organisation is unable to lodge on time, 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.

Designated Officer's Certificate

The Designated Officer's Certificate states that the report was provided 'before' 19 September 2014. It is preferred that the organisation provide a precise date of provision. This is particularly important if the meeting is close to the provision date and the requisite timeframes need to be confirmed.

Affiliations, Capitation and Member Subscriptions

<u>Affiliations, Capitation and Member subscriptions</u>

The financial report contains 'affiliations' received from state branches.

The term affiliation under the Reporting Guidelines refers to a fee or periodic subscription 'paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters'.

This money appears to be more likely properly characterised as capitations. That is 'amounts which, under the rules of the organisation or a branch of the organisation, a reporting unit may receive from or pay to another reporting unit of the organisation, calculated in accordance with rules of the organisation or branch for the purpose of ongoing general administrative expenses.'

For future reports please consider whether this line item should have been identified as capitation revenue.

Additionally, if no member subscriptions are received directly by a reporting unit, the financial return must include a note to this effect either as a statement in the notes or a NIL line item within the report.

<u>Accrual accounting</u>

Capitation needs to be recognised on an accruals basis.

Section 252 of the RO Act places obligations upon reporting units to keep financial records. Under section 252(4) an organisation may *keep* the financial records for its membership subscriptions on a cash basis.

This is distinct from the obligation under section 253 to prepare a General Purpose Financial Report (GPFR). Section 253 requires that '…a reporting unit must cause a general purpose financial report to be *prepared*, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year…'. Paragraph 27 of Australian Accounting Standard *AASB101 Presentation of Financial Statements,* states that 'an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting'.

The notes to the financial statements state that 'affiliations' received from state branches are 'recognised on receipt'. In future please ensure that affiliations (or capitation) are brought to account on an accruals basis in accordance with the Australian Accounting Standards. It is further noted that this will result in a change of accounting policy that will need to be disclosed in accordance with AASB 108 (Accounting Policies, Changes in Accounting Estimates and Errors). You may need to discuss this with your auditor.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
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Fax: 03 9655 0410
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Mr Gerard Dwyer
National Secretary - Treasurer
Shop Distributive and Allied Employees Association
Level 3
8 Quay Street
Sydney NSW 200

Our ref SDA-LtrGDwyer-200115-AC

20 January 2015

Dear Gerard

Shop Distributive and Allied Employees Association ("SDA")
Financial report for the financial year ended 30 June 2014 (FR2014/223)

In reference to the letter from Fair Work Commission dated 14 January 2015, I confirm the following in respect of the 30 June 2014 financial year financial report of the Shop Distributive and Allied Employees Association ("SDA"):

1) I declare that, as part of the audit of the financial report for the financial year ended 30 June 2014, I have concluded that management's use of the going concern basis of accounting in the preparation of SDA's financial statements is appropriate.

2) I also declare that I am an approved auditor as defined in Regulation 4 of the RO Regulations dated 1 July 2013, specifically I am currently:

   - A member of the Institute of Chartered Accountants in Australia - member number 46581 dated 21 May 2002;
   - A registered company auditor - number 394346 dated 1 February 2011; and
   - Hold a Certificate of Public Practice with the ICAA dated 25 August 2010

Please contact me if you would like to discuss this further on 9288 5770.

Yours sincerely

Antoni Cinanni
Partner

Shop, Distributive & Allied Employees' Association

REGISTERED OFFICE: SIXTH FLOOR, 53 QUEEN STREET, MELBOURNE, 3000. TELEPHONE (03) 8611 7000 FAX (03) 8611 7099 EMAIL general@sda.org.au

NATIONAL PRESIDENT
Gerard Dwyer

NATIONAL SECRETARY
Joe de Bruyn

15th December, 2014

Catherine Bebbington
Regulatory Compliance Branch
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

Dear Catherine,

RE: Financial Report for the year ended 30 June 2014 – (FR2014/223)

With regard your enquiries of 3 December 2014, we can advise as follows:

Auditor's Report

The Association makes statements about the going concern basis of accounting in point (d) of the Committee of Management Statement on page 6 and again in Note 24: Economic Dependency on page 41. The auditors report on page 42 encompasses in it's responsibilities that it evaluates the appropriateness of accounting policies used by the Association, including the Statement made by the Committee of Management. The auditors opinion states the financial report presents fairly and in accordance with applicable Australian Accounting Standards. We and the auditors believe for the purposes of section 253 that the requirements of paragraph 39 of the 4th edition of the reporting guidelines are satisfied.

Employee expenses and provisions

The Association did not split the various payroll on-costs disclosed within "other employee expenses" of Note 19 due to the difficulty attributing such expenses between office holders and employees other than office holders, particularly superannuation expenses related to the defined benefit plan disclosed in great detail in Note 15. Notwithstanding this, we provide below a breakdown in the prescribed format using our best estimates and judgements:

Note 19. Personnel expenses

	2014 $	2013 $
Holders of office:		
Wages and salaries	238,288	229,712
Superannuation (including expenses related to defined benefit plan)	28,065	29,328
Leave and other entitlements	38,538	43,832
Separation and redundancies	-	-
Other employee expenses	26,045	25,417
Subtotal employee expenses - holders of office	330,936	328,289
Employees other than office holders:		
Wages and salaries	928,179	818,032
Superannuation (including expenses related to defined benefit plan)	110,839	106,112
Leave and other entitlements	108,990	98,911
Separation and redundancies	-	-
Other employee expenses	63,742	52,837
Subtotal employee expenses - employees other than office holders	1,211,750	1,075,892
Total employee expenses	**1,542,686**	**1,404,181**

The Association confirms for Note 15 for employee provisions to office holders and other employees, that there were no office holder and other employee provisions made for "Separation and redundancies" and "Other employee provisions" for the years ended 30 June 2013 and 30 June 2014 respectively.

Lodgement within 14 days

The Association presented the full Report to the annual general meeting of members, colloquially known as National Council, in the week beginning Monday 20th October 2014. Our designated officer's certificate however failed to indicate the meeting concluded Friday 24th October 2014, therefore lodgement did occur within the requisite 14 day window. Further, according to our records, the Designated Officer's Certificate was signed Wednesday 29th October 2014 and posted on Thursday 30th October 2014 – we do not know why the Fair Work Commission did not receive the full report until Thursday 6th November 2014, other than to suggest the postal delay may have been the result of the Melbourne Cup public holiday on Tuesday 4th November 2014 affecting delivery services that week.

If you have any further queries with regard the above, please do not hesitate to contact myself or Anthony Coles of this office.

Yours sincerely,

Gerard Dwyer
NATIONAL SECRETARY – TREASURER

FairWork Commission

3 December 2014

Mr Gerard Dwyer
National Secretary - Treasurer
Shop, Distributive and Allied Employees Association
gerard@sda.org.au

CC: KPMG Attn: Antoni Cinanni by email: acinanni@kpmg.com.au
CC: Anthony Coles, accountant, by email: anthony@sda.org.au

Dear Mr Dwyer,

Shop, Distributive and Allied Employees Association
Financial Report for the year ended 30 June 2014 - [FR2014/223]

I acknowledge receipt of the financial report of the Shop, Distributive and Allied Employees Association and the report for the NSW Deductions Account. The documents were lodged with the Fair Work Commission on 6 November 2014.

The financial report of the SDAEA National Office has not been filed. Further information is required prior to the report being filed.

Auditor's Report

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.

This omission was brought to the organisation's attention in last year's filing letter. Please have the auditor supply correspondence containing the requisite declaration.

Employee expenses and provisions

The notes relating to employee expenses and provisions have been modified as a result of the comments in last year's filing letter. While they address many of the concerns raised, further information is required.

Disclosure of employee expenses to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the statement of comprehensive Income or in the notes to the financial statements employee expenses to holders of office (item 16(f)) and employee expenses to other employees (item 16(g)). Item 16(f) and 16(g) of the reporting guidelines also require these expenses to be separately disclosed as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses.

The employee expense note to the financial statements has disclosed wages and salaries and leave and other entitlements separately for officer holders and employees, but does not separately disclose superannuation, separation and redundancies and other employee expenses provided for officers and employees.

The Reporting Guidelines require that all employee and office holder expenses be detailed separately (refer to items 16(f) and 16(g)).

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Please note that Reporting Guideline 17 states that if the activities identified in item 16 have not occurred in the reporting period, a statement of this effect must be included in the general purpose financial report. Please provide a breakdown of the expenses contained within the report as they relate to officers and other employees.

Disclosure of employee provisions to office holders and other employees

The Reporting Guidelines also require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 20(c) and 20 (d)). Item 20(c) and 20(d) of the reporting guidelines require these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

The employee provisions note to the financial statements has disclosed annual leave and long service leave separately for office holders and employees, but does not disclose separation and redundancies and other employee provisions provided for officers and employees.

The Reporting Guidelines require that all employee and office holder provisions be detailed separately (refer to items 20(c) and 20(d)).

