15 December 2015

Mr Gerard Dwyer
National Secretary-Treasurer
Shop, Distributive and Allied Employees Association
secretary@sdansw.asn.au

CC: Antoni Cinanni, KPMG, by email: acinanni@kpmg.com.au

Dear Mr Dwyer,

Shop, Distributive and Allied Employees Association
Financial Report for the year ended 30 June 2015 - [FR2015/205]

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 26 October 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 2016 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 Commission will confirm these concerns have been addressed prior to filing next year's report.

Disclosure of grants or donations

Reporting Guideline 16(e) requires that where grants or donations have been paid, the total amount paid is to be disclosed as follows:

(i) grants that were $1,000 or less;
(ii) grants that exceeded $1,000;
(iii) donations that were less than $1,000; and
(iv) donations that exceeded $1,000

The Statement of Comprehensive Income discloses that $267,598 was paid in grants and donations, and while political donations are identified within the notes, the financial report does not distinguish the total amounts paid as described above.

Please ensure future reports provide a breakdown of this information as required by the reporting guidelines even if the figures are NIL.

Disclosure of payables in respect of legal costs

Reporting Guideline 20(b) requires a payable in relation to legal costs to be disclosed by *litigation* and by *other legal matters*. Reporting Guideline 21 states that if the activities identified in item 20 have not occurred in the reporting period, a statement to this effect must be included in the GPFR. I note that for litigation and other legal matters no such disclosure has been made.

Please ensure this payable appears in next year's report even if the amount is NIL.

Revenue to be reported on an accruals basis

This was raised in last year's filing letter. Following conversations with the organisation the report this year once again argued that the money received as capitation is a contribution under the AASB and not required to be recognised on an accruals basis.

The report contained the following explanation at Note 4(h):

> Under AASB 1004 governing the recognition, measurement and disclosure requirements surrounding contributions to not-for-profit entities, as the fees received represent a non-reciprocal transfer (no resulting equivalent obligations to the branch for fees paid) the capitation fees are accounted for as revenue and recognised upon receipt.

To be properly recognised as a contribution, a payment must be received without directly giving approximately equal value, a non-reciprocal transfer. The AASB acknowledges that where fees are charged for 'being able to enjoy the use of facilities, receive publications or practice in a particular vocation for a defined period, an exchange transaction can be presumed and the fees would not be treated as contributions.'

Rule 32 of the organisation provides that a branch must pay capitation fees (identified as affiliation fees within the rulebook). As a consequence of paying the fees, Rule 32 provides that the branch will be deemed financial. Consequently, in return for paying the fees the branch is able to vote, speak and participate in the meetings of the National Council and the National Executive.

I note that the National Council is the rule altering and policy making body within the organisation and is responsible for salaries, affiliations, levies and other substantial decisions that may affect the operation of individual branches.

Additionally, the capitation arrangement provides the main source of income for the national office which is the ultimate legal entity, providing national recognition, presence, and the legal identity that is the body corporate able to own, lease and undertake transactions in its own right. The branches are not possessive of their own legal identities and rely upon the recognition of the national office to maintain bank accounts, own property and otherwise exist as a body corporate.

It is suggested that the direct and indirect benefits of the payment of the capitation fee negate the argument that the money is a contribution under AASB 1004 and rather fits the definition of an exchange transaction and the revenue should be reported on an accruals basis.

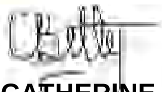
If the organisation wishes to make further submissions in relation to this matter, please contact me.

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 RO Act, 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) 8656 4698 or via email at catherine.bebbington@fwc.gov.au.

Kind regards



CATHERINE BEBBINGTON
Regulatory Compliance Branch

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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

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, 2015 referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

- That the full Report was provided to members via post on or before 18 September, 2015.

- That the full Report was presented to a meeting of the Committee of Management of the reporting unit (National Council) held in the week commencing Monday, 12 October, 2015, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature ______________________________
GERARD DWYER
National Secretary-Treasurer

Dated: 26th October, 2015

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 June 2015

Contents

Operating Report

For the year ended 30 June 2015

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 2015 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2015 was 209,706 (2014: 209,838).

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 Joseph de Bruyn National President	National Executive Member since 1978 National Secretary-Treasurer 1978-2014 Elected National President 2014
Mr Michael Donovan National Vice President	National Executive Member since 1996 Elected National Vice President 2014
Mr Gerard Dwyer National Secretary-Treasurer	National Executive Member since 2005 National President 2008-2014 Elected National Secretary-Treasurer 2014
Mr Ian Blandthorn National Assistant Secretary	National Executive Member since 1986 Elected National Assistant Secretary 1986
Mr Paul Griffin	National Executive Member since 1990
Ms Barbara Nebart	National Executive Member since 2004
Mr Peter Malinauskas	National Executive Member since 2008
Mr Bernie Smith	National Executive Member since 2014
Mr Chris Gazenbeek	National Executive Member since 2014
Mr Peter O'Keeffe	National Executive Member since 2014
Mr Joseph Bullock (retired)	National Executive Member 1996-2014 National Vice President 2004-2014
Mr Chris Ketter (retired)	National Executive Member 1996-2014

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Operating Report (continued)

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. Three other representatives of the Association are also members of the ACTU Executive. Officials of the Association are active on a range of ACTU Committees, including finance, health and safety, women, vocational education and training, future international industrial legislation.

The Association is affiliated to Union Network International ("UNI"). Various officials of the Association hold elected positions within UNI. The National Secretary-Treasurer is Vice President of UNI-APRO.

The National Assistant Secretary is a Director of the Service Industries Skills Council.

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 but not limited to Coles, Country Road, Dan Murphy's, Hugo Boss, Australian Geographic, Aldi, Bras & Things, Masters, and The Reject Shop. 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 2015, there were 12 effective full-time equivalent employees of the National Office of the Association (2014: 12).

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 2015, along with the nominated alternate Employee Directors.

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

National Executive Member Mr Paul Griffin is a Director of the Tasplan Superannuation Fund. An official of the Association, Ms Sue-Anne Burnley, is also a Director of CARE Super Pty Ltd.

Operating Report (continued)

6. SDA Report to the Workplace Gender Equality Agency

The Shop, Distributive and Allied Employees' Association, as required by the *Workplace Gender Equality Act 2012,* lodged its public report for the reporting year 2014-2015, to the Workplace Gender Equality Agency, on the 29th May 2015. The report is available on the SDA National website at www.sda.org.au

7. Information to be provided to Members or General Manager

In accordance with the requirements of subsection 272(5) of the RO Act, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

1. A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

3. A reporting unit must comply with an application made under subsection (1).

Dated at Melbourne this 21st day of August, 2015

J deBruyn

Joseph de Bruyn
National President

G Dwyer

Gerard Dwyer
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 21st August 2015 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 40 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 8 to 40 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 2015;

(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 2015 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 Melbourne this 21st day of August, 2015

J de Bruyn
Joseph de Bruyn
National President

G Dwyer
Gerard Dwyer
National Secretary-Treasurer

Certificate by National Secretary-Treasurer

I, Gerard Dwyer, being the officer responsible for keeping the accounting records of the Association certify that as at 30 June 2015 the number of members of the Association was 209,706.

