Australian Government
Registered Organisations Commission

14 November 2017

Mr Gerard Dwyer
National Secretary - Treasurer
Shop, Distributive and Allied Employees Association

By e-mail: general@sda.org.au

Dear Mr Dwyer

Shop, Distributive and Allied Employees Association
Financial Report for the year ended 30 June 2017 - FR2017/94

I acknowledge receipt of the financial report for the year ended 30 June 2017 for the Shop, Distributive and Allied Employees Association (SDAEA). The financial report was lodged with the Registered Organisations Commission (ROC) on 26 October 2017.

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

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

1. General Purpose Financial Report

Disclosure of employee provisions

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

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

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

Notes to the Cash Flow Statement

Reporting Guideline 24 states:

> Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the name of the other reporting unit and/or controlled entity concerned.

This is in addition to the requirement to disclose capitation fees to/from another reporting unit (Reporting Guideline 14(b) and 16(b)) and receipt of, or provision of, any other financial support from another reporting unit (Reporting Guideline 10, 11 and 14(e)).

Activities under Reporting Guidelines (RG) not disclosed

Items 13, 15, 17 and 19 of the RG state that if the activities identified in items 10, 11, 14, 16 and 18 respectively have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR. I note that for the following RG items no such disclosure has been made:

- Item 10 - going concern financial support received from another reporting unit (refers to agreement regarding financial support not dollar amount)
- Item 11 - going concern financial support provided to another reporting unit (refers to agreement regarding financial support not dollar amount)

If no undertaking to provide financial support has been received/provided the following statements should be included:

> The [**Reporting Unit's**] ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit.
>
> The [**Reporting Unit**] has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

- Item 14(a) - periodic or membership subscriptions
- Item 14(c) - compulsory levies raised
- Item 14(d) - donations or grants received
- Item 16(a) - fees incurred as consideration for employers making payroll deductions of membership subscriptions
- Item 16(b) - capitation fees paid
- Item 16(h) - fees or allowances paid to persons to attend conferences or meetings as a representative of the reporting unit
- Item 16(k) - penalties imposed under RO Act
- Item 18(a) - receivable with another reporting unit
- Item 18(b) - payable with another reporting unit

2. Auditor's Statement

Auditor's address

The Auditor's Statement did not include the auditor's address as required by Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* paragraph 48. Section 257(8) of the RO Act requires that the form and content of the Auditor's Statement be in accordance with Australian Auditing Standards.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

THE UNION FOR WORKERS IN
RETAIL. FAST FOOD. WAREHOUSING.

The Shop,Distributive and Allied Employees' Association
A: Level 6, 53 Queen Street, Melbourne, VIC 3000 P: 03 8611 7000 E: general@sda.org.au W: sda.org.au ABN: 99 789 302 470

NATIONAL PRESIDENT
Joe de Bruyn

NATIONAL SECRETARY
Gerard Dwyer

s.268 *Fair Work (Registered Organisations) Act 2009*

DESIGNATED OFFICER'S CERTIFICATE

Certificate for the year ended 30 June 2017

I **GERARD DWYER,** being the **National Secretary-Treasurer** of the **Shop, Distributive and Allied Employees Association**, certify:

- that the document lodged herewith is a copy of the full report for Shop, Distributive and Allied Employees' Association, Annual Financial Report – 30 June, 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members via post on or before Friday 22 September 2017; and

- 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, 16 October 2017, in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: G H Dwyer

Name of prescribed designated officer: **GERARD DWYER**

Title of prescribed designated officer: **NATIONAL SECRETARY-TREASURER**

Dated: **26 OCTOBER 2017**

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 June 2017

Contents

Operating Report

For the year ended 30 June 2017

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 2017 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2017 was 207,037 (2016: 209,936).