Please note that Reporting Guideline 21 states that if the activities identified in item 20 have not occurred in the reporting period, a statement of this effect must be included in the general purpose financial report. Please provide a breakdown of these figures, or alternatively, please confirm that no provisions were made for these line items.

Lodgment within 14 days

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 of the committee of management. The Designated Officer's Certificate indicates that this meeting occurred on 20 October 2014. If this is correct the full report should have been lodged with the Fair Work Commission by 3 November 2014.

The full report was lodged on 6 November 2014.

If these dates are correct, the organisation should have applied for an extension of time to lodge the required reports and the designated officer's certificate in accordance with section 268 of the RO Act. No request for an extension of time was received. Last year's report was also lodged late and the issue of the 14 days was outlined in the filing letter. Please provide an explanation as to why the 2014 report was lodged outside of the 14 day window.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
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Shop, Distributive & Allied Employees' Association

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NATIONAL PRESIDENT
Joe de Bruyn

NATIONAL SECRETARY
Gerard Dwyer

RECEIVED
06 NOV 2014
FAIR WORK COMMISSION
VICTORIA

DESIGNATED OFFICER'S CERTIFICATE

S268 Fair Work (Registered Organisations) Act 2009

I **GERARD DWYER,** 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 for Shop, Distributive and Allied Employees' Association, Annual Financial Report – 30 June, 2014 referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

- That the full Report was provided to members before 19th September, 2014.

- That the full Report was presented to a meeting of the Committee of Management of the reporting unit on 20th October, 2014, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: G Dwyer ....
GERARD DWYER
National Secretary-Treasurer

Dated: 29 October, 2014

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SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 JUNE 2014

Contents

Operating Report

For the year ended 30 June 2014

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 2014 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2014 was 209,838 (2013: 213,075).

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 Hungry Jacks, the Just Group, Villeroy & Boch, Domino's Pizza, Myer, Priceline, Noni B, Dulux, Red Rooster, Chicken Treat, Bras & Things, Lovisa, Masters, Coles Liquor and Specialty Fashion Group. These agreements all resulted in improved wages and working conditions for the employees covered by them.

The Association continues its defence of penalty rates in its major awards and also protects 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 was successful in achieving the adult rate at 20 years in the General Retail Industry Award.

The Association has also actively opposed legislation by the Abbott Government to take away basic entitlements of workers since its election to office on 7 September, 2013 and, particularly, various regressive provisions aimed against low paid workers in the 2014/2015 Federal Budget.

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2014, there were 14 persons employed by the national office of the Association (2013: 16).

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 2014, 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	Mr Gerard Dwyer
Mr Ian Blandthorn	Mr Michael Donovan
Mr Geoff Williams	Mr Peter Malinauskas
Ms Sue-Anne Burnley	Ms Julia Fox

6. SDA Report to the Workplace Gender Equality Agency

The Shop, Distributive and Allied Employees' Association, as required by the *Workplace Gender Equality Act 2013*, lodged its public report for the reporting year 2013-2014, to the Workplace Gender Equality Agency, on the 29th May 2014. The report is available on the SDA National website at www.sda.org.au

Operating Report (continued)

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).

Dated at the Gold Coast this 18th day of August, 2014

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 18th August 2014 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 41 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 8 to 41 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 2014;

(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 2014 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 and no revenue derived.

Dated at the Gold Coast this 18th day of August, 2014

G Dwyer
Gerard Dwyer
National President

J. de Bruyn
Joseph de Bruyn
National Secretary-Treasurer

Certificate by National Secretary-Treasurer

I, Joseph de Bruyn, being the officer responsible for keeping the accounting records of the Association certify that as at 30 June 2014 the number of members of the Association was 209,838.

In my opinion:

(i) the accompanying financial report set out on pages 8 to 41 presents a true and fair view of the financial position of the Association as at 30 June 2014;

(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 the Gold Coast this 18th day of August, 2014

J. de Bruyn

Joseph de Bruyn
National Secretary-Treasurer

Statement of Financial Position

As at 30 June 2014	Note	2014	2013
		$	$
Assets			
Cash and cash equivalents	9	1,460,407	1,042,785
Receivables	10	428,286	348,125
Other financial assets	11	25,300,000	25,100,000
Total current assets		27,188,693	26,490,910
Investment property	12	15,300,000	15,301,973
Property, plant and equipment	13	316,199	289,366
Employee benefits	15	470,908	-
Total non-current assets		16,087,107	15,591,339
TOTAL ASSETS		**43,275,800**	**42,082,249**
Liabilities			
Trade and other payables	14	406,915	352,839
Employee benefits	15	878,835	815,398
Total current liabilities		1,285,750	1,168,237
Employee benefits	15	13,870	93,507
Total non-current liabilities		13,870	93,507
TOTAL LIABILITIES		**1,299,620**	**1,261,744**
NET ASSETS		**41,976,180**	**40,820,505**
Equity			
Retained earnings		41,976,180	40,820,505
TOTAL EQUITY		**41,976,180**	**40,820,505**

The notes on pages 12 to 41 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014	Note	2014	2013
		$	$
Income			
Affiliation fee contributions	21	4,852,875	6,208,699
		4,852,875	6,208,699
Other income	7	1,966,088	2,410,754
		6,818,963	**8,619,453**
Expenditure			
53 Queen St, Melbourne - direct operating expenses		532,405	480,541
ACTU IR Campaign Levy	21	431,178	424,158
Affiliation fees	21	1,491,938	1,251,062
Auditors' remuneration	8	24,284	27,465
Campaigning expenses		560,657	231,249
Delegates expenses		360,213	205,334
Depreciation	13	42,462	36,797
Donations		792,094	222,039
Legal expenses		150,078	479,654
Meeting expenses		225,594	199,130
Office & administration expenses		133,604	127,566
Other expenses		540,338	564,437
Personnel expenses	19	1,542,686	1,404,181
Travel expenses		155,172	158,498
Total Expenses		**6,982,703**	**5,812,111**
Result from Operating Activities		**(163,740)**	**2,807,342**
Finance income			
Interest income	11	812,098	959,317
		812,098	959,317
Income tax expense	4(k)	-	-
PROFIT FOR THE PERIOD		**648,358**	**3,766,659**
Other comprehensive income			
Defined benefit plan actuarial gains (losses)	15	507,317	103,565
Income tax on other comprehensive income	4(k)	-	-
		507,317	103,565
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,155,675**	**3,870,224**

The notes on pages 12 to 41 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2014	*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 (losses), 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**

		Retained earnings $	Total equity $
Balance at 1 July 2013		40,820,505	40,820,505
Total comprehensive income for the period			
Profit for the period		648,358	648,358
Other comprehensive income			
Defined benefit plan actuarial gains, net of tax	*15*	507,317	507,317
Total comprehensive income for the period		1,155,675	1,155,675
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2014		**41,976,180**	**41,976,180**

The notes on pages 12 to 41 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2014	Note	2014 $	2013 $
Cash flows from operating activities			
Cash receipts from operations		7,385,454	8,306,120
Cash paid to suppliers and employees		(7,545,670)	(6,242,298)
Cash generated from operations		(160,216)	2,063,822
Interest received		845,748	917,593
Net cash from operating activities	20	**685,532**	**2,981,415**
Cash flows from investing activities			
Acquisition of term deposits		(200,000)	(3,000,000)
Acquisition of property, plant and equipment	13	(69,295)	(10,671)
Proceeds on sale of property, plant and equipment		1,385	-
Net cash from/(used in) investing activities		**(267,910)**	**(3,010,671)**
Cash flows from financing activities			
Net cash from/(used in) financing activities		-	-
Net increases/(decreases) in cash and cash equivalents		417,622	(29,256)
Cash and cash equivalents at 1 July		1,042,785	1,072,041
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	**1,460,407**	**1,042,785**

The notes on pages 12 to 41 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 2014 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 18th August 2014.

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.

(i) Judgements

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

- Note 12 – valuation and classification of investment property.
- Note 17 – lease classification.

Notes to Financial Statements (continued)

2. Basis of Preparation (continued)

d) Use of estimates and judgements (continued)

(ii) Assumptions and estimation uncertainties

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: key actuarial assumptions.

Measurement of fair values

A number of the Association's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Association has an established control framework with respect to the measurement of fair values. Significant fair value measurements are overseen and reviewed regularly, including unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Association assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASBs, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reviewed by the Association's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Association uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Association recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12 – investment property.

Notes to Financial Statements (continued)

3. Changes in accounting policies

Except for the changes below, the Association has consistently applied the accounting policies set out in Note 4 for all periods presented in these financial statements. The Association has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

(i) Employee benefits

In the current year, the Company adopted AASB 119 Employee benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. As a result of the change, the annual leave liability for certain of the Association's employees is now considered to be another long-term employee benefit, when previously it was a short-term benefit.

The Company's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise. The Company has applied the new policy retrospectively in accordance with the transitional provision of the standard. The impact on the comparative figures and opening statement of financial position of the earliest comparative period presented (1 July 2012) is not material.