In my opinion:

(i) the accompanying financial report set out on pages 8 to 40 presents a true and fair view of the financial position of the Association as at 30 June 2015;

(ii) a record has been kept of all monies paid by or collected from members of the Association and all monies so paid or collected have been credited to the bank account to which those monies are to be credited in accordance with the rules of the Association;

(iii) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;

(iv) no payments were made out of funds or accounts operated by the Association in respect of compulsory levies raised by the Association or voluntary contributions collected from members of the Association or other funds, the operation of which is required by the rules of the Association for a purpose other than the purpose for which the funds or accounts were operated;

(v) no loans or other financial benefits other than remuneration in respect of their full time employment with the Association were made to persons holding office in the Association; and

(vi) the Register of Members of the Association was maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*.

Dated at Melbourne this 21st day of August, 2015

Gerard Dwyer
National Secretary-Treasurer

Statement of Financial Position

As at 30 June 2015	Note	2015 $	2014 $
Assets			
Cash and cash equivalents	9	1,002,326	1,460,407
Receivables	10	699,547	428,286
Other financial assets	11	27,300,000	25,300,000
Total current assets		29,001,873	27,188,693
Investment property	12	17,400,000	15,300,000
Property, plant and equipment	13	423,878	316,199
Employee benefits	15	625,388	470,908
Total non-current assets		18,449,266	16,087,107
TOTAL ASSETS		**47,451,139**	**43,275,800**
Liabilities			
Trade and other payables	14	451,409	406,915
Employee benefits	15	794,459	878,835
Total current liabilities		1,245,868	1,285,750
Employee benefits	15	4,267	13,870
Total non-current liabilities		4,267	13,870
TOTAL LIABILITIES		**1,250,135**	**1,299,620**
NET ASSETS		**46,201,004**	**41,976,180**
Equity			
Retained earnings		46,201,004	41,976,180
TOTAL EQUITY		**46,201,004**	**41,976,180**

The notes on pages 12 to 40 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015	Note	2015	2014
		$	$
Income			
Capitation fees	21	5,868,094	4,852,875
		5,868,094	4,852,875
Other income	7	3,851,366	1,966,088
		9,719,460	**6,818,963**
Expenditure			
53 Queen St, Melbourne - direct operating expenses		562,245	532,405
ACTU IR Campaign Levy	21	435,874	431,178
Affiliation fees	21	1,536,975	1,491,938
Audit fees	8	25,000	24,284
Campaigning expenses		207,598	560,657
Delegates expenses		248,211	360,213
Depreciation	13	57,347	42,462
Donations		267,208	792,094
Legal expenses		549,998	150,078
Meeting expenses		260,557	225,594
Office & administration expenses		148,026	133,604
Other expenses		465,561	540,338
Personnel expenses	19	1,537,274	1,542,686
Travel expenses		212,635	155,172
Total Expenses		**6,514,509**	**6,982,703**
Result from Operating Activities		**3,204,951**	**(163,740)**
Finance income			
Interest income	11	823,960	812,098
		823,960	812,098
Income tax expense	4(k)	-	-
PROFIT FOR THE PERIOD		**4,028,911**	**648,358**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit asset	15	195,913	507,317
Income tax on other comprehensive income	4(k)	-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		195,913	507,317
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**4,224,824**	**1,155,675**

The notes on pages 12 to 40 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2015	Note	Retained earnings $	Total equity $
Balance at 1 July 2014		41,976,180	41,976,180
Total comprehensive income for the period			
Profit for the period		4,028,911	4,028,911
Other comprehensive income			
Remeasurement of defined benefit asset, net of tax	*15*	195,913	195,913
Total comprehensive income for the period		4,224,824	4,224,824
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2015		**46,201,004**	**46,201,004**

		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			
Remeasurement of defined benefit asset, 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 40 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2015	Note	2015	2014
		$	$
Cash flows from operating activities			
Cash receipts from operations		8,477,262	7,385,454
Cash paid to suppliers and employees		(7,256,305)	(7,545,670)
Cash generated from operations		1,220,957	(160,216)
Interest received		828,857	845,748
Net cash from operating activities	*20*	**2,049,814**	**685,532**
Cash flows from investing activities			
Acquisition of term deposits		(2,000,000)	(200,000)
Acquisition of property, plant and equipment	*13*	(181,073)	(69,295)
Acquisition of investment property		(334,710)	-
Proceeds on sale of property, plant and equipment		7,888	1,385
Net cash (used in) investing activities		**(2,507,895)**	**(267,910)**
Cash flows from financing activities			
Net cash from/(used in) financing activities		**-**	**-**
Net (decreases)/increases in cash and cash equivalents		(458,081)	417,622
Cash and cash equivalents at 1 July		1,460,407	1,042,785
CASH AND CASH EQUIVALENTS AT 30 JUNE	*9*	**1,002,326**	**1,460,407**

The notes on pages 12 to 40 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 2015 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 21st August 2015.

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.

3. Changes in accounting policies

The Association has consistently applied the accounting policies set out in Note 4 for all periods presented in these financial statements.

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.

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:

	2015	2014
• Leasehold improvements	5-20 years	6-20 years
• Fixtures and fittings	4-20 years	4-20 years
• Motor vehicles	8 years	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 Corporate 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) Capitation fees

Capitation fees are fees received from the state branches of the Association in accordance with the rules of the Association. Such fees are referred to as affiliation fees in the rules and are calculated as a percentage of gross Branch membership income and paid annually in March. Under AASB 1004 governing the recognition, measurement and disclosure requirements surrounding contributions to not-for-profit entities, as the fees received represent a non-reciprocal transfer (no resulting equivalent obligations to the branch for fees paid) the capitation fees are accounted for as revenue and recognised upon 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 2014, 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 2018 with early adoption permitted. The extent of the impact has not been determined by the Association.

(ii) AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. 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.

Notes to Financial Statements (continued)

6. Financial risk management (continued)

a) Credit risk

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

(i) Receivables

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer or tenant. Credit evaluations are performed on all tenants of the investment property prior to the signing of a lease agreement and security deposits are required by way of bank guarantees or cash, to be held for the term of all leases. None of the tenants were in arrears at the balance sheet date and there is no indication to management that any of the tenants present a significant credit risk. All receivables are with tenants in the Australian geographical region and therefore no impairment loss has been recognised at balance date (2014: no impairment loss).

(ii) Cash and cash equivalents

The Group held cash and cash equivalents of $1,002,326 at 30 June 2015 (2014: $1,460,407), 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	2015 $	2014 $
53 Queen Street, Melbourne - Rental income from investment property	17	1,284,929	1,093,609
53 Queen Street, Melbourne - Fair value increment	12	1,765,290	-
ACTU trust distributions	21	34,950	100,609
SDA Branch reimbursements	21	422,599	582,388
Other organisation reimbursements		158,962	-
CARE director's fees		59,106	53,543
REST director's fees	21	125,114	134,554
Other income		416	1,385
		3,851,366	**1,966,088**

8. Auditor's remuneration

	2015 $	2014 $
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	25,000	24,284
	25,000	24,284
Other services		
Auditors of the Association		
KPMG Australia:		
Other assurance services	2,531	2,460
	2,531	2,460
TOTAL AUDITORS' REMUNERATION	**27,531**	**26,744**

9. Cash and cash equivalents

	2015 $	2014 $
Cash at bank	131,920	138,487
Cash management accounts	775,183	1,197,222
Term deposits	95,223	124,698
	1,002,326	**1,460,407**

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

Notes to Financial Statements (continued)

10. Receivables

	Note	2015 $	2014 $
Accrued interest income		128,871	133,768
Prepayments		73,436	56,496
Related party debtors	*21*	-	3,116
Sundry debtors		497,240	234,906
		699,547	**428,286**

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

11. Other financial assets

	2015 $	2014 $
Term deposits	27,300,000	25,300,000
	27,300,000	**25,300,000**

Term deposits have stated interest rates of 2.75 to 3.00 percent (2014: 3.40 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 2015, the Association received interest income of $823,960 (2014: $812,098) in respect of financial assets not at fair value through profit and loss.