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 National President since 2014
Mr Michael Donovan National Vice President	National Executive Member since 1996 National Vice President since 2014
Mr Gerard Dwyer National Secretary-Treasurer	National Executive Member since 2005 National President 2008-2014 National Secretary-Treasurer since 2014
Ms Julia Fox National Assistant Secretary	National Executive Member since 2016 Elected National Assistant Secretary in October 2016
Mr Ian Blandthorn (retired)	National Executive Member (1986 – October 2016) National Assistant Secretary (1986 – October 2016)
Mr Paul Griffin	National Executive Member since 1990
Ms Barbara Nebart	National Executive Member since 2004
Ms Sonia Romeo	National Executive Member since 2016
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

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, and a director of ACTU Trustee companies ACTU Member Connect Pty Ltd and The Union Education Foundation Limited. 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, tax, health and safety, women, vocational education and training, workers capital, future international and 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.

Ian Blandthorn is a Director of Skills IQ.

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 range of employers. 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.

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2017, there were 13.5 effective full-time equivalent employees of the National Office of the Association (2016: 12.5).

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 2017, 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	Ms Aliscia Di Mauro
Ms Sue-Anne Burnley	Ms Julia Fox

National Executive Member Mr Paul Griffin is a Director of the Tasplan Superannuation Fund

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 2016-2017, to the Workplace Gender Equality Agency, on the 25th May 2017. 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 Commissioner, 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 15th day of August, 2017

J. de Bruyn
Joseph de Bruyn
National President

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 15th August 2017 in relation to the accompanying general purpose financial report that, in the opinion of the National Executive:

(a) the financial statements and notes set out on pages 8 to 41 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 8 to 41 comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("RO Act");

(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 2017;

(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 2017 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 RO Act;

   (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 Commissioner duly made under section 272 of the RO Act that have not been furnished to the member or Commissioner;

   (vi) no orders for inspection of financial records have been made by the Registered Organisations Commission under section 273 of the RO Act.

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

Dated at Melbourne this 15th day of August, 2017

Joseph de Bruyn
National President

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 2017 the number of members of the Association was 207,037.

In my opinion:

(i) the accompanying financial report set out on pages 8 to 41 presents a true and fair view of the financial position of the Association as at 30 June 2017;

(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 15th day of August, 2017

Gerard Dwyer
National Secretary -Treasurer

Statement of Financial Position

As at 30 June 2017	Note	2017	2016
		$	$
Assets			
Cash and cash equivalents	9	925,867	854,503
Receivables	10	691,153	636,486
Other financial assets	11	27,500,000	26,700,000
Total current assets		29,117,020	28,190,989
Investment property	12	19,750,000	18,500,000
Property, plant and equipment	13	646,434	397,530
Employee benefits	16	587,644	356,591
Total non-current assets		20,984,078	19,254,121
TOTAL ASSETS		50,101,098	47,445,110
Liabilities			
Trade and other payables	14	318,372	397,092
Employee benefits	16	768,188	762,165
Total current liabilities		1,086,560	1,159,257
Employee benefits	16	32,079	12,732
Total non-current liabilities		32,079	12,732
TOTAL LIABILITIES		1,118,639	1,171,989
NET ASSETS		48,982,459	46,273,121
Equity			
Retained earnings		48,982,459	46,273,121
TOTAL EQUITY		**48,982,459**	46,273,121

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017	Note	2017	2016
		$	$
Income			
Capitation/affiliation fees	22	6,167,282	5,824,605
		6,167,282	5,824,605
Other income	7	3,175,714	3,172,995
		9,342,996	**8,997,600**
Expenditure			
53 Queen St, Melbourne - direct operating expenses		602,080	589,996
ACTU IR Campaign Levy	22	-	428,028
Affiliation fees	22	2,095,039	1,884,678
Audit fees	8	30,709	26,112
Campaigning expenses		485,648	639,078
Delegates expenses		169,753	220,717
Depreciation	13	100,961	87,961
Grants and donations	15(a)	204,546	1,041,221
Legal costs	15(b)	1,176,012	1,650,051
Meeting expenses		300,373	260,745
Office & administration expenses		206,790	209,970
Other expenses		328,892	571,057
Personnel expenses	20	1,632,616	1,587,776
Travel expenses		189,028	185,645
Total Expenses		**7,522,447**	**9,383,035**
Result from Operating Activities		**1,820,549**	**(385,435)**
Finance income			
Interest income	11	652,319	715,516
		652,319	715,516
Income tax expense	4(k)	-	-
PROFIT FOR THE PERIOD		**2,472,868**	**330,081**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit asset gain/(loss)	16	236,470	(257,964)
Income tax on other comprehensive income	4(k)	-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income/(loss), net of tax		236,470	(257,964)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,709,338**	**72,117**