The Association early adopted the changes in respect of the defined benefit plan accounting policy in the prior financial year and as a result there are no further changes to accounting policy required.

(ii) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by others AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Association has included additional disclosures in this regard (see Notes 12 and 16).

In accordance with the transitional provisions of AASB 13, the Association has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the abve, the changes had no significant impact on the measurements of the Association's assets and liabilities.

Notes to Financial Statements (continued)

4. 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 3.

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 4e(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 4e(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 Association in the management of short-term commitments.

Notes to Financial Statements (continued)

4. 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.

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.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 6-20 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)

4. 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)

4. 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

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 the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Association, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Association 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 then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Association recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes to Financial Statements (continued)

4. 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. Amounts that are expected to be settled beyond 12 months are measured in accordance with long term benefits.

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)

4. 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)

4. 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 2013, 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 July 2015 with early adoption permitted. The extent of the impact has not been determined by the Association.

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 (2013: no impairment loss).

(ii) Cash and cash equivalents

The Group held cash and cash equivalents of $1,460,407 at 30 June 2014 (2013: $1,042,785), 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	2014 $	2013 $
53 Queen Street, Melbourne - Rental income from investment property	17	1,093,609	1,037,208
53 Queen Street, Melbourne - Fair value increment	12	-	1,100,000
ACTU trust distributions		100,609	-
Branch Reimbursements	21	582,388	238,654
CARE director's fees		53,543	34,892
REST director's fees	21	134,554	-
Other income		1,385	-
		1,966,088	**2,410,754**

8. Auditor's remuneration

	2014 $	2013 $
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	24,284	27,465
	24,284	27,465
Other services		
Auditors of the Association		
KPMG Australia:		
Other assurance services	2,460	6,616
	2,460	6,616
TOTAL AUDITORS' REMUNERATION	**26,744**	**34,081**

9. Cash and cash equivalents

	Note	2014 $	2013 $
Cash at bank		138,487	145,206
Cash management accounts		1,197,222	830,074
Term deposits		124,698	67,505
		1,460,407	**1,042,785**

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	2014	2013
		$	$
Cash and cash equivalents		1,460,407	1,042,785
		1,460,407	**1,042,785**

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

10. Receivables

	2014	2013
	$	$
Accrued interest income	133,768	167,418
Prepayments	56,496	46,214
Sundry debtors (includes related parties - note 21)	238,022	134,493
	428,286	**348,125**

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

11. Other financial assets

	2014	2013
	$	$
Term deposits	25,300,000	25,100,000
	25,300,000	**25,100,000**

Term deposits have stated interest rates of 3.40 percent (2013: 3.70 to 4.10 percent) and mature in 120 days or more.

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

During the year ended 30 June 2014, there was interest income of $812,098 (2013: $959,317) in respect of financial assets not at fair value through profit and loss.

12. Investment property

(a) Reconciliation of carrying amount

Investment property comprises a commercial property located at 53 Queen Street, Melbourne. The Association retains possession of levels 6 and 7 as its registered head office and leases the remaining floors to third parties. Each of the leases contains an initial non-cancellable period of a minimum of three years, with fixed percentage annual rent increases. Some lease incentives were paid and are being amortised over the period of the leases. Subsequent renewals are negotiated with the lessee and on average renewal periods are 4 years. No contingent rents are paid. Further information about these leases are contained in Note 17.

Notes to Financial Statements (continued)

12. Investment property (continued)

(a) Reconciliation of carrying amount (continued)

	2014 $	2013 $
Property		
Balance at 1 July	15,300,000	14,200,000
Fair value adjustment (refer below)	-	1,100,000
Balance at 30 June	15,300,000	15,300,000

	2014 $	2013 $
Lease incentives		
Balance at 1 July	32,296	32,296
Amortisation of lease incentives	(32,296)	(30,323)
Balance at 30 June	-	1,973
	15,300,000	15,301,973

(b) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Association's investment property at least every two years. 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.

The fair value measurement for investment property of $15,300,000 was determined at 30 June 2013 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. The Officers of the Association maintained the fair value of $15,300,000 at 30 June 2014 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 fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 fair value – valuation technique and significant unobservable inputs

The following shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique

Capitalisation approach: The valuation model involves estimating the potential sustainable Gross Market Income of a property from which annual outgoings are deducted to derive the Net Market Income. This Net Market Income is then capitalised at an appropriate rate derived from analysis of comparable sales evidence. Adjustments to the capitalised value are then made for items including profit rent/shortfall derived from passing rents which are above or below market, letting up allowance over vacant areas including foregone rental and outgoings over the assumed letting up period and outstanding lease incentives including rent free periods.

Notes to Financial Statements (continued)

12. Investment property (continued)

(b) Measurement of fair value (continued)

Significant unobservable inputs

- Capitalisation rate (7.75%).

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- The capitalisation rate were lower (higher).

13. Property, plant and equipment

Cost	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
	$	$	$	$
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**
Balance at 1 July 2013	211,712	92,189	331,840	635,741
Acquisitions	7,418	-	61,877	69,295
Impairments	(32,507)	-	-	(32,507)
Balance at 30 June 2014	**186,623**	**92,189**	**393,717**	**672,529**
Depreciation and impairment losses				
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**
Balance at 1 July 2013	161,545	68,686	116,144	346,375
Depreciation expense for the year	14,754	5,153	22,555	42,462
Impairments	(32,507)	-	-	(32,507)
Balance at 30 June 2014	**143,792**	**73,839**	**138,699**	**356,330**
Carrying amounts				
At 1 July 2012	**53,053**	**30,151**	**232,288**	**315,492**
At 30 June 2013	**50,167**	**23,503**	**215,696**	**289,366**
At 1 July 2013	**50,167**	**23,503**	**215,696**	**289,366**
At 30 June 2014	**42,831**	**18,350**	**255,018**	**316,199**

Notes to Financial Statements (continued)

14. Trade and other payables

	2014 $	2013 $
Sundry creditors	250,896	257,723
PAYG withholding tax payable	31,321	27,611
Tenant security deposit	124,698	67,505
	406,915	**352,839**

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

15. Employee benefits

	2014 $	2013 $
Current liability		
Office holders		
Liability for long service leave	308,239	289,558
Liability for annual leave	90,289	84,935
	398,528	374,493
Employees other than office holders		
Liability for long service leave	267,539	240,858
Liability for annual leave	212,768	200,047
	480,307	440,905
	878,835	**815,398**
Non-current liability		
Employees other than office holders		
Liability for long-service leave	13,870	6,608
Office holders and other employees		
Present value of funded obligations	-	2,297,379
Fair value of plan assets - funded	-	(2,210,480)
Recognised liability for defined benefit obligations	-	86,899
	13,870	**93,507**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

	2014 $	2013 $
Non-current asset		
Office holders and other employees		
Present value of funded obligations	2,463,350	-
Fair value of plan assets - funded	(2,934,258)	-
Recognised (asset) for defined benefit obligations	**(470,908)**	-

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 office holders and other 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 2014 (30 June 2013: 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:

	2014 $	2013 $
Net liability/(asset) for defined benefit obligations at 1 July	86,899	208,446
Contributions paid into the plan	(187,876)	(151,751)
Amount recognised in other comprehensive income - actuarial (gains) losses	(507,317)	(103,565)
Expenses recognised in statement of comprehensive income with personnel expenses	137,386	133,769
Net liability/(asset) for defined benefit obligations at 30 June	**(470,908)**	**86,899**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Movement in the present value of the defined benefit obligations

	2014 $	2013 $
Defined benefit obligations at 1 July	2,297,379	2,258,545
Current service cost	137,686	130,495
Interest cost	94,784	72,912
Actuarial (gains)/ losses recognised in other comprehensive income (see below)	24,373	60,710
Benefits paid by the plan	(41,825)	(181,238)
Taxes, premium & expenses paid	(49,047)	(44,045)
Defined benefit obligations at 30 June	**2,463,350**	**2,297,379**

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

Movement in the present value of plan assets

	2014 $	2013 $
Fair value of plan assets at 1 July	2,210,480	2,050,099
Expected return on plan assets at discount rate	95,084	69,638
Actuarial gains/(losses) recognised in other comprehensive income (see below)	531,690	164,275
Contributions paid	187,876	151,751
Benefits paid	(41,825)	(181,238)
Taxes and expenses	(49,047)	(44,045)
Fair value of plan assets at 30 June	**2,934,258**	**2,210,480**

Expense recognised in profit or loss

	Note	2014 $	2013 $
Current service costs		137,686	130,495
Net interest costs		(300)	3,274
	18	**137,386**	**133,769**

Re-measurements of net defined benefit liability/asset

	2014	2013
Loss/(Gain) on Defined Benefit Obligation	24,373	60,710
Loss/(Gain) on Assets	(531,690)	(164,275)
Recognised in Other comprehensive (income)/expense	**(507,317)**	**(103,565)**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Actuarial gains (and losses) recognised in other comprehensive income

	2014 $	2013 $
Cumulative amount at 1 July	(572,642)	(676,207)
Recognised during the period	507,317	103,565
Cumulative amount at 30 June	**(65,325)**	**(572,642)**

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

	2014	2013
Australian Equity	20%	24%
International Equity	30%	31%
Fixed Income	10%	12%
Property	11%	9%
Cash	6%	6%
Other	23%	18%

Actuarial assumptions

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

	2014	2013
Discount rate at 30 June	3.50%	3.75%
Future salary increases	4.00%	4.00%

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.