12. Investment property

(a) Reconciliation of carrying amount

	2015 $	2014 $
Property		
Balance at 1 July	15,300,000	15,300,000
Capital improvements	334,710	-
Fair value adjustment (refer below)	1,765,290	-
Balance at 30 June	17,400,000	15,300,000
Lease incentives		
Balance at 1 July	-	32,296
Amortisation of lease incentives	-	(32,296)
Balance at 30 June	-	-
	17,400,000	**15,300,000**

Notes to Financial Statements (continued)

12. Investment property (continued)

(a) Reconciliation of carrying amount (continued)

Investment property comprises a commercial property located at 53 Queen Street, Melbourne. The Association retains possession of levels 6 and 7 as its registered head office and leases the remaining floors to third parties. Each of the leases contains an initial non-cancellable period of a minimum of three years, with fixed percentage annual rent increases. Some lease incentives were paid towards tenancy fit-outs and are being amortised over the period of the leases on a straight line basis. 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.

(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 $17,400,000 was determined at 30 June 2015 by Trent Preece, Associate Director and certified practising valuer of M3 Property P/L, 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 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 techniques: Discounted cash flow approach (2015), Capitalisation approach (2014)

Discounted cash flow approach: The discounted cash flow approach involves formulating a projection of net income over a specified horizon, typically ten years, and discounting this cash flow including the projected terminal value at the end of the projection period at an appropriate rate. The present value of this discounted cash flow represents the Market value of the property.

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.

Significant unobservable inputs

- 2015: Discount rate 8.00%,
- 2014: Capitalisation rate 7.75%.

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- 2015: The discount rate was lower (higher),
- 2014: The capitalisation rate was lower (higher).

Notes to Financial Statements (continued)

13. Property, plant and equipment

Cost	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
	$	$	$	$
Balance at 1 July 2014	186,623	92,189	393,717	672,529
Acquisitions	12,465	91,455	77,153	181,073
Impairments	(3,449)	-	-	(3,449)
Disposals	-	(92,189)	-	(92,189)
Balance at 30 June 2015	**195,639**	**91,455**	**470,870**	**757,964**
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 2014	143,792	73,839	138,699	356,330
Depreciation expense for the year	15,134	13,740	28,473	57,347
Impairments	(3,449)	-	-	(3,449)
Disposals	200	(76,342)	-	(76,142)
Balance at 30 June 2015	**155,677**	**11,237**	**167,172**	**334,086**
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 2014	42,831	18,350	255,018	316,199
At 30 June 2015	**39,962**	**80,218**	**303,698**	**423,878**
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

	2015 $	2014 $
Sundry creditors	323,175	250,896
PAYG withholding tax payable	23,644	31,321
Tenant security deposits	92,523	124,698
Unearned rental income	12,067	-
	451,409	**406,915**

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

15. Employee benefits

	2015 $	2014 $
Current liability		
Office holders		
Liability for long service leave	238,575	308,239
Liability for annual leave	69,164	90,289
	307,739	398,528
Employees other than office holders		
Liability for long service leave	277,816	267,539
Liability for annual leave	208,904	212,768
	486,720	480,307
	794,459	**878,835**
Non-current liability		
Employees other than office holders		
Liability for long-service leave	4,267	13,870
	4,267	**13,870**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

	2015 $	2014 $
Non-current asset		
Office holders and other employees		
Present value of funded obligations	2,375,594	2,463,350
Fair value of plan assets - funded	(3,000,982)	(2,934,258)
Recognised (asset) for defined benefit obligations	**(625,388)**	**(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 2015 (30 June 2014: 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:

	2015 $	2014 $
Net liability/(asset) for defined benefit obligations at 1 July	(470,908)	86,899
Contributions paid into the plan	(134,121)	(187,876)
Amount recognised in other comprehensive income - actuarial (gains) losses	(195,913)	(507,317)
Expenses recognised in statement of comprehensive income with personnel expenses	175,554	137,386
Net liability/(asset) for defined benefit obligations at 30 June	**(625,388)**	**(470,908)**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Movement in the present value of the defined benefit obligations

	2015 $	2014 $
Defined benefit obligations at 1 July	2,463,350	2,297,379
Current service cost	188,801	137,686
Interest cost	76,227	94,784
Actuarial (gains)/ losses recognised in other comprehensive income (see below)	(38,346)	24,373
Benefits paid by the plan	(274,000)	(41,825)
Taxes, premium & expenses paid	(40,438)	(49,047)
Defined benefit obligations at 30 June	**2,375,594**	**2,463,350**

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

Movement in the present value of plan assets

	2015 $	2014 $
Fair value of plan assets at 1 July	2,934,258	2,210,480
Expected return on plan assets at discount rate	89,474	95,084
Actuarial gains/(losses) recognised in other comprehensive income (see below)	157,567	531,690
Contributions paid	134,121	187,876
Benefits paid	(274,000)	(41,825)
Taxes and expenses	(40,438)	(49,047)
Fair value of plan assets at 30 June	**3,000,982**	**2,934,258**

Expense recognised in profit or loss

	2015 $	2014 $
Current service costs	188,801	137,686
Net interest costs	(13,247)	(300)
	175,554	**137,386**

Re-measurements of net defined benefit liability/asset

	2015 $	2014 $
Loss/(Gain) on Defined Benefit Obligation	(38,346)	24,373
Loss/(Gain) on Assets	(157,567)	(531,690)
Recognised in Other comprehensive (income)/expense	**(195,913)**	**(507,317)**

Notes to Financial Statements (continued)

15. Employee benefits (continued)

Actuarial gains (and losses) recognised in other comprehensive income

	2015 $	2014 $
Cumulative amount at 1 July	(65,325)	(572,642)
Recognised during the period	195,913	507,317
Cumulative amount at 30 June	**130,588**	**(65,325)**

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

	2015	2014
Australian Equity	19%	20%
International Equity	29%	30%
Fixed Income	10%	10%
Property	11%	11%
Cash	6%	6%
Other	25%	23%

Actuarial assumptions

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

	2015	2014
Discount rate at 30 June	4.25%	3.50%
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.

	2015 $	2014 $
Additional DBO for a 1% decrease in the discount rate	158,032	247,640
Reduction DBO for a 1% increase in the discount rate	36,487	170,610

The above sensitivities are based on the average duration of the benefit obligation determined by the actuary as at 30 June 2015 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

	2015 $	2014 $	2013 $	2012 $	2011 $
Present value of the defined benefit obligation	2,375,594	2,463,350	2,297,379	2,258,545	2,046,200
Fair value of plan assets - funded	(3,000,982)	(2,934,258)	(2,210,480)	(2,050,099)	(2,199,441)
Recognised liability / (asset) for defined benefit obligation	**(625,388)**	**(470,908)**	**86,899**	**208,446**	**(153,241)**

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 $219,480 to its defined benefit superannuation funds during the year ended 30 June 2016.