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

Statement of Changes in Equity

For the year ended 30 June 2017	*Note*	**Retained earnings** $	**Total equity** $
Balance at 1 July 2016		46,273,121	46,273,121
Total comprehensive income for the period			
Profit for the period		2,472,868	2,472,868
Other comprehensive income			
Remeasurement of defined benefit asset, net of tax	*16*	236,470	236,470
Total comprehensive income for the period		2,709,338	2,709,338
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2017		**48,982,459**	**48,982,459**

		Retained earnings $	**Total equity** $
Balance at 1 July 2015		**46,201,004**	**46,201,004**
Total comprehensive income for the period			
Profit for the period		330,081	330,081
Other comprehensive income			
Remeasurement of defined benefit asset, net of tax	*16*	(257,964)	(257,964)
Total comprehensive income for the period		72,117	72,117
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2016		**46,273,121**	**46,273,121**

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

Statement of Cash Flows

For the year ended 30 June 2017	Note	2017	2016
		$	$
Cash flows from operating activities			
Cash receipts from operations		8,848,887	9,042,920
Cash paid to suppliers and employees		(8,263,002)	(10,173,563)
Cash generated from operations		585,885	(1,130,643)
Interest received		666,744	718,021
Net cash from/(used in) operating activities	***21***	**1,252,629**	**(412,622)**
Cash flows from investing activities			
(Acquisition)/proceeds of term deposits		(800,000)	600,000
Acquisition of property, plant and equipment	*13*	(349,865)	(63,387)
Acquisition of investment property	*12a*	(31,400)	(274,095)
Proceeds on sale of property, plant and equipment		-	2,281
Net cash (used in)/from investing activities		**(1,181,265)**	**264,799**
Cash flows from financing activities			
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		71,364	(147,823)
Cash and cash equivalents at 1 July		854,503	1,002,326
CASH AND CASH EQUIVALENTS AT 30 JUNE	***9***	**925,867**	**854,503**

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

Notes to Financial Statements

1. Reporting Entity

Shop, Distributive & Allied Employees' Association (the 'Association') is an Association domiciled in Australia. The address of the Association's registered office is Level 6, 53 Queen Street, Melbourne. The financial report of the Association for the financial year ended 30 June 2017 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 15th August 2017.

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 – Investment property.

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 16 – Employee benefits.

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, except for the recognition timing of capitation/affiliation fees as revenue. Capitation/affiliation fees are now accounted for under AASB 118 *Revenue* whereas in the financial statements for the years ended 30 June 2016 and earlier, the Association has accounted for them under AASB 1004 *Contributions*. The change in accounting policy has no impact on the revenue recognised in the financial statements, further information is provided in Note 4 (h)(i).

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 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:

	2017	2016
• Leasehold improvements	5-20 years	5-20 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. Refer to note 12(b) for details of determination of fair value.

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 other comprehensive income. 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.

(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 Australian Corporate bonds that have maturity dates approximating the terms of the Association's obligations in which the benefits are expected to be paid.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

f) Employee benefits (continued)

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual 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/affiliation fees

Capitation/affiliation fees are fees received from the 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 for the financial year (1 July to 30 June). Revenue (received or receivable) from affiliation fees is accounted for on an accrual basis under AASB 118 *Revenue* standard and is recorded as revenue in the financial year to which it relates.

In the financial statements for the years ended 30 June 2016 and earlier, the Association had accounted for affiliation fees as contributions revenue and recognised them upon receipt under AASB 1004 *Contributions* standard. Under AASB 1004 governing the recognition, measurement and disclosure requirements surrounding contributions to not-for-profit entities, the fees received were represented as non-reciprocal transfers (no resulting equivalent obligations to the Branch for fees paid) and recognised upon receipt. A policy change has been made to align the accounting treatment of these receipts with the recommendations of the Registered Organisations Commission that the monies must be accounted for on an accruals basis.