	2014	2013
Additional DBO for a 1% decrease in the discount rate	(248)	(225)
Additional DBO for a 1% increase in the discount rate	171	220

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 2013 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

	2014 $	2013 $	2012 $	2011 $	2010 $
Present value of the defined benefit obligation	2,463,350	2,297,379	2,258,545	2,046,200	2,122,605
Fair value of plan assets - funded	(2,934,258)	(2,210,480)	(2,050,099)	(2,199,441)	(2,210,909)
Recognised liability / (asset) for defined benefit obligation	**(470,908)**	**86,899**	**208,446**	**(153,241)**	**(88,304)**

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 $134,121 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:

	Note	Carrying amount 2014 $	2013 $
Current			
Cash and cash equivalents	9	1,460,407	1,042,785
Receivables	10	428,286	348,125
Other financial assets	11	25,300,000	25,100,000
		27,188,693	**26,490,910**

Impairment losses

None of the Association's receivables are past due (2013: 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 2014 the Association does not have any collective impairments on its cash and cash equivalents, receivables or other financial assets (2013: 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 (2013: 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 (2013: 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
		2014	
			$
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	1.28%	1,460,407
Other financial assets (fixed rate)	*11*	3.40%	25,300,000
			26,760,407
		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

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 2013.

Notes to Financial Statements (continued)

16. Financial instruments (continued)

(d) Interest rate risk (continued)

	Profit or loss	
	100bp increase	**100bp decrease**
30 June 2014		
Cash management accounts	11,972	(11,972)
30 June 2013		
Cash management accounts	8,301	(8,301)

Fair values

The fair value of the Association's assets and liabilities as at 30 June 2014 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:

	2014 $	2013 $
Less than one year	960,983	793,068
Between one and five years	1,908,029	1,416,894
More than five years	437,479	-
	3,306,491	**2,209,962**

During the year, $1,093,609 was recognised as rental income in profit or loss (2013: $1,037,208).

18. Controlled entities

Parent entity

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

	2014	2013
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 2014 are nil, consolidated accounts are not prepared.

Notes to Financial Statements (continued)

19. Personnel expenses

		2014 $	2013 $
Holders of office:			
Wages and salaries expense		238,288	229,712
Holiday leave expense		19,857	19,142
Long service leave provision (decrease) / increase		18,681	24,690
Subtotal employee expenses - holders of office		276,826	273,544
Employees other than office holders:			
Wages and salaries expense		928,179	818,032
Holiday leave expense		75,046	64,302
Long service leave provision (decrease) / increase		33,944	34,609
Subtotal employee expenses - employees other than office holders		1,037,169	916,943
Other employee expenses			
Payroll tax expense		66,353	57,407
Expenses related to defined benefit plan	*15*	137,386	133,769
Other superannuation expense		1,518	1,671
Workcover expense		13,753	10,267
Fringe benefits tax expense		9,681	10,580
Subtotal - Other employee expenses		**228,691**	**213,694**
Total employee expenses		**1,542,686**	**1,404,181**

20. Reconciliation of cash flows from operating activities

	2014 $	2013 $
Profit for the period	648,358	3,766,659
Adjustment for:		
Amortisation of lease incentives	1,973	30,323
Depreciation	42,462	36,797
Fair value (increment) / decrement on investment property	-	(1,100,000)
(Profit)/Loss on disposal of property, plant and equipment	(1,385)	-
Actuarial gains/(losses) recognised in equity on defined benefit plan	507,317	103,565
Operating profit before changes in working capital & provisions	**1,198,725**	**2,837,344**
Change in accrued income	33,650	(41,724)
Change in prepayments	(10,282)	(19,582)
Change in sundry debtors	(103,529)	31,565
Change in pension asset/ (liability)	(557,807)	(121,547)
Change in trade and other payables	54,076	190,724
Change in provisions and employee benefits	70,699	104,635
Net cash from operating activities	**685,532**	**2,981,415**

Notes to Financial Statements (continued)

21. Related party disclosures

Branches

The Association received from its branches the following income:

	Affiliation fee contributions 2014	Affiliation fee contributions 2013
	$	$
Newcastle	(325,034)	428,190
New South Wales	1,556,083	1,759,951
Queensland	966,173	1,100,233
South Australia	646,391	738,474
Tasmania	170,595	169,565
Victoria	1,233,062	1,390,841
Western Australia	605,605	621,445
	4,852,875	**6,208,699**

The Association received from its branches the following expense reimbursements:

2014	ACTU IR Campaign Levy	ALP Election Donation	100% Pay - Week of Action	Induction Materials	Intranet	TOTAL
	$	$	$	$	$	$
Newcastle	13,128	15,224	4,871	-	2,324	**35,547**
New South Wales	61,772	71,632	22,922	-	10,058	**166,384**
Queensland	35,798	41,512	13,284	-	5,829	**96,423**
South Australia	27,560	31,959	10,227	-	4,831	**74,577**
Tasmania	6,192	7,180	2,298	-	1,018	**16,688**
Victoria	49,026	56,851	18,192	-	8,730	**132,799**
Western Australia	22,113	25,642	8,206	-	4,009	**59,970**
	215,589	**250,000**	**80,000**	**-**	**36,799**	**582,388**

2013	ACTU IR Campaign Levy	ALP Election Donation	100% Pay - Week of Action	Induction Materials	Intranet	TOTAL
	$	$	$	$	$	$
Newcastle	12,815	-	-	1,618	-	**14,433**
New South Wales	60,040	-	-	7,615	-	**67,655**
Queensland	37,179	-	-	4,413	-	**41,592**
South Australia	26,469	-	-	3,397	-	**29,866**
Tasmania	6,082	-	-	763	-	**6,845**
Victoria	48,692	-	-	6,043	-	**54,735**
Western Australia	20,802	-	-	2,726	-	**23,528**
	212,079	**-**	**-**	**26,575**	**-**	**238,654**

At 30 June 2014, amounts of $2,135+GST and $981+GST were owed by the Victoria and Western Australia branches respectively with regard intranet expense reimbursements above (2013: $nil). These amounts are included in sundry debtors in note 10.

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

Branches (continued)

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	
	2014	2013	2014	2013
	$	$	$	$
Newcastle	18,416	51,847	1,305	8,735
New South Wales	45,000	49,333	50,355	5,332
Queensland	51,597	108,238	3,716	-
South Australia	-	-	37,261	3,636
Tasmania	-	-	-	313
Victoria	22,716	12,977	339	35,734
Western Australia	13,278	7,112	1,666	75,128
	151,[illegible]	229,507	94,642	128,878

Affiliates

The Association received trust distribution income of $100,609 (2013: nil) from the ACTU as an affiliate. In accordance with the ACTU "Constitution, Rules and Standing Orders" this amount was acquitted by the ACTU as additional affiliation fees, included below.

The Association made the following payments to its affiliates:

	2014	2013
	$	$
Affiliation fees		
ACTU affiliation fees	850,219	719,371
Union Network International affiliation fees	641,719	531,691
	1,491,9[illegible]	1,251,062
Donations		
ACTU (ITUC Congress Fundraising)	500	-
ACTU (Worksite For Schools program)	12,500	20,000
ALP (2013 Federal Election Campaign)	500,000	-
ALP (Shorten Leadership Campaign)	10,000	-
ALP (WA Branch Senate Election Campaign)	50,000	-
Union Network International (UNI APRO Activities Fund donation)	118,494	101,539
	691,494	121,539

Campaign levy

The Association contributed $431,178 (2013: $424,158) towards the ACTU IR Campaign Fund, and also made total payments of $4,965 (2013: $2,182) to the ACTU for legal, consulting and training.

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. As the National Executive Members are not paid by the Association, there are only 4 remunerated officer holders 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:

	2014	2013 $
Short-term employee benefits	316,843	308,886
Post-employment benefits	49,316	37,328
Other long term benefits	6,454	6,221
	372,613	**352,435**

Note 15 discloses liabilities for annual leave and long service leave for office holders.