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 2015 $	2014 $
Current			
Cash and cash equivalents	*9*	1,002,326	1,460,407
Receivables	*10*	699,547	428,286
Other financial assets	*11*	27,300,000	25,300,000
		29,001,873	**27,188,693**

Impairment losses

None of the Association's receivables are past due (2014: 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 2015 the Association does not have any collective impairments on its cash and cash equivalents, receivables or other financial assets (2014: 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 (2014: 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 (2014: 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
		2015	
			$
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	0.69%	1,002,326
Other financial assets (fixed rate)	*11*	2.85%	27,300,000
			28,302,326
		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

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 2014.

Notes to Financial Statements (continued)

16. Financial instruments (continued)

(d) Interest rate risk (continued)

	Profit or loss 100bp increase	Profit or loss 100bp decrease
30 June 2015		
Cash management accounts	7,752	(7,752)
30 June 2014		
Cash management accounts	11,972	(11,972)

Fair values
The fair value of the Association's assets and liabilities as at 30 June 2015 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:

	2015 $	2014 $
Less than one year	1,081,860	960,983
Between one and five years	2,552,839	1,908,029
More than five years	293,828	437,479
	3,928,527	**3,306,491**

During the year, the Association recognised $1,284,929 as rental income in the statement of profit or loss and other comprehensive income (2014: $1,093,609).

18. Controlled entities

Parent entity

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

	2015	2014
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 2015 are nil, consolidated accounts are not prepared.

Notes to Financial Statements (continued)

19. Personnel expenses

	2015 $	2014 $
Holders of office:		
Wages and salaries	263,446	238,288
Superannuation (including expenses related to defined benefit plan)	43,627	28,065
Leave and other entitlements	26,606	38,538
Separation and redundancies	-	-
Other employee expenses	48,980	26,045
Subtotal employee expenses - holders of office	**382,659**	**330,936**
Employees other than office holders:		
Wages and salaries	850,061	928,179
Superannuation (including expenses related to defined benefit plan)	132,165	110,839
Leave and other entitlements	111,283	108,990
Separation and redundancies	-	-
Other employee expenses	61,106	63,742
Subtotal employee expenses - employees other than office holders	**1,154,615**	**1,211,750**
Total employee expenses	**1,537,274**	**1,542,686**

20. Reconciliation of cash flows from operating activities

	2015 $	2014 $
Profit for the period	4,028,911	648,358
Adjustment for:		
Amortisation of lease incentives	-	1,973
Depreciation	57,347	42,462
Fair value (increment) / decrement on investment property	(1,765,290)	-
(Profit)/Loss on disposal of property, plant and equipment	8,159	(1,385)
Actuarial gains/(losses) recognised in equity on defined benefit plan	195,913	507,317
Operating profit before changes in working capital & provisions	**2,525,040**	**1,198,725**
Change in accrued income	4,897	33,650
Change in prepayments	(16,940)	(10,282)
Change in sundry debtors	(259,218)	(103,529)
Change in pension asset/ (liability)	(154,480)	(557,807)
Change in trade and other payables	44,494	54,076
Change in provisions and employee benefits	(93,979)	70,699
Net cash from operating activities	**2,049,814**	**685,532**

Notes to Financial Statements (continued)

21. Related party disclosures

Branches

The Association received from its branches the following capitation fees:

	Capitation fees 2015 $	Capitation fees 2014 $
Newcastle	360,881	(325,034)
New South Wales	1,608,286	1,556,083
Queensland	996,548	966,173
South Australia	749,145	646,391
Tasmania	168,334	170,595
Victoria	1,297,348	1,233,062
Western Australia	687,552	605,605
Total capitation fees	**5,868,094**	**4,852,875**

The Association received from its branches the following expense reimbursements:

2015	ACTU IR Campaign Levy $	ALP Election Donation $	100% Pay - Week of Action $	Other $	Intranet $	TOTAL $
Newcastle	13,763	-	4,469	2,653	7,029	**27,914**
New South Wales	59,567	-	19,340	8,018	30,273	**117,198**
Queensland	34,524	-	11,209	3,316	15,796	**64,845**
South Australia	28,611	-	9,289	5,313	14,590	**57,803**
Tasmania	6,028	-	1,957	1,150	2,958	**12,093**
Victoria	51,699	-	16,785	2,134	25,456	**96,074**
Western Australia	23,745	-	7,709	3,320	11,898	**46,672**
	217,937	**-**	**70,758**	**25,904**	**108,000**	**422,599**

2014	ACTU IR Campaign Levy $	ALP Election Donation $	100% Pay - Week of Action $	Other $	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**

At 30 June 2014, amounts of $2,135+GST and $981+GST were owed by the Victoria and Western Australia branches respectively with regard to intranet expense reimbursements above, disclosed in note 10 as related party debtors. No amounts were owed at 30 June 2015.

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 costs reimbursed		Other expenses reimbursed	
	2015	2014	2015	2014
	$	$	$	$
Newcastle	-	18,416	1,640	1,305
New South Wales	-	45,000	67,345	50,355
Queensland	-	51,597	-	3,716
South Australia	-	-	-	37,261
Tasmania	-	-	-	-
Victoria	-	22,716	-	339
Western Australia	-	13,278	-	1,666
	-	151,007	68,985	94,642

Affiliates

The Association received trust distribution income of $34,950 (2014: $100,609) 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:

	2015	2014
	$	$
Affiliation fees		
ACTU affiliation fees	815,308	850,219
Union Network International affiliation fees	721,667	641,719
	1,536,975	1,491,938
Donations		
ACTU (ITUC Congress Fundraising)	-	500
ACTU (Worksite For Schools program)	12,500	12,500
ALP (2013 Federal Election Campaign)	-	500,000
ALP (James Merlino State Election Campaign)	10,000	-
ALP (Shorten Leadership Campaign)	-	10,000
ALP (WA Branch Senate Election Campaign)	-	50,000
Tim Hammond (ALP Presidential Campaign)	10,000	-
Union Network International (UNI APRO Activities Fund donation)	129,708	118,494
	162,208	691,494

Campaign levy
The Association contributed $435,874 (2014: $431,178) towards the ACTU IR Campaign Fund, and also made total payments of $10,000 (2014: $4,965) to the ACTU for legal, consulting and training.

Consulting
The Association contributed $9,091 (2014: nil) towards an ALP policy development project.