The change in accounting policy changes the recognition of affiliation fees receivable at year end. As there are no receivable affiliation fees in current or prior financial years, there is no impact on the financial statements.

(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 2016, and have not been applied in preparing these 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*

AASB 9 *Financial Instruments*, published in July 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial instruments, and new general hedge accounting requirement. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The adoption of this standard is not expected to have a material impact on the financial statements.

(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 adoption of this standard is not expected to have a material impact on the financial statements.

(iii) AASB 16 *Leases*

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought onto the balance sheet. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The adoption of this standard is not expected to have a material impact on the financial statements.

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 (2016: no impairment loss).

(ii) Cash and cash equivalents

The Group held cash and cash equivalents of $925,867 at 30 June 2017 (2016: $854,503), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are located in Australia, currently the CBA with a current long term credit rating of Aa3 (Moody's Investor Services).

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 17.

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 17 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	2017 $	2016 $
53 Queen Street, Melbourne - Rental income from investment property	18	1,412,026	1,392,477
53 Queen Street, Melbourne - Fair value increment	12	1,218,600	825,905
ACTU trust distributions	22	149,186	145,232
SDA Branch reimbursements	22	224,625	652,851
Other organisation reimbursements		-	4,415
Legal costs awarded		45,250	-
CARE director's fees		-	30,184
REST director's fees	22	126,027	121,424
Other income		-	507
		3,175,714	**3,172,995**

8. Auditor's remuneration

	2017 $	2016 $
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	30,709	26,112
	30,709	26,112
Other services		
Auditors of the Association		
KPMG Australia:		
Other assurance services	2,693	2,643
	2,693	2,643
TOTAL AUDITORS' REMUNERATION	**33,402**	**28,755**

9. Cash and cash equivalents

	2017 $	2016 $
Cash at bank	98,468	129,499
Cash management accounts	768,833	626,992
Term deposits	58,566	98,012
	925,867	**854,503**

The Association's exposure to interest rate risk and a sensitivity analysis for financial assets is disclosed in note 17.

Notes to Financial Statements (continued)

10. Receivables

	Note	2017	2016
		$	$
Accrued interest income		111,941	126,366
Prepayments		63,734	74,594
Receivables from related parties	22	-	
Sundry debtors		515,478	435,526
		691,153	**636,486**

The Association's exposure to credit and currency risks, and impairment losses related to receivables is disclosed in note 17.

11. Other financial assets

	2017	2016
	$	$
Term deposits	27,500,000	26,700,000
	27,500,000	**26,700,000**

Term deposits have stated interest rates of 2.34 to 2.45 percent (2016: 2.65 to 2.85 percent) and mature in 120 days or more.

The Association's exposure to credit and interest rate risk is disclosed in note 17.

During the year ended 30 June 2017, the Association received interest income of $652,319 (2016: $715,516) in respect of financial assets not at fair value through profit and loss.

12. Investment property

(a) Reconciliation of carrying amount

	2017	2016
	$	$
Property		
Balance at 1 July	18,500,000	17,400,000
Capital improvements	31,400	274,095
Fair value adjustment (refer below)	1,218,600	825,905
Balance at 30 June	**19,750,000**	**18,500,000**

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 18.

(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 $19,750,000 was determined at 30 June 2017 by Gary Longden, Director and certified practising valuer of M3 Property P/L, a registered independent appraiser having an appropriate recognised professional qualification from 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 (2017), Discounted cash flow approach (2016)

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.

Significant unobservable inputs

- 2017: Discount rate 7.00%,
- 2016: Discount rate 7.75%.