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 2013	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$
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**

Key Management Personnel Remuneration for 2014	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$
Short-term employee benefits					
Salary (including annual leave taken)	-	-	[redacted]	[redacted]	258,145
Honorarium	[redacted]	[redacted]	-	-	8,500
Annual leave accrued	-	-	[redacted]	[redacted]	4,220
Non-monetary (motor vehicle & parking)	-	-	[redacted]	[redacted]	45,978
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	[redacted]	**316,843**
Post-employment benefits					
Superannuation (defined benefit)	-	-	[redacted]	[redacted]	38,722
Superannuation (REST SG payments)	-	-	[redacted]	[redacted]	10,594
Total post-employment benefits	-	-	[redacted]	[redacted]	**49,316**
Other long-term benefits					
Long-service leave	-	-	[redacted]	[redacted]	6,454
Total other long-term benefits	-	-	[redacted]	[redacted]	**6,454**
Total	[redacted]	[redacted]	[redacted]	[redacted]	**372,613**

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

Key management personnel remuneration (continued)

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

Other related parties

Contributions to a post-employment defined benefit fund managed by the Retail Employees' Superannuation Trust ("REST") on behalf of employees are disclosed in note 15.

The Association receives director fees from REST for the services performed by three representatives of the Association, Mr Joseph de Bruyn, Mr Ian Blandthorn and Ms Sue-Anne Burnley. These are disclosed in note 7. The directors personally receive Superannuation Guarantee (SG) payments from REST for the director fees, these are disclosed in post-employment benefits in note 21 for key management personnel.

21. 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.

22. 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).

24. Economic Dependency

The Association is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis (as noted in the Committee of Management Statement). The Association has not agreed to provide financial support to ensure another reporting unit, branch or affiliate has the ability to continue as a going concern.

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 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended Operating Report, the Committee of Management Statement and Certificate by the National Secretary-Treasurer. on that date, notes 1 to 24 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 and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the National 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.

Independence

In conducting our audit we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

In our opinion the Shop, Distributive and Allied Employees' Association general purpose financial report for the year ended 30 June 2014 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

19th August, 2014

Lead auditor's independence declaration to the members of the Shop, Distributive and Allied Employees' Association

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Antoni Cinanni
Partner
Melbourne

18th August, 2014

FR 2014/223

Shop, Distributive & Allied Employees' Association

LEVEL 6, 53 QUEEN STREET, MELBOURNE 3000 P| 03 8611 7000 F| 03 8611 7099 E| general@sda.org.au ABN| 99 789 302 470

NATIONAL PRESIDENT
Joe de Bruyn

NATIONAL SECRETARY
Gerard Dwyer

RECEIVED
06 NOV 2014
FAIR WORK COMMISSION VICTORIA

DESIGNATED OFFICER'S CERTIFICATE

S268 Fair Work (Registered Organisations) Act 2009

I **GERARD DWYER**, 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 for Shop, Distributive and Allied Employees' Association, N.S.W. Deductions Account Office, Financial Report for the year ended 30 June, 2014 referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

- That the full Report was provided to members before 19th September, 2014.

- That the full Report was presented to a meeting of the Committee of Management of the reporting unit on 20th October, 2014, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: G. Dwyer ....
GERARD DWYER
National Secretary-Treasurer

Dated: 29 October, 2014

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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 2014

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 2014

CONTENTS

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 2014

Resolved:

The National Executive ratifies the transfer of an amount of $3,893,894 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 2014.

Dated at the Gold Coast this 18th day of August 2014

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 2014, 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 18, the Operating Report and Committee of Management Statement. The Committee of Management is 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 Association.

The financial Report has been prepared for distribution to the members of the Association for the purpose of fulfilling the requirements of subsections 265(1) and 265(5) of the 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 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 Registered Organisations Act 2009.

We declare to the best of our knowledge and belief that the auditor's independence declaration, set out on page 6 of the financial report, has not changed as at the date of providing our audit opinion.

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;
3. any other requirements imposed by these reporting guidelines or Part 3 of Chapter 8 of the Registered Organisations Act 2009.
4. The use of the Going Concern basis by the Committee of Management is appropriate.

Joseph Grech

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

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Dated at Sydney this 22nd day of August 2014

Declaration

I, Joseph Paul Grech, being the auditor of the Shop, Distributive and Allied Employees' Association N.S.W. Deductions declare that:

a) I am an approved auditor, and

b) I am a person who is a member of The Chartered Accountants Australia and New Zealand; and

c) I hold a current Public Practice Certificate.

Joseph Grech

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

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Dated at Sydney this 22nd day of August 2014

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

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2014

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 2014 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 Chartered Accountants
Australia and New Zealand Number 24310

Grech Smith Bridle

Grech Smith Bridle
Chartered Accountants

Dated at Sydney this 22nd day of August 2014

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

OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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 during the year. These agreements all resulted in improved wages and working conditions for the employees covered by them.

Significant changes in financial affairs

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

Rights of members to resign

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.

Officers & employees who are superannuation fund trustees or director of a company that is a superannuation fund trustee

Four representatives of the Association hold positions as Directors of the Retail Employees' Superannuation Trust ("REST"). Below are the directors as at 30 June 2014, along with the nominated alternate Employee Directors. Ms S Burnley is also a Director of CARE Super Pty Ltd.

Directors	**Alternates**
Mr Joe de Bruyn	Mr Gerard Dwyer
Mr Ian Blandthron	Mr Michael Donovan
Mr Geoff Williams	Mr Peter Malinauskas
Ms Sue-Anne Burnley	Ms Julia Fox

Number of Members
Membership as at 30 June 2014 was 57,310 (2013: 58,202).

Number of employees
At 30 June 2014, there were 84 persons employed by the N.S.W. Deductions Account Office of the Association.

OPERATING REPORT (CONT.)
FOR THE YEAR ENDED 30 JUNE 2014

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.

Names of Committee of Management members and period positions held during the financial year

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 2014

Names of Committee of Management members and period positions held during the financial year (cont.)

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

G Dwyer

Gerard Dwyer
Committee of Management

J. de Bruyn

Joe de Bruyn
Committee of Management

Dated at the Gold Coast this 21st day of August 2014

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

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

On 18th August 2014 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 2014:

The Committee of Management declares 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;

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; and

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) Where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and

   vi) Where any orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer: G Dwyer

Name and title of designated officer: GERARD DWYER - NSW BRANCH SECRETARY

Dated: 21 - 8 - 2014

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue			
Membership subscription		16,546,113	16,019,391
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	237,445	271,698
Rental revenue	3D	1,066,032	842,557
Other revenue		42,396	51,414
Total revenue		**17,891,986**	**17,185,060**
Other Income			
Grants and/or donations	3E	-	-
Share of net profit from associate	6E	-	-
Net gains from sale of assets Cars.	3F	115,049	66,251
Total other income		**115,049**	**66,251**
Total income		18,007,035	17,251,311
Expenses			
Employee expenses	4A	7,285,706	7,107,901
Capitation fees	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	9,229,351	9,851,693
Grants or donations	4E	105,280	27,032
Depreciation and amortisation	4F	798,403	803,617
Legal costs	4G	80,033	196,005
Audit fees	14	48,200	47,500
Share of net loss from associate		-	-
Other expenses	4H	-	-
Total expenses		**17,546,973**	**18,033,748**
Profit (loss) for the year		**460,062**	**(782,437)**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of land & buildings		1,136,604	-
Total comprehensive income for the year		1,596,666	(782,437)

The above statement should be read in conjunction with the notes.

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	8,832,261	6,121,079
Trade and other receivables	5B	699,676	2,144,878
Other current assets	5C	117,586	87,091
Total current assets		**9,649,523**	**8,353,048**
Non-Current Assets			
Land and buildings Quay St.	6A	8,946,450	9,195,525
Plant and equipment Cars. Office equip	6B	1,359,478	1,361,189
Investment Property Day St + 5th Fl,	6C	19,040,335	18,397,676
Intangibles		-	-
Investments in associates		-	-
Other investments	6D	-	-
Other non-current assets Pre-pmts	6E	772,356	519,587
Total non-financial assets		**30,118,619**	**29,473,977**
Total assets		**39,768,142**	**37,827,025**
LIABILITIES			
Current Liabilities			
Trade payables	7A	1,091,822	949,759
Other payables	7B	175,545	26,640
Employee provisions	8A	2,213,552	2,142,824
Total current liabilities		**3,480,919**	**3,119,223**
Non-Current Liabilities			
Employee provisions	8A	34,367	51,612
Other non-current liabilities	9A	-	-
Total non-current liabilities		**34,367**	**51,612**
Total liabilities		**3,515,286**	**3,170,835**
Net assets		**36,252,856**	**34,656,190**
EQUITY			
General funds	10A	4,515,373	3,378,769
Retained earnings (accumulated deficit)		31,737,483	31,277,421
Total equity		**36,252,856**	**34,656,190**

The above statement should be read in conjunction with the notes.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	General Funds $	Retained Earnings $	Total Equity $
Balance at 1 July 2012		3,378,769	32,059,858	35,438,627
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit for the year		-	(782,437)	(782,437)
Other comprehensive income for the year		-	-	-
Transfer to/from [insert fund name]	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2013		**3,378,769**	**31,277,421**	**34,656,190**
Adjustment for errors		-	-	-
Adjustment for changes in accounting Policies		-	-	-
Profit for the year		-	460,062	460,062
Other comprehensive income for the year		1,136,604	-	1,136,604
Transfer to/from [insert fund name]	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2014		**4,515,373**	**31,737,483**	**36,252,856**

The above statement should be read in conjunction with the notes.