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
Joseph de Bruyn	Officer – National Secretary-Treasurer until October 2014, President from October 2014
Michael Donovan	Officer – National Vice-President from October 2014
Joseph Bullock (retired)	Officer – National Vice-President until October 2014
Gerard Dwyer	Officer – National President until October 2014, Secretary-Treasurer from October 2014
Ian Blandthorn	Officer – National Assistant Secretary
Bernie Smith	National Executive Member from October 2014
Paul Griffin	National Executive Member
Chris Ketter (retired)	National Executive Member until October 2014
Barbara Nebart	National Executive Member
Peter Malinauskas	National Executive Member
Chris Gazenbeek	National Executive Member from October 2014
Peter O'Keeffe	National Executive Member from October 2014

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 President, 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:

	2015 $	2014 $
Short-term employee benefits	478,182	316,843
Post-employment benefits	61,087	49,316
Other long term benefits	7,271	6,454
	546,540	**372,613**

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

Notes to Financial Statements (continued)

21. Related party disclosures (continued)

Other related parties (continued)

Key management personnel remuneration (continued)

The remuneration by officer comprised:

Key Management Personnel Remuneration for 2015	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$	$	$	$
Short-term employee benefits								
Salary (including annual leave taken)	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	290,842
Honorarium & gifts	-	[redacted]	-	[redacted]	-	[redacted]	-	12,500
Annual leave accrued	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	3,572
REST Director Fees	-	-	-	-	[redacted]	-	-	91,020
Non-monetary (accommodation, motor vehicle & parking)	[redacted]	[redacted]	-	-	[redacted]	[redacted]	[redacted]	80,248
Total short-term employee benefits	[redacted]	[redacted]	**-**	[redacted]	[redacted]	[redacted]	[redacted]	**478,182**
Post-employment benefits								
Superannuation-Defined Benefit	[redacted]	-	-	-	-	[redacted]	[redacted]	43,627
Superannuation (REST SG payments)	-	[redacted]	-	-	[redacted]	[redacted]	[redacted]	17,460
Total post-employment benefits	[redacted]	[redacted]	**-**	**-**	[redacted]	[redacted]	[redacted]	**61,087**
Other long-term benefits								
Long-service leave	[redacted]	[redacted]	-	-	-	[redacted]	[redacted]	7,271
Total other long-term benefits	[redacted]	[redacted]	**-**	**-**	**-**	[redacted]	[redacted]	**7,271**
Total	[redacted]	[redacted]	**-**	[redacted]	[redacted]	[redacted]	[redacted]	**546,540**

Key Management Personnel Remuneration for 2014	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$	$	$	$
Short-term employee benefits								
Salary (including annual leave taken)	-	-	-	-	-	[redacted]	[redacted]	258,145
Honorarium & gifts	-	[redacted]	-	[redacted]	-	-	-	8,500
Annual leave accrued	-	-	-	-	-	[redacted]	[redacted]	4,220
REST Director Fees	-	-	-	-	-	-	-	-
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)

Other related parties (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.

Superannuation

Contributions of $134,121 (2014: $187,876) were made to a post-employment defined benefit fund managed by the Retail Employees' Superannuation Trust ("REST") on behalf of salaried office holders and employees other than office holders.

The Association receives director fees of $125,114 (2014:134,554) from REST for the services performed by three representatives of the Association, Mr Joe de Bruyn (only until October 2014), Mr Ian Blandthorn and Ms Sue-Anne Burnley. These director fees are included in Other Income in note 7. Mr Joe de Bruyn on being elected National President in October 2014 no longer receives a salary from the Association, therefore is entitled to personally receive director fees for services as a REST director from November 2014, these are disclosed in short-term employee benefits in key management personnel in Note 21.

The directors personally receive Superannuation Guarantee (SG) payments from REST for the above director fees, these are disclosed in post-employment benefits for key management personnel in Note 21.

22. Subsequent events

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

23. Information to be provided to Members or General Manager

In accordance with the requirements of subsection 272(5) of the RO Act, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

1. A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

3. A reporting unit must comply with an application made under subsection (1).

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.

.

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

We have audited the accompanying financial report of the Shop, Distributive and Allied Employees' Association (the Association), which comprises the statement of financial position as at 30 June 2015, 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 on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information, the Operating Report, the Committee of Management Statement and Certificate by the National Secretary-Treasurer.

National Executives' responsibility for the financial report

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

In preparing the financial report, the National Executives are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the National Executives either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to:

- Express an opinion on the financial report based on our audit; and
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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 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 the *Fair Work (Registered Organisations) Act 2009* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Association's financial position and of its performance and cash flows.

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

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 financial report of the Shop, Distributive and Allied Employees' Association is in accordance with the *Fair Work (Registered Organisations) Act 2009,* including:

- giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date;
- complying with applicable Australian Accounting Standards;
- and other mandatory professional reporting requirements of the *Fair Work (Registered Organisations) Act 2009.*

Going concern

I declare that, as part of the audit of the financial report for the financial year ended 30 June 2015, the National Executives' use of the going concern basis of accounting in the preparation of the Shop, Distributive and Allied Employees' Association's financial statements is appropriate.

KPMG

KPMG

Antoni Cinanni
Partner

Member of Institute of Chartered Accountants #46581, dated 21 May 2002

Registered Company Auditor - #394346, dated 1 February 2011

Certificate of Public Practice with ICAA, dated 25 August 2010

21 August 2015

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 2015 there have been:

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

KPMG

KPMG

Antoni Cinanni

Partner

21 August, 2015

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

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, 2015 referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

- That the full Report was provided to members via post on or before 18 September, 2015.

- That the full Report was presented to a meeting of the Committee of Management of the reporting unit (National Council) held in the week commencing Monday, 12 October, 2015, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: ______________________________
GERARD DWYER
National Secretary-Treasurer

Dated: 26th October, 2015

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 2015

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 2015

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

RESOLUTION REGARDING TRANSFER OF FUNDS SURPLUS TO THE REQUIREMENT OF THE DEDUCTIONS ACCOUNT OFFICE FOR THE YEAR ENDED 30 JUNE 2015

Resolved:

The National Executive ratifies the transfer of an amount of $3,886,674 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 2015.

Dated at Sydney this 21st day of August 2015

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 2015, 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 25th day of August 2015

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 25th day of August 2015

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

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015

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 2015 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 25th day of August 2015

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

OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2015

The committee presents its report on the reporting unit for the financial year ended 30 June 2015.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

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 2015, along with the nominated alternate Employee Directors.

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

Ms. S Burnley is also a Director of CARE Super Pty Ltd
Mr P Griffin is also a director of Tasplan Super.

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

OPERATING REPORT (CONT.)
FOR THE YEAR ENDED 30 JUNE 2015

Number of Members
Membership as at 30 June 2015 was 58,670 (2014: 57,310).

Number of employees
At 30 June 2015, there were 63 persons (full time equivalent), employed by the N.S.W. Deductions Account Office of the Association.

Affiliations & Directorships

Detailed below are the affiliations of the N.S.W. Branch of the Association:

- Australian Labor Party, N.S.W. Branch
- Australian Labor Party, A.C.T. Branch
- Unions N.S.W.
- South Coast Labor Council
- Unions A.C.T.

The National Secretary-Treasurer is on the Administrative Committee of the Australian Labor Party, N.S.W. Branch.