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- 2017: The discount rate was lower (higher),
- 2016: The discount 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 2016	216,859	91,455	475,480	783,794
Acquisitions	92,268	41,039	216,558	349,865
Impairments	(64,161)	-	-	(64,161)
Disposals	-	-	-	-
Balance at 30 June 2017	**244,966**	**132,494**	**692,038**	**1,069,498**
Balance at 1 July 2015	195,639	91,455	470,870	757,964
Acquisitions	58,777	-	4,610	63,387
Impairments	(28,161)	-	-	(28,161)
Disposals	(9,396)	-	-	(9,396)
Balance at 30 June 2016	**216,859**	**91,455**	**475,480**	**783,794**
Depreciation and impairment losses				
Balance at 1 July 2016	151,852	31,292	203,120	386,264
Depreciation expense for the year	34,759	22,349	43,853	100,961
Impairments	(64,161)	-	-	(64,161)
Disposals	-	-	-	-
Balance at 30 June 2017	**122,450**	**53,641**	**246,973**	**423,064**
Balance at 1 July 2015	155,677	11,237	167,172	334,086
Depreciation expense for the year	31,958	20,055	35,948	87,961
Impairments	(28,161)	-	-	(28,161)
Disposals	(7,622)	-	-	(7,622)
Balance at 30 June 2016	**151,852**	**31,292**	**203,120**	**386,264**
Carrying amounts				
At 1 July 2016	65,007	60,163	272,360	397,530
At 30 June 2017	**122,516**	**78,853**	**445,065**	**646,434**
At 1 July 2015	39,962	80,218	303,698	423,878
At 30 June 2016	**65,007**	**60,163**	**272,360**	**397,530**

Notes to Financial Statements (continued)

14. Trade and other payables

	Note	2017 $	2016 $
Payables to related parties	22	6,293	135,838
Sundry creditors – legal costs – litigation		-	35,000
Sundry creditors – legal costs – other legal matters		99,448	22,785
Sundry creditors – others		125,239	79,357
PAYG withholding tax payable		31,526	28,800
Tenant security deposits		55,866	95,312
		318,372	**397,092**

The Association's exposure to liquidity risk is disclosed in note 17 (b).

15. Expenses

	2017 $	2016 $
(a) Grants or donations		
Grants that were $1,000 or less	-	-
Grants that exceeded $1,000	-	-
Donations that were $1,000 or less	-	1,043
Donations that exceeded $1,000	204,546	1,040,178
	204,546	**1,041,221**
(b) Legal costs		
Litigation	120,541	47,995
Other legal matters	1,055,471	1,602,056
	1,176,012	**1,650,051**

There were no penalties imposed on the Association under the RO Act with respect to the conduct of the Association.

16. Employee benefits

	2017 $	2016 $
Current liability		
Office holders		
Liability for long service leave	135,570	243,533
Liability for annual leave	41,872	75,626
	177,442	319,159
Employees other than office holders		
Liability for long service leave	338,547	203,273
Liability for annual leave	252,199	239,733
	590,746	443,006
	768,188	**762,165**

Notes to Financial Statements (continued)

16. Employee benefits (continued)

	2017 $	2016 $
Non-current liability		
Employees other than office holders		
Liability for long-service leave	32,079	12,732
	32,079	**12,732**
Non-current asset		
Office holders and other employees		
Present value of funded obligations	2,728,898	2,705,058
Fair value of plan assets - funded	(3,316,542)	(3,061,649)
Recognised (asset) for defined benefit obligations	**(587,644)**	**(356,591)**

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 2017 (30 June 2016: 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:

	2017 $	2016 $
Net (asset)/liability for defined benefit obligations at 1 July	(356,591)	(625,388)
Contributions paid into the plan	(90,327)	(201,355)
Amount recognised in other comprehensive income - actuarial losses/(gains)	(236,470)	257,964
Expenses recognised in statement of comprehensive income within personnel expenses	95,744	212,188
Net (asset)/liability for defined benefit obligations at 30 June	**(587,644)**	**(356,591)**

Notes to Financial Statements (continued)

16. Employee benefits (continued)

Movement in the present value of the defined benefit obligations

	2017 $	2016 $
Defined benefit obligations at 1 July	2,705,058	2,375,594
Current service cost	107,300	235,188
Interest cost	65,056	75,006
Actuarial losses/(gains) recognised in other comprehensive income (see below)	(20,116)	225,434
Benefits paid by the plan	(89,880)	(166,589)
Taxes, premium & expenses paid	(38,520)	(39,575)
Defined benefit obligations at 30 June	**2,728,898**	**2,705,058**