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

CASH FLOWS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled Entity(s)	11B	-	-
Interest		237,445	271,698
Other		18,816,478	15,757,008
Cash used			
Employees		(7,232,223)	(7,051,833)
Suppliers		(5,278,003)	(4,888,910)
Payment to other reporting units/controlled entity(s)	11B	(3,893,894)	(4,656,347)
Net cash from (used by) operating activities	**11A**	**2,649,803**	**(568,384)**
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		216,804	185,183
Proceeds from sale of land and buildings		-	-
Other		506,705	-
Cash used			
Purchase of plant and equipment		(662,130)	(497,431)
Purchase of land and buildings		-	-
Other		-	(1,199,504)
Net cash from (used by) investing activities		**61,379**	**(1,511,752)**
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		-	-
Net cash from (used by) financing activities		-	-
Net increase/(decrease) in cash held		**2,711,182**	**(2,080,136)**
Cash & cash equivalents at beginning of the financial year		6,121,079	8,201,215
Cash & cash equivalents at end of the financial year	5	8,832,261	6,121,079

The above statement should be read in conjunction with the notes.

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

RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
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		-	-

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

INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

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.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

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.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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.

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

1.5 Basis of consolidation

These financial statements are for the reporting unit, the Association. They are not consolidated with any other entity.

1.5A Investment in associates

An associate is an entity over which the Association has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Association has not made an investment in an associate.

1.6 Business combinations

There have been no business combinations during the year.

1.7 Acquisition of assets and or liabilities that do not constitute a business combination

There have been acquisition of assets or liabilities by the Association during the year that do not constitute a business combination.

1.8 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.

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

1.9 Government grants

Government grants are not recognised until there is reasonable assurance that the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.10 Gains

Sale of assets

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

1.11 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.

1.12 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 which are expected to be settled 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.

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

Other long-term employee benefits which are expected to be settled beyond twelve months 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.

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 as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.13 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.

1.14 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.15 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.

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

1.16 Financial instruments

Financial assets and financial liabilities are recognised when Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

1.17 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting unit's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the assets's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.18 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit's derecognises financial liabilities when, and only when, the reporting unit's obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.19 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.20 Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—land and buildings

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.

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.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Land & Buildings	40 years	40 years
Plant and equipment	4 to 40 years	4 to 40 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.21 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.

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

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.

1.22 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.

1.23 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.

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

1.24 Taxation

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.

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.

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

1.25 Fair value measurement

Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.26 Going concern

Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office has not received financial support from another reporting unit.

Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office does not provide financial support to any other reporting unit.

Shop, Distributive and Allied Employees' Association N.S.W. Deductions Account Office's ability to continue as a going concern is not reliant on the support of another reporting unit.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 2: Events after the reporting period

There were no events that occurred after 30 June 2014, and/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.

Note 3: Income	**2014**	**2013**
	$	**$**
Note 3A: Capitation fees		
Capitation fees	-	-
Total capitation fees	-	-
Note 3B: Levies		
Levies	-	-
Total levies	-	-
Note 3C: Interest		
Deposits	237,445	271,698
Loans	-	-
Total interest	**237,445**	**271,698**
Note 3D: Rental revenue		
Properties	1,066,032	842,557
Other	-	-
Total rental revenue	**1,066,032**	**842,557**
Note 3E: Grants or donations		
Grants	-	-
Donations	-	-
Total grants or donations	-	-
Note 3F: Net gains from sale of assets		
Land and buildings	-	-
Plant and equipment	115,049	66,251
Intangibles	-	-
Total net gains from sale of assets	**115,049**	**66,251**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 4: Expenses	2014	2013
	$	$
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	308,640	278,103
Superannuation	64,035	59,879
Leave and other entitlements	(3,497)	2,663
Separation and redundancies	-	-
Other employee expenses	24,937	26,549
Subtotal employee expenses holders of office	**394,115**	**367,194**
Employees other than office holders:		
Wages and salaries	5,047,802	4,966,162
Superannuation	536,722	515,019
Leave and other entitlements	708,170	673,360
Separation and redundancies	-	-
Other employee expenses	598,897	586,166
Subtotal employee expenses employees other than office holders	**6,891,591**	**6,740,707**
Total employee expenses	**7,285,706**	**7,107,901**

Note 4B: Capitation fees		
Capitation fees	-	-
Total capitation fees	-	-

Note 4C: Affiliation fees		
Affiliation fees	-	-
Total affiliation fees/subscriptions	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 4: Expenses	2014	2013
	$	$
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	1,473,056	1,430,799
Compulsory Levies	-	-
Fees/Allowances – meeting and conferences	-	-
Conference and meeting expenses	84,947	85,984
Accommodation and travel expenses	148,630	133,861
Contractors/consultants	492,078	505,702
Occupancy expenses	958,972	986,775
Printing, postage and stationery	199,689	278,934
Telephone expenses	176,039	173,292
Insurance expenses	601,306	485,335
Motor Vehicle expenses	494,680	487,940
NSW Branch expenses	3,893,894	4,656,347
Other	371,793	277,475
Subtotal administration expenses	**8,895,084**	**9,502,444**
Operating lease rental		
Minimum lease payments	334,267	349,249
Total administration expenses	**9,229,351**	**9,851,693**

Note:

Operating lease rental payments

Operating lease rental payments were included in Printing, Postage and Stationery expenses and Occupancy expenses in year 2013. This amount was disclosed separately in Note 3: Profit from Ordinary Activities in year 2013 financial reports.

In year 2014, the operating lease rental payments are disclosed separately.

Conference and meeting expenses

Conference and meeting expenses were included in Accommodation and Travel Expenses and Other expenses in year 2013. This amount was disclosed separately in Note 3: Profit from Ordinary Activities in year 2013 financial reports.

In year 2014, the operating lease rental payments are disclosed separately.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 4: Expenses	2014	2013
	$	$
Note 4E: Grants or donations		
Grants		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Donations		
Total paid that were $1,000 or less	8,066	3,747
Total paid that exceeded $1,000	97,214	23,285
Total grants or donations	105,280	27,032
Note 4F: Depreciation and amortisation		
Depreciation		
Land & Building	257,557	245,027
Property, plant & equipment	540,846	558,590
Total depreciation	798,403	803,617
Amortisation		
Intangible	-	-
Total amortisation	-	-
Total depreciation and amortisation	798,403	803,617
Note 4G: Legal costs		
Litigation	21,661	29,210
Other legal matters	58,372	166,795
Total legal costs	80,033	196,005
Note 4H: Other expenses		
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	-	-

Note 5: Current assets	**2014**	**2013**
	$	**$**
Note 5A: Cash and cash equivalents		
Cash at bank	1,548,633	518,708
Cash on hand	1,450	1,450
Short term deposits	7,282,178	5,600,921
Other	-	-
Total cash and cash equivalents	**8,832,261**	**6,121,079**
Note 5B: Trade and other receivables		
Receivables from other reporting unit(s)		
Name	-	-
Total receivables from other reporting unit(s)	-	-
Less provision for doubtful debts		
Name	-	-
Total provision for doubtful debts	-	-
Receivable from other reporting unit(s) net	-	-
Other receivables		
GST receivable from the Australian Taxation Office	-	-
Other trade receivables	699,676	2,144,878
Total other receivables	699,676	2,144,878
Total trade and other receivables (net)	**699,676**	**2,144,878**
Note 5C: Other current assets		
Prepayment	117,586	87,091
Totals other current assets	**117,586**	**87,091**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6: Non-current assets	2014 $	2013 $

Note 6A: Land and buildings

Land and buildings:		
Fair value	9,377,750	9,452,500
Accumulated depreciation	(431,300)	(256,975)
Total land and buildings	**8,946,450**	**9,195,525**

Reconciliation of the opening and closing balances of land and buildings

As at 1 July		
Gross book value	9,452,500	9,452,500
Accumulated depreciation and impairment	(256,975)	(20,663)
Net book value 1 July	**9,195,525**	**9,431,837**
Additions:		
By purchase		
From acquisition of entities (including restructuring)		
Revaluations	(74,750)	-
Impairments		
Depreciation expenses	(174,325)	(236,312)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 30 June	**8,946,450**	**9,195,525**
Net book value as of 30 June represented by:		
Gross book value	9,377,750	9,452,500
Accumulated depreciation and impairment	(431,300)	(256,975)
Net book value 30 June	**8,946,450**	**9,195,525**

Note 6A: Land and buildings (cont.)

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 30 June 2014, the properties' fair values are based on valuations performed by Jack Mason, an accredited independent valuer with a recognised professional qualification in Australian Property Institute and with recent experience in the location and category of the investment property being valued.