The N.S.W. Branch Secretary-Treasurer of the Association is 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. J. de Bruyn	National Executive member since 1978 Appointed National President 2014	National President
Mr. J. Bullock	National Executive member since 1996 Appointed National Vice President 2004	National Vice President (Resigned 24 October 2014)
Mr. I. Blandthorn	National Executive member since 1986 Appointed National Assistant Secretary 1986	National Assistant Secretary
Mr. M. Donovan	National Executive member since 1996 Appointed National Vice President 2014	National Vice President
Mr. G. Dwyer	National Executive member since 2005 Appointed National Secretary Treasurer 2014	National Secretary-Treasurer

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

OPERATING REPORT (CONT.)
FOR THE YEAR ENDED 30 JUNE 2015

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

Mr. P. Griffin	National Executive member since 1990	Member of Committee
Mr. C. Ketter	National Executive member since 1996	Member of Committee (Resigned 24 October 2014)
Mr. P. O'Keeffe	National Executive member since 2014	Member of Committee
Mr. C. Gazenbeek	National Executive member since 2014	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
Mr. B. Smith	National Executive member since 2014	Member of Committee

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

Bernie Smith
Committee of Management

Gerard Dwyer
Committee of Management

Dated at Sydney this 21st day of August 2015

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

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

On August 2015 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 2015:

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 2015

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

Signature of designated officer: ....

Name and title of designated officer: BERNIE SMITH NSW BRANCH SECRETARY/TREASURER

Dated: 21/8/15.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Revenue			
Membership subscription		16,398,906	16,546,113
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	244,743	237,445
Rental revenue	3D	998,657	1,066,032
Other revenue		33,603	42,396
Total revenue		**17,675,909**	**17,891,986**
Other Income			
Grants and/or donations	3E	-	-
Share of net profit from associate	6E	-	-
Net gains from sale of assets	3F	93,490	115,049
Total other income		**93,490**	**115,049**
Total income		**17,769,399**	**18,007,035**
Expenses			
Employee expenses	4A	7,426,570	7,285,706
Capitation fees	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	9,515,672	9,229,351
Grants or donations	4E	20,356	105,280
Depreciation and amortisation	4F	750,459	798,403
Legal costs	4G	92,677	80,033
Audit fees	14	49,000	48,200
Other expenses	4H	-	-
Total expenses		**17,854,734**	**17,546,973**
Profit (loss) for the year		**(85,335)**	**460,062**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of land & buildings		1,168,050	1,136,604
Total comprehensive income for the year		**1,082,715**	**1,596,666**

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 2015

	Note	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	9,113,163	8,832,261
Trade and other receivables	5B	717,009	699,676
Other current assets	5C	97,545	117,586
Total current assets		**9,927,717**	**9,649,523**
Non-Current Assets			
Land and buildings	6A	9,973,347	8,946,450
Plant and equipment	6B	1,600,341	1,359,478
Investment Property	6C	18,581,595	19,040,335
Other investments	6D	-	-
Other non-current assets	6E	106,928	772,356
Total non-financial assets		**30,262,211**	**30,118,619**
Total assets		**40,189,928**	**39,768,142**
LIABILITIES			
Current Liabilities			
Trade payables	7A	629,662	1,091,822
Other payables	7B	(41,906)	175,545
Employee provisions	8A	2,240,483	2,213,552
Total current liabilities		**2,828,239**	**3,480,919**
Non-Current Liabilities			
Employee provisions	8A	26,118	34,367
Other non-current liabilities	9A	-	-
Total non-current liabilities		**26,118**	**34,367**
Total liabilities		**2,854,357**	**3,515,286**
Net assets		**37,335,571**	**36,252,856**
EQUITY			
General funds	10A	5,683,423	4,515,373
Retained earnings (accumulated deficit)		31,652,148	31,737,483
Total equity		**37,335,571**	**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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Note	General Funds $	Retained Earnings $	Total Equity $
Balance at 1 July 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 Asset Revaluation Reserve	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2014		**4,515,373**	**31,737,483**	**36,252,856**
Adjustment for errors		-	-	-
Adjustment for changes in accounting Policies		-	-	-
Profit for the year		-	(85,335)	(85,335)
Other comprehensive income for the year		1,168,050	-	1,168,050
Transfer to/from Asset Revaluation Reserve	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2015		**5,683,423**	**31,652,148**	**37,335,571**

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 2015

	Note	2015 $	2014 $
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled Entity(s)	11B	-	-
Interest		244,743	237,445
Other		18,099,302	18,816,478
Cash used			
Employees		(7,407,887)	(7,232,223)
Suppliers		(6,470,642)	(5,278,003)
Payment to other reporting units/controlled entity(s)	11B	(3,886,674)	(3,893,894)
Net cash from (used by) operating activities	**11A**	**578,842**	**2,649,803**
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		262,912	216,804
Proceeds from sale of land and buildings		-	-
Other		458,740	506,705
Cash used			
Purchase of plant and equipment		(924,137)	(662,130)
Purchase of land and buildings		(95,455)	-
Other		-	-
Net cash from (used by) investing activities		**(297,940)**	**61,379**
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		**280,902**	**2,711,182**
Cash & cash equivalents at beginning of the financial year		8,832,261	6,121,079
Cash & cash equivalents at end of the financial year	5	9,113,163	8,832,261

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 2015

	Note	2015 $	2014 $
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 2015

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

1.6 Investment in associates and joint arrangement

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.

1.7 Business combinations

There have been no business combinations during the year.

1.8 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.

1.9 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.)

1.10 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.

1.11 Gains

Sale of assets

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

1.12 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.

1.13 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.

1.14 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.

1.15 Borrowing costs

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

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

1.16 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.

1.17 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.

1.18 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.

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

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.

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

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.

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.

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

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.

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 asset'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.

1.19 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

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

- 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.

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.

1.20 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.

1.21 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.

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

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:

	2015	2014
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.

1.22 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.

1.23 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.

1.24 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.

1.25 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.

1.26 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.

1.27 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 2015

Note 2: Events after the reporting period

There were no events that occurred after 30 June 2015, 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	**2015**	**2014**
	$	**$**
Note 3A: Capitation fees		
Capitation fees	-	-
Total capitation fees	**-**	**-**
Note 3B: Levies		
Levies	-	-
Total levies	**-**	**-**
Note 3C: Interest		
Deposits	244,743	237,445
Loans	-	-
Total interest	**244,743**	**237,445**
Note 3D: Rental revenue		
Properties	998,657	1,066,032
Other	-	-
Total rental revenue	**998,657**	**1,066,032**
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	93,490	115,049
Intangibles	-	-
Total net gains from sale of assets	**93,490**	**115,049**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 4: Expenses	2015	2014
	$	$
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	302,194	308,640
Superannuation	61,687	64,035
Leave and other entitlements	(65,399)	(3,497)
Separation and redundancies	-	-
Other employee expenses	36,502	24,937
Subtotal employee expenses holders of office	**334,984**	**394,115**
Employees other than office holders:		
Wages and salaries	5,208,464	5,047,802
Superannuation	547,919	536,722
Leave and other entitlements	705,686	708,170
Separation and redundancies	-	-
Other employee expenses	629,517	598,897
Subtotal employee expenses employees other than office holders	**7,091,586**	**6,891,591**
Total employee expenses	**7,426,570**	**7,285,706**