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

Movement in the present value of plan assets

	2017 $	2016 $
Fair value of plan assets at 1 July	3,061,649	3,000,982
Expected return on plan assets at discount rate	76,612	98,006
Actuarial (losses)/gains recognised in other comprehensive income (see below)	216,354	(32,530)
Contributions paid	90,327	201,355
Benefits paid	(89,880)	(166,589)
Taxes and expenses	(38,520)	(39,575)
Fair value of plan assets at 30 June	**3,316,542**	**3,061,649**

Expense recognised in profit or loss

	2017 $	2016 $
Current service costs	107,300	235,188
Net interest costs	(11,556)	(23,000)
	95,744	**212,188**

Re-measurements of net defined benefit liability/asset

	2017 $	2016 $
(Gain)/Loss on defined benefit obligation	(20,116)	225,434
(Gain)/Loss on assets	(216,354)	32,530
Recognised in other comprehensive expense/(income)	**(236,470)**	**257,964**

Notes to Financial Statements (continued)

16. Employee benefits (continued)

Actuarial gains (and losses) recognised in other comprehensive income

	2017 $	2016 $
Cumulative amount at 1 July	(127,376)	130,588
Recognised during the period	236,470	(257,964)
Cumulative amount at 30 June	**109,094**	**(127,376)**

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

	2017	2016
Australian Equity	19%	19%
International Equity	29%	29%
Fixed Income	6%	6%
Property	11%	11%
Cash	6%	6%
Other	29%	29%

Actuarial assumptions

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

	2017	2016
Discount rate at 30 June	3.75%	3.25%
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.

	2017 $	2016 $
Additional DBO for a 1% decrease in the discount rate	173,554	176,742
Reduction in DBO for a 1% increase in the discount rate	94,588	139,446

The above sensitivities are based on the average duration of the benefit obligation determined by the actuary as at 30 June 2017 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)

16. Employee benefits (continued)

Historical information

	2017 $	2016 $	2015 $	2014 $	2013 $
Present value of the defined benefit obligation	2,728,898	2,705,058	2,375,594	2,463,350	2,297,379
Fair value of plan assets - funded	(3,316,542)	(3,061,649)	(3,000,982)	(2,934,258)	(2,210,480)
Recognised (asset)/liability for defined benefit obligation	**(587,644)**	**(356,591)**	**(625,388)**	**(470,908)**	**86,899**

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 $98,821 to its defined benefit superannuation funds during the year ended 30 June 2018.

17. 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 2017 $	2016 $
Current			
Cash and cash equivalents	*9*	925,867	854,503
Receivables	*10*	691,153	636,486
Other financial assets	*11*	27,500,000	26,700,000
		29,117,020	**28,190,989**

Impairment losses

None of the Association's receivables are past due (2016: 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 2017 the Association does not have any collective impairments on its cash and cash equivalents, receivables or other financial assets (2016: nil). All receivables are in the Australia geographic region.

Notes to Financial Statements (continued)

17. 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 cash flows and all are due in 3 months or less (2016: 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 (2016: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
		2017	**$**
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	0.61%	925,867
Other financial assets (fixed rate)	*11*	2.39%	27,500,000
			28,425,867
		2016	**$**
Financial assets			
Cash and cash equivalents (fixed and variable rates)	*9*	0.70%	854,503
Other financial assets (fixed rate)	*11*	2.78%	26,700,000
			27,554,503

Fair value sensitivity analysis for fixed rate instruments

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

Fair value sensitivity analysis for variable rate instruments

Variable rate instruments consist of cash management bank accounts, shown in cash and cash equivalents (note 9). A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016.

Notes to Financial Statements (continued)

17. Financial instruments (continued)

(d) Interest rate risk (continued)

	Profit or loss 100bp increase	Profit or loss 100bp decrease
30 June 2017		
Cash management accounts	7,688	(7,688)
30 June 2016		
Cash management accounts	6,270	(6,270)

Fair values

The fair value of the Association's assets and liabilities as at 30 June 2017 approximate their carrying amounts shown in the statement of financial position.

18. 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:

	2017 $	2016 $
Less than one year	1,341,913	1,092,271
Between one and five years	3,026,131	1,745,954
More than five years	-	145,867
	4,368,044	**2,984,092**

During the year, the Association recognised $1,412,026 as rental income in the statement of profit or loss and other comprehensive income (2016: $1,392,477).