A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

	2014	2013
	$	$
Note 6B: Plant and equipment		
Plant and equipment		
At cost	3,647,509	3,538,893
Accumulated depreciation	(2,288,031)	(2,177,704)
Total plant and equipment	**1,359,478**	**1,361,189**

Reconciliation of the opening and closing balances of plant and equipment		
As at 1 July		
Gross book value	4,190,774	4,065,611
Accumulated depreciation and impairment	(2,829,585)	(2,515,618)
Net book value 1 July	**1,361,189**	**1,549,993**
Additions:		
By purchase	662,130	500,066
From acquisition of entities (including restructuring)	-	-
Impairments	-	-
Depreciation expenses	(540,841)	(562,471)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	(123,000)	(126,399)
Net book value 30 June	**1,359,478**	**1,361,189**
Net book value as of 30 June represented by:		
Gross book value	3,647,509	3,538,893
Accumulated depreciation and impairment	(2,288,031)	(2,177,704)
Net book value 30 June	**1,359,478**	**1,361,189**

Note 6: Non-current assets	2014	2013
	$	$
Note 6C: Investment property		
Property		
Opening balance as at 1 July	14,952,633	14,912,979
Additions – at cost	-	39,654
Net gain from fair value adjustment	1,149,367	-
Closing balance as at 30 June	16,102,000	14,952,633
Property		
Opening balance as at 1 July		
Additions – at cost	4,579,223	4,630,122
Amortisation of lease incentives	(1,640,888)	(1,185,079)
Closing balance as at 30 June	2,938,335	3,445,043
Total Investment property	**19,040,335**	**18,397,676**

The valuations were performed by Mark Willers of LandMark White, an accredited independent valuer with a recognised and relevant professional qualification in Australian Property Institute and with recent experience in the location and category of the investment property being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Council (IVSC). In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The highest and best use of the investment properties is not considered to be different from its current use.

Rental income earned and received from the investment properties during the year was $1,426,712 (2013: 1,281,085).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was $546,672 (2013: $580,769). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Association does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6C: Investment property (cont.)

The fair value of investment property is determined by LandMark White using recognised valuation techniques. These techniques comprise both the Discounted Cash Flow (DCF) method and Income Capitalisation method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6: Non-current assets	2014 $	2013 $
Note 6D: Other investments		
Deposits	-	-
Other	-	-
Total other investments	-	-
Note 6E: Other non-current assets		
Prepayments	772,356	519,587
Other	-	-
Total other non-financial assets	772,356	519,587

Note 7 Current liabilities

	2014	2013
Note 7A: Trade payables		
Trade creditors and accruals	1,091,822	949,759
Operating lease rentals	-	-
Subtotal trade creditors	1,091,822	949,759
Payables to other reporting unit(s)		
	-	-
Subtotal payables to other reporting unit(s)	-	-
Total trade payables	1,091,821	949,759

Settlement is usually made within 30 days.

	2014	2013
Note 7B: Other payables		
Wages and salaries	-	-
Superannuation	-	-
Consideration to employers for payroll deductions*	-	-
Legal costs*	-	-
Prepayments received/unearned revenue	-	-
GST payable	175,545	26,640
Other	-	-
Total other payables	175,545	26,640
Total other payables are expected to be settled in:		
No more than 12 months	175,545	26,640
More than 12 months	-	-
Total other payables	175,545	26,640

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8 Provisions	2014 $	2013 $
Note 8A: Employee provisions		
Office Holders:		
Annual leave	54,743	64,281
Long service leave	157,272	151,715
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – office holders	**212,015**	**215,996**
Employees other than office holders:		
Annual leave	777,441	769,885
Long service leave	1,258,463	1,208,555
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – employees other than office holders	**2,035,904**	**1,978,440**
Annual leave	832,184	834,166
Long service leave	1,415,735	1,360,270
Total employee provisions	**2,247,919**	**2,194,436**
Current	2,213,552	2,142,824
Non Current	34,367	51,612
Total employee provisions	**2,247,919**	**2,194,436**

Note 9 Non-current liabilities

Note 9A: Other non-current liabilities		
	-	-
Total other non-current liabilities	-	-

Note 10 Equity

Note 10A: General funds		
Asset Revaluation Reserves		
Balance as at starts of year	3,378,769	3,378,769
Transferred to reserve	2,549,750	-
Transferred out of reserves	(1,413,146)	-
Balance as at end of year	**4,515,373**	**3,378,769**
Total Reserves	**4,515,373**	**3,378,769**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note Cash flow	2014	2013
	$	$
Note 11A: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	8,832,261	6,121,079
Balance sheet	8,832,261	6,121,079
Difference	-	-
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	460,062	(782,437)
Adjustments for non-cash items		
(Increase)/decrease in net receivables	1,445,202	(1,478,044)
(Increase)/decrease in prepayments	(283,265)	(204,687)
Increase/(decrease) in supplier payables	290,967	576,973
Increase/(decrease) in other payables	-	-
Increase/(decrease) in employee provisions	53,483	56,068
Increase/(decrease) in other provisions	-	-
Amortisation	-	526,377
Depreciation	798,403	803,617
(Profit)/loss on sale of fixed assets	(115,049)	(66,251)
Net cash from (used by) operating activities	**2,649,803**	**(568,384)**
Note 11B: Cash flow information		
Cash inflows		
Shop Distributive & Allied Employees Association Branch	-	-
Total cash inflows	**19,777,432**	**16,213,889**
Cash outflows		
Shop Distributive & Allied Employees Association Branch	3,893,894	4,656,347
Total cash outflows	**17,066,250**	**18,294,025**

Note 12 Contingent liabilities, assets and commitments

Note 12A: Commitments and contingencies

Operating lease commitments – as lessee

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

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2014	2013
	$	$
Within one year	263,818	334,267
After one year but not more than five years	266,970	530,325
More than five years	-	-
Closing balance as at 30 June 2014	**530,788**	**864,592**

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.

Capital commitments
The Association has not entered into any capital commitments.

Other contingent assets or liabilities (i.e. legal claims)
The Association is not aware of any contingent asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 13 Related party disclosures

Note 13A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2014	2013
	$	$
Revenue received from related parties	-	-
Expenses paid to *Shop, Distributive and Allied Employees' Association N.S.W Branch* includes the following:		
Shop, Distributive and Allied N.S.W Branch Expenses	3,893,894	4,656,347
Donated to *Australian Labor Party* includes the following:		
Donated to Australian Labor Party 2013 Federal Election	71,632	-

Note 13B: Key Management Personnel Remuneration for the Reporting Period

Key Management Personnel Remuneration for 2014	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$
Short-term employee benefits				
Salary (including annual leave taken)	[redacted]	[redacted]	[redacted]	308,640
Honorarium	-	-	-	-
Annual leave accrued	-	[redacted]	-	1,480
Non-monetary (motor vehicle and parking)	[redacted]	[redacted]	[redacted]	24,937
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	**335,057**
Post-employment benefits:				
Superannuation	[redacted]	[redacted]	[redacted]	64,035
Total post-employment benefits	[redacted]	[redacted]	[redacted]	**64,035**
Other long-term benefits:				
Long-service leave	[redacted]	-	[redacted]	4,984
Total other long-term benefits	[redacted]	-	[redacted]	**4,984**
Total	[redacted]	[redacted]	[redacted]	**404,076**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 13B: Key Management Personnel Remuneration for the Reporting Period (cont.)

Key Management Personnel Remuneration for 2013	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$
Short-term employee benefits				
Salary (including annual leave taken)	[redacted]	[redacted]	[redacted]	278,103
Honorarium	-	-	-	-
Annual leave accrued	-	-	-	-
Non-monetary (motor vehicle and parking)	[redacted]	[redacted]	[redacted]	26,549
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	304,652
Post-employment benefits:				
Superannuation	[redacted]	[redacted]	[redacted]	59,879
Total post-employment benefits	[redacted]	[redacted]	[redacted]	59,879
Other long-term benefits:				
Long-service leave	[redacted]	[redacted]	[redacted]	15,785
Total other long-term benefits	[redacted]	[redacted]	[redacted]	15,785
Total	[redacted]	[redacted]	[redacted]	380,316

Note 14 Remuneration of Auditors

	2014	2013
	$	$
Value of the services provided		
Grech Smith Bridle		
Financial statement audit services	48,200	47,500
Other services	-	-
Total remuneration of auditors	48,200	47,500

Note 15: Financial Instruments

The Association's financial instruments consist primarily of deposits with banks, short term investments, accounts receivable and accounts payable. The totals for each category of financial Instruments are summarised in note 15A.

The committee of management has overall responsibility for the establishment and oversight of risk management policies. Main policies aim to minimise potential risk exposure by actively securing short to medium term cash flows through minimising exposure to financial markets. The association currently does not hold any long term financial instruments. The Association does not actively engage in the trading of financial assets for speculative purposes.