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 2015

Note 4: Expenses	**2015**	**2014**
	$	**$**
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	1,452,498	1,473,056
Compulsory Levies	-	-
Fees/Allowances – meeting and conferences	-	-
Conference and meeting expenses	76,712	84,947
Accommodation and travel expenses	153,165	148,630
Contractors/consultants	450,449	492,078
Occupancy expenses	1,046,955	958,972
Printing, postage and stationery	209,447	199,689
Telephone expenses	163,782	176,039
Insurance expenses	715,873	601,306
Motor Vehicle expenses	479,033	494,680
NSW Branch expenses	3,886,674	3,893,894
Other	617,266	371,793
Subtotal administration expenses	**9,251,854**	**8,895,084**
Operating lease rental		
Minimum lease payments	263,818	334,267
Total administration expenses	**9,515,672**	**9,229,351**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 4: Expenses	2015	2014
	$	$
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	7,680	8,066
Total paid that exceeded $1,000	12,676	97,214
Total grants or donations	**20,356**	**105,280**
Note 4F: Depreciation and amortisation		
Depreciation		
Land & Building	236,607	257,557
Property, plant & equipment	513,852	540,846
Total depreciation	**750,459**	**798,403**
Amortisation		
Intangible	-	-
Total amortisation	-	-
Total depreciation and amortisation	**750,459**	**798,403**
Note 4G: Legal costs		
Litigation	508	21,661
Other legal matters	92,169	58,372
Total legal costs	**92,677**	**80,033**
Note 4H: Other expenses		
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 5: Current assets	2015	2014
	$	$
Note 5A: Cash and cash equivalents		
Cash at bank	1,254,014	1,548,633
Cash on hand	1,450	1,450
Short term deposits	7,857,699	7,282,178
Other	-	-
Total cash and cash equivalents	**9,113,163**	**8,832,261**
Note 5B: Trade and other receivables		
Receivables from other reporting unit(s)		
	-	-
Total receivables from other reporting unit(s)	-	-
Less provision for doubtful debts		
	-	-
Total provision for doubtful debts	-	-
Receivable from other reporting unit(s) net	-	-
Other receivables		
GST receivable from the Australian Taxation Office	-	-
Other trade receivables	717,009	699,676
Total other receivables	717,009	699,676
Total trade and other receivables (net)	**717,009**	**699,676**
Note 5C: Other current assets		
Prepayment	97,545	117,586
Totals other current assets	**97,545**	**117,586**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 6: Non-current assets	**2015**	**2014**
	$	**$**
Note 6A: Land and buildings		
Land and buildings:		
Fair value	9,994,305	9,377,750
Accumulated depreciation	(20,958)	(431,300)
Total land and buildings	**9,973,347**	**8,946,450**

Reconciliation of the opening and closing balances of land and buildings

As at 1 July		
Gross book value	9,377,750	9,452,500
Accumulated depreciation and impairment	(431,300)	(256,975)
Net book value 1 July	**8,946,450**	**9,195,525**
Additions:		
By purchase	95,455	
From acquisition of entities (including restructuring)		
Revaluations	521,100	(74,750)
Impairments		
Depreciation expenses	410,342	(174,325)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 30 June	**9,973,347**	**8,946,450**
Net book value as of 30 June represented by:		
Gross book value	9,994,305	9,377,750
Accumulated depreciation and impairment	(20,958)	(431,300)
Net book value 30 June	**9,973,347**	**8,946,450**

Note 6A: Land and buildings (cont.)

Fair value of the properties was determined by using direct comparison on a rate per square metre of lettable area supported by the capitalisation of net income method. This means that it utilises sales that have been analysed on a rate /m^2 of strata area basis and compares the equivalent rates to the subject to establish the property's current market value. As at the date of revaluation 30 June 2015, the properties' fair values are based on valuations performed by Mark Willers of LandMark White, 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.

	2015	2014
	$	$
Note 6B: Plant and equipment		
Plant and equipment		
At cost	3,890,125	3,647,509
Accumulated depreciation	(2,289,784)	(2,288,031)
Total plant and equipment	**1,600,341**	**1,359,478**

Reconciliation of the opening and closing balances of plant and equipment		
As at 1 July		
Gross book value	3,647,509	4,190,774
Accumulated depreciation and impairment	(2,288,031)	(2,829,585)
Net book value 1 July	**1,359,478**	**1,361,189**
Additions:		
By purchase	938,682	662,130
From acquisition of entities (including restructuring)		-
Impairments		-
Depreciation expenses	(509,377)	(540,841)
Other movement		-
Disposals:		
From disposal of entities (including restructuring)		-
Other	(188,442)	(123,000)
Net book value 30 June	**1,600,341**	**1,359,478**
Net book value as of 30 June represented by:		
Gross book value	3,890,125	3,647,509
Accumulated depreciation and impairment	(2,289,784)	(2,288,031)
Net book value 30 June	**1,600,341**	**1,359,478**

Note 6: Non-current assets	**2015**	**2014**
	$	**$**
Note 6C: Investment property		
Property		
Opening balance as at 1 July	16,102,000	14,952,633
Additions – at cost	-	-
Net gain from fair value adjustment	-	1,149,367
Closing balance as at 30 June	16,102,000	16,102,000
Lease Incentives		
Opening balance as at 1 July	4,579,233	4,579,233
Additions – at cost	-	-
Amortisation of lease incentives	(2,099,628)	(1,640,888)
Closing balance as at 30 June	2,479,595	2,938,335
Total Investment property	**18,581,595**	**19,040,335**

Rental income earned and received from the investment properties during the year was $1,382,104 (2014: 1,426,712).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was $553,343 (2014: $546,672). 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.

The fair value of investment property is determined by Mark Willers of LandMark White, using recognised valuation techniques. These techniques comprise of the Discounted Cash Flow (DCF) method, direct comparison 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).

The fair value of the investment property is included within level 2.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 6: Non-current assets	2015	2014
	$	$
Note 6D: Other investments		
Deposits	-	-
Other	-	-
Total other investments	-	-
Note 6E: Other non-current assets		
Prepayments	106,928	772,356
Other	-	-
Total other non-financial assets	**109,928**	**772,356**
Note 7 Current liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	629,662	1,091,822
Operating lease rentals	-	-
Subtotal trade creditors	**629,662**	**1,091,822**
Payables to other reporting unit(s)		
	-	-
Subtotal payables to other reporting unit(s)	-	-
Total trade payables	**629,662**	**1,091,821**
Settlement is usually made within 30 days.		
Note 7B: Other payables		
Wages and salaries	-	-
Superannuation	-	-
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Prepayments received/unearned revenue	-	-
GST payable	(41,906)	175,545
Other	-	-
Total other payables	**(41,906)**	**175,545**
Total other payables are expected to be settled in:		
No more than 12 months	(41,906)	175,545
More than 12 months	-	-
Total other payables	**(41,906)**	**175,545**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 8 Provisions	2015	2014
	$	$
Note 8A: Employee provisions		
Office Holders:		
Annual leave	49,258	54,743
Long service leave	131,640	157,272
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – office holders	**180,898**	**212,015**
Employees other than office holders:		
Annual leave	794,033	777,441
Long service leave	1,291,670	1,258,463
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – employees other than office holders	**2,085,703**	**2,035,904**
Annual leave	843,291	832,184
Long service leave	1,423,310	1,415,735
Total employee provisions	**2,266,601**	**2,247,919**
Current	2,240,483	2,213,552
Non Current	26,118	34,367
Total employee provisions	**2,266,601**	**2,247,919**

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 start of year	4,515,373	3,378,769
Transferred to reserve	1,168,050	2,549,750
Transferred out of reserves	-	(1,413,146)
Balance as at end of year	**5,683,423**	**4,515,373**
Total Reserves	**5,683,423**	**4,515,373**