19. Controlled entities

Parent entity

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

	2017	2016
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 2017 are nil, consolidated accounts are not prepared.

Notes to Financial Statements (continued)

20. Personnel expenses

	2017 $	2016 $
Holders of office:		
Wages and salaries	262,449	259,079
Superannuation (including expenses related to defined benefit plan)	23,112	48,647
Leave and other entitlements	41,388	29,458
Separation and redundancies	-	-
Other employee expenses	59,718	45,630
Subtotal employee expenses - holders of office	**386,667**	**382,814**
Employees other than office holders:		
Wages and salaries	938,750	869,135
Superannuation (including expenses related to defined benefit plan)	90,211	170,055
Leave and other entitlements	137,750	93,481
Separation and redundancies	-	-
Other employee expenses	79,238	72,291
Subtotal employee expenses - employees other than office holders	**1,245,949**	**1,204,962**
Total employee expenses	**1,632,616**	**1,587,776**

21. Reconciliation of cash flows from operating activities

	2017 $	2016 $
Profit for the period	2,472,868	330,081
Adjustment for:		
Depreciation	100,961	87,961
Fair value (increment) / decrement on investment property	(1,218,600)	(825,905)
(Profit)/Loss on disposal of property, plant and equipment	-	(507)
Actuarial gains/(losses) recognised in equity on defined benefit plan	236,470	(257,964)
Operating profit before changes in working capital & provisions	**1,591,699**	**(666,334)**
Change in accrued interest income	14,425	2,505
Change in prepayments	10,860	(1,158)
Change in sundry debtors	(79,952)	61,714
Change in pension asset/ (liability)	(231,053)	268,797
Change in trade and other payables	(78,720)	(54,317)
Change in provisions and employee benefits	25,370	(23,829)
Net cash from/(used in) operating activities	**1,252,629**	**(412,622)**

Notes to Financial Statements (continued)

22. Related party disclosures

Branches

The Association received from its branches the following capitation/affiliation fees:

	Capitation/affiliation fees 2017	2016
	$	$
Newcastle	389,718	368,343
New South Wales	1,705,343	1,597,611
Queensland	1,035,089	932,743
South Australia	779,899	750,908
Tasmania	173,751	170,125
Victoria	1,341,155	1,303,494
Western Australia	742,327	701,381
	6,167,282	**5,824,605**

The Association received from its branches the following expense reimbursements:

2017	ACTU IR Campaign Levy	Penalty Rate Campaign	ALP Election Donation	100% Pay - Week of Action	Other	Intranet	TOTAL
	$	$	$	$	$	$	$
Newcastle	-	15,697	-	-	164	5,994	21,855
New South Wales	-	15,879	-	-	4,430	25,254	45,563
Queensland	-	15,524	-	-	3,966	13,567	33,057
South Australia	-	30,736	-	-	17,949	11,926	60,611
Tasmania	-	-	-	-	139	2,276	2,415
Victoria	-	28,827	-	-	412	21,185	50,424
Western Australia	-	-	-	-	902	9,798	10,700
	-	**106,663**	**-**	**-**	**27,962**	**90,000**	**224,625**

2016	ACTU IR Campaign Levy	Penalty Rate Campaign	ALP Election Donation	100% Pay - Week of Action	Other	Intranet	TOTAL
	$	$	$	$	$	$	$
Newcastle	13,928	-	16,753	4,164	218	7,036	42,099
New South Wales	59,989	-	68,910	17,933	18,326	28,942	194,100
Queensland	31,302	-	38,341	9,358	109	16,103	95,213
South Australia	28,912	-	33,908	7,048	(135)	14,242	83,975
Tasmania	5,861	-	6,504	1,752	145	2,732	16,994
Victoria	50,444	-	58,199	15,080	264	24,443	148,430
Western Australia	23,578	-	27,385	8,643	932	11,502	72,040
	214,014	**-**	**250,000**	**63,978**	**19,859**	**105,000**	**652,851**

No other compulsory levies or appeals for voluntary contributions were raised from its branches or members of the Association.