The main risks faced by the Association consist of; credit risk, liquidity risk and market risk, which are outlined below.

a) **Credit risk**

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

   i) **Receivables**

      The Associations exposure to credit risk is influenced mainly by the individual characteristics of each customer or tenant. The Association takes reasonable steps to ensure the credit worthiness of tenants. None of the tenants were in arrears at balance sheet date and there is no indication that any present significant credit risk. The Association continuously monitors defaults of customers and incorporates this information into its credit risk policies.

   ii) **Cash and cash equivalents**

      the maximum exposure of these assets is shown in note 15D. The cash and cash equivalents are held with bank counterparties, all of 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 manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash facilities are maintained to meet liabilities when due under both normal and stress conditions, without incurring any unacceptable losses. See note 15E

c) **Market Risk**

   Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Associations income or the value of its holdings of financial instruments. The Association aims to control and manage market risk exposures to acceptable levels, while optimising return. See note 15F

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 15: Financial Instruments (cont.)

i) Interest rate risk
The Associations interest rate risk arises primarily from investments in term deposits which are issued at fixed rates for 90 day terms. Term deposits mature at regular intervals to smooth fluctuations in interest rates being offered. The majority of cash reserves are held in term deposits with the remainder held in variable rate at call cash accounts used to provide liquidity of funds.

Capital Management
In conjunction with the above risk policies, specifically those relating to financial instruments, the Association's policy is to maintain a strong capital base so as to sustain member, creditor and market confidence and to sustain future development of the unions activities. The committee of management monitors the return on capital and seeks to maintain a conservative position. There were no changes in the Associations approach to capital management during the year.

	2014	2013
	$	$
Note 15A: Categories of financial instruments		
Financial assets		
Fair value through profit or loss:		
	-	-
Total	-	-
Held-to-maturity investments:		
90 Day Term deposit	7,200,000	3,300,000
30 Day Term Deposit	-	2,000,000
Total	7,200,000	5,300,000
Loans and receivables:		
Trade and other receivables	699,676	2,144,878
Total	699,676	2,144,878
Carrying amount of financial assets	7,899,676	7,444,878
Financial Liabilities		
Other financial liabilities:	-	-
Trade and other payables	1,267,366	976,399
Total	1,267,366	976,399
Carrying amount of financial liabilities	1,276,366	976,399

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 15B: Net income and expense from financial assets

	2014	2013
	$	$
Held-to-maturity		
Interest revenue	230,813	260,982
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity	**230,813**	**260,982**
Loans and receivables		
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) from loans and receivables	-	-
Available for sale		
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Gain/loss recognised in equity	-	-
Amounts reversed from equity:	-	-
Impairment	-	-
Fair value changes reversed on disposal	-	-
Gain/loss on disposal	-	-
Net gain/(loss) from available for sale	-	-
Fair value through profit and loss:		
Held for trading:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Total held for trading	-	-
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Total designated as fair value through profit and loss	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 15B: Net income and expense from financial assets (cont.)

	2014	2013
	$	$
Net gain/(loss) at fair value through profit and loss	-	-
Net gain/(loss) from financial assets	230,813	260,982

All financial assets and liabilities are deemed to be at fair value.

The net income/expense from financial assets not at fair value from profit and loss is $0 (2013: $0).

Note 15C: Net income and expense from financial liabilities

At amortised cost		
Interest expenses	-	-
Exchange gains/(loss)	-	-
Gain/loss on disposal	-	-
Net gain/(loss) financial liabilities – at amortised cost	-	-
Fair value through profit and loss		
Held for trading:		
Change in fair value	-	-
Interest expense	-	-
Exchange gains/(loss)	-	-
Total held for trading	-	-
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest expense	-	-
Total designated as fair value through profit and loss	-	-
Net gain/(loss) at fair value through profit and loss	-	-

The net income/expense from financial liabilities not at fair value from profit and loss is $0. (2013:$0).

Note 15D: Credit risk

The Association is not exposed to any material credit risk.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	8,832,261	6,121,078
Receivables	699,676	2,144,878
Total	**9,531,937**	**8,265,956**
Financial liabilities		
Payables	1,267,366	976,399
Total	**1,267,366**	**976,399**

In relation to the entity's gross credit risk the following collateral is held: nil

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2014 $	Past due or impaired 2014 $	Not Past Due Nor Impaired 2013 $	Past due or impaired 2013 $
Cash and cash equivalents	8,832,261	-	6,121,078	-
Receivables	6,99,676	-	2,144,878	-
Total	**9,531,937**	-	**8,265,956**	-

Ageing of financial assets that were past due but not impaired for 2014

None of the Association's receivables are past due, and based on past default rates and minimal credit risk, the Association believes no impairment allowance is necessary.
Other financial assets consist of term deposits and at call accounts, held with the Commonwealth Bank of Australia, thus the Association believes no impairment allowance is necessary.
As at 30 June 2014 the Association does not have any collective impairments on its cash and cash equivalents or receivables. None of the receivables lie outside Australia.

Note 15D: Credit risk (cont.)

Ageing of financial assets that were past due but not impaired for 2013

None of the Association's receivables are past due, and based on past default rates and minimal credit risk, the Association believes no impairment allowance is necessary.
Other financial assets consist of term deposits and at call accounts, held with the Commonwealth Bank of Australia, thus the Association believes no impairment allowance is necessary.
As at 30 June 2013 the Association does not have any collective impairments on its cash and cash equivalents or receivables. None of the receivables lie outside Australia.

Note 15E: Liquidity risk

The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash facilities are maintained. The Association assess the liquidity risk as minimal as it holds sufficient financial assets to cover the expected contractual outflows.

Contractual maturities for financial liabilities 2014

	On Demand	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
	$	$	$	$	$	$
Trade payables	1,267,366	-	-	-	-	1,267,366
Total	**1,267,366**	-	-	-	-	**1,267,366**

Maturities for financial liabilities 2013

	On Demand	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
	$	$	$	$	$	$
Trade payables	976,399	-	-	-	-	976,399
Total	**976,399**	-	-	-	-	**976,399**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 15F: Market risk

Interest Rate Risk
Interest rate risk is managed with a mixture of fixed and floating rate cash balances. At 30 June 2014 approximately 82.45% of the Association's cash balance is fixed.

The fixed rate instruments consist of 90 day term deposits and money market call account, shown in cash and cash equivalents (Note 5A). A one percent (1.0%) change 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. This analysis is performed on the same basis for 2013.

Sensitivity analysis of the risk that the entity is exposed to for 2014

	Risk variable	Change in risk variable %	Effect on Profit and Loss $	Effect on Equity $
Interest rate risk	Increase	1.0%	72,822	72,822
Interest rate risk	Decrease	-1.0%	(72,822)	(72,822)

Sensitivity analysis of the risk that the entity is exposed to for 2013

	Risk variable	Change in risk variable %	Effect on Profit and Loss $	Effect on Equity $
Interest rate risk	Increase	1.0%	56,009	56,009
Interest rate risk	Decrease	-1.0%	(56,009)	(56,009)

Price Risk
The Association is not exposed to any price risk.

Foreign Currency Risk
The Association is not exposed to fluctuations in foreign currencies.

Note 16 Fair value measurement

Note 16A: Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:
Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2014 was assessed to be insignificant.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2014 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The Association measures and recognises the following assets at their fair value on a recurring basis after initial recognition:

- Available-for-sale financial assets; and
- Freehold land and building

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 16 Fair value measurement

Note 16A: Financial assets and liabilities (cont.)

The following table contains the carrying amounts and related fair values for the Shop, Distributive and Allied Employees' Association N.S.W Deductions Account Office financial assets and liabilities:

	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
	$	$	$	$
Financial Assets				
Cash and cash equivalents	8,832,261	8,832,261	6,121,079	6,121,079
Trade and other receivables	699,676	699,676	2,144,878	2,144,878
Total	**9,531,937**	**9,531,937**	**8,265,957**	**8,265,957**
Financial Liabilities				
Trade and other payables	1,267,366	1,267,366	976,399	976,399
Total	**1,267,366**	**1,267,366**	**976,399**	**976,399**

Note 16B: Fair value hierarchy

The following table provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy 30 June 2014

	Date of valuation	Level 1	Level 2	Level 3
		$	$	$
Assets measured at fair value				
Non-financial assets				
Land & Building	30 June 2014	-	8,946,450	-
Investment Property	30 June 2014	-	19,040,335	-
Total		-	27,986,785	
Liabilities measured at fair value				
		-	-	-
Total		-	-	-

Note 16 Fair value measurement

Note 16B: Fair value hierarchy (cont.)

Fair value hierarchy 30 June 2013

	Date of valuation	Level 1	Level 2	Level 3
		$	$	$
Assets measured at fair value				
Non-financial assets				
Land and Building		-	9,195,525	-
Investment Property		-	18,397,676	-
Total		-	**27,593,201**	-
Liabilities measured at fair value				
		-	-	-
Total		-	-	-

Note:
No revaluations took place in year 2013.

Note 17: 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 18: 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) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

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).