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NOTES TO THE FINANCIAL STATEMENTS
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Note 11 Cash flow	2015	2014
	$	$
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	9,113,163	8,832,261
Balance sheet	9,113,163	8,832,261
Difference	-	-
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	(85,335)	460,062
Adjustments for non-cash items		
Amortisation	-	-
Depreciation	750,459	798,403
(Profit)/loss on sale of fixed assets	(93,490)	(115,049)
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(17,333)	1,445,202
(Increase)/decrease in prepayments	685,469	(283,265)
Increase/(decrease) in supplier payables	(679,611)	290,967
Increase/(decrease) in other payables	-	-
Increase/(decrease) in employee provisions	18,683	53,483
Increase/(decrease) in other provisions	-	-
Net cash from (used by) operating activities	**578,842**	**2,649,803**
Note 11B: Cash flow information		
Cash inflows		
Shop Distributive & Allied Employees Association N.S.W. Branch	-	-
Total cash inflows	**19,065,697**	**19,777,432**
Cash outflows		
Shop Distributive & Allied Employees Association N.S.W. Branch	3,886,674	3,893,894
Total cash outflows	**18,784,795**	**17,066,250**

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:

	2015	2014
	$	$
Within one year	360,910	263,818
After one year but not more than five years	806,573	266,970
More than five years	-	-
Closing balance as at 30 June	**1,167,483**	**530,788**

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.

Operating lease commitments – as lessor

The association leases out its investment properties under operating leases (see note 6C). The future minimum lease income under non-cancellable leases are as follows:

	2015	2014
	$	$
Less than one year	1,018,823	864,925
Between one and five years	3,904,543	3,511,765
More than five years	388,812	1,305,078

During the year, $998,657 was recognised as rental income in profit or loss (2014: $1,066,032)

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 2015

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.

	2015	2014
	$	$
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	3,886,674	3,893,894
Donated to *Australian Labor Party* includes the following:		
Donated to Australian Labor Party 2013 Federal Election	-	71,632
Donated to N.S.W. Labor Party 2015 State Election	3,255	-

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

Key Management Personnel Remuneration for 2015	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$
Short-term employee benefits					
Salary (including annual leave taken)	[redacted]	[redacted]	[redacted]	[redacted]	302,194
Honorarium	-	-	-	-	-
Annual leave accrued	-	[redacted]	[redacted]	-	8,366
Non-monetary (motor vehicle and parking)	[redacted]	[redacted]	[redacted]	[redacted]	36,503
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	[redacted]	**347,063**
Post-employment benefits:					
Superannuation	[redacted]	[redacted]	[redacted]	[redacted]	61,686
Total post-employment benefits	[redacted]	[redacted]	[redacted]	[redacted]	**61,686**
Other long-term benefits:					
Long-service leave	-	[redacted]	[redacted]	[redacted]	14,525
Total other long-term benefits	-	[redacted]	[redacted]	[redacted]	**14,525**
Total	[redacted]	[redacted]	[redacted]	[redacted]	**423,274**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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

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**

Note 14 Remuneration of Auditors

	2015	**2014**
	$	**$**
Value of the services provided		
Grech Smith Bridle		
Financial statement audit services	49,000	48,200
Other services	-	-
Total remuneration of auditors	**49,000**	**48,200**

No other services were provided by the auditors of the financial statements.

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
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	2015	2014
	$	$
Note 15A: Categories of financial instruments		
Financial assets		
Fair value through profit or loss:		
	-	-
Total	-	-
Held-to-maturity investments:		
	-	-
Total	-	-
Loans and receivables:		
Trade and other receivables	717,009	699,676
Total	717,009	699,676
Available-for-sale assets:		
Cash and cash equivalents	9,113,163	8,832,261
Total	**9,113,163**	**8,832,163**
Carrying amount of financial assets	**9,830,172**	**9,531,839**
Financial Liabilities		
Other financial liabilities:	-	-
Trade and other payables	587,755	1,267,366
Total	**587,755**	**1,267,366**
Carrying amount of financial liabilities	**587,755**	**1,267,366**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 15B: Net income and expense from financial assets

	2015	2014
	$	$
Held-to-maturity		
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity	-	-
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	244,743	237,445
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	**244,743**	**237,445**
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 2015

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

	2015 $	2014 $
Net gain/(loss) at fair value through profit and loss	-	-
Net gain/(loss) from financial assets	244,743	237,445

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 (2014: $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. (2014:$0).

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NOTES TO THE FINANCIAL STATEMENTS
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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.

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	9,113,163	8,832,261
Receivables	717,009	699,676
Total	**9,830,172**	**9,531,937**
Financial liabilities		
Payables	587,755	1,267,366
Total	**587,755**	**1,267,366**

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 2015 $	Past due or impaired 2015 $	Not Past Due Nor Impaired 2014 $	Past due or impaired 2014 $
Cash and cash equivalents	9,113,163	-	8,832,261	-
Receivables	717,009	-	699,676	-
Total	**9,830,172**	-	**9,531,937**	-

Ageing of financial assets that were past due but not impaired for 2015

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 2015 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 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 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 2015

	On Demand	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
	$	$	$	$	$	$
Trade payables	587,755	-	-	-	-	587,755
Total	**587,755**	**-**	**-**	**-**	**-**	**587,755**

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**

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 2015 approximately 86.24% 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 2014.

Sensitivity analysis of the risk that the entity is exposed to for 2015

	Risk variable	Change in risk variable	Effect on Profit and Loss	Effect on Equity
		%	$	$
Interest rate risk	Increase	1.0%	78,577	78,577
Interest rate risk	Decrease	-1.0%	(78,577)	(78,577)

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)

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 2015 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 2015 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

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 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
	$	$	$	$
Financial Assets				
Cash and cash equivalents	9,113,163	9,113,163	8,832,261	8,832,261
Trade and other receivables	717,009	717,009	699,676	699,676
Total	**9,830,172**	**9,830,172**	**9,531,937**	**9,531,937**
Financial Liabilities				
Trade and other payables	587,755	587,755	1,267,366	1,267,366
Total	**587,755**	**587,755**	**1,267,366**	**1,267,366**

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 2015

	Date of valuation	Level 1	Level 2	Level 3
		$	$	$
Assets measured at fair value				
Non-financial assets				
Land & Building	30 June 2015	-	9,973,347	-
Investment Property (See note 16C)	30 June 2014	-	16,102,000	-
Total		-	**26,075,347**	
Liabilities measured at fair value				
		-	-	-
Total		-	-	-

Note 16 Fair value measurement

Note 16B: Fair value hierarchy (cont.)

Fair value hierarchy 30 June 2014

	Date of valuation	Level 1 $	Level 2 $	Level 3 $
Assets measured at fair value				
Non-financial assets				
Land and Building	30 June 2012	-	8,946,450	-
Investment Property (See note 16C)	30 June 2014	-	16,102,000	-
Total		**-**	**25,048,450**	**-**
Liabilities measured at fair value				
		-	-	-
Total		**-**	**-**	**-**

Note 16C: Fair Value Hierarchy

Total amount disclosed in 2014 financial report was $19,040,355. This comprised of investment property at fair value $16,102,000 and carrying amount of lease incentive $2,938,355.

In 2015 the fair value of investment property was $16,102,000 and carrying amount of lease incentive was $2,479,595 giving a total of $18,581,595.

No revaluations took place in year 2013.

Note 17: Business Combinations

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).

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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).