Notes to Financial Statements (continued)

22. Related party disclosures (continued)

Branches (continued)

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

	2017 $	2016 $
Newcastle		
Meeting expenses - National Executive	-	775
Delegate expenses - travel	1,489	-
Campaigning expenses – wages	-	15,022
Campaigning expenses – radio & cinema ads	-	12,748
New South Wales		
Other expenses - office supplies & stationery	1,967	69
Delegate expenses – National Executive & other airfares	-	4,154
Publication expenses – Good Universities guide	-	4,750
Meeting expenses - other	640	-
Motor vehicle purchase & running expenses	2,367	-
Queensland		
Delegate expenses – National Executive airfares	1,595	1,689
South Australia		
Delegate expenses – travel	2,756	-
Tasmania		
Meeting Expenses – National Executive	-	8,591
Campaigning expenses - Penalty Rates advertising	-	7,294
Victoria		
Personnel expenses – reimbursement of Victorian payroll tax	73,822	72,063
Meeting Expenses – National Executive	2,737	-
Western Australia		
Delegate expenses - National Executive airfares	3,605	950
Meeting expenses – National Council	-	47,328

The amounts owed to its branches at 30 June 2017 by the Association, included in payables to related parties in Note 14:

	2017 $	2016 $
Newcastle	-	27,770
Tasmania	-	220
Victoria	6,293	7,848
	6,293	**35,838**

Notes to Financial Statements (continued)

22. Related party disclosures (continued)

Affiliates

The amounts paid or payable by the Association to its affiliates for expenses incurred on its behalf:

	2017 $	2016 $
ACTU		
Affiliation fees paid	1,368,911	1,139,565
IR Campaign Levy	-	428,028
Donations - Worksite for Schools program	-	12,500
Legal fees reimbursed	2,000	-
Meeting expenses – attendance at conferences, forums & training	4,844	2,400
Campaigning - Advertising Campaigns	50,000	100,000
Union Network International (UNI)		
Affiliation fees paid	726,128	745,113
Donations – UNI-APRO Activities Fund	129,546	133,360
ALP National Secretariat		
Donation – 2016 Federal Election Campaign	-	530,000
Donation - Campaign Field Organiser Salaries	-	103,850
Other expenses - consulting – policy development project	-	20,000
ALP NSW		
Donation - Campaign Field Organiser Salaries	-	86,000
WA Labor		
Donation – 2016 Federal Election Campaign – Burt & Perth	-	44,469
ALP Eden Monaro Campaign		
Donation – 2016 Federal Election Campaign	-	25,000

The Association received trust distribution income of $149,186 (2016: $145,232) from the ACTU as an affiliate. In accordance with the ACTU "Constitution, Rules and Standing Orders" this was acquitted by the ACTU as additional affiliation fees and is included above.

The amounts owed to its affiliates at 30 June 2017 by the Association, included in payables to related parties in Note 14:

	2017 $	2016 $
ACTU	-	100,000
	-	**100,000**

Notes to Financial Statements (continued)

22. 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 President
Michael Donovan	Officer – National Vice-President
Gerard Dwyer	Officer – National Secretary-Treasurer
Julia Fox	Officer – National Assistant Secretary (from October 2016)
Ian Blandthorn (retired)	Officer – National Assistant Secretary (until October 2016)
Bernie Smith	National Executive Member
Paul Griffin	National Executive Member
Barbara Nebart	National Executive Member
Sonia Romeo	National Executive Member
Chris Gazenbeek	National Executive Member
Peter O'Keeffe	National Executive Member

Key management personnel remuneration

The National Secretary-Treasurer and National Assistant Secretary are salaried employees of the Association with contributions made for them to a post-employment defined benefit superannuation fund. The Association also provides motor vehicles and parking to the National President, National Secretary-Treasurer and National Assistant Secretary, and accommodation to the National Secretary-Treasurer when travelling to the registered National Office in Melbourne. The National Vice-President receives an honorarium. 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:

	2017 $	2016 $
Short-term employee benefits	541,927	532,165
Post-employment benefits	59,344	62,288
Other long term benefits	13,604	4,958
	614,875	**599,411**

Note 16 discloses liabilities for annual leave and long service leave for office holders.

Notes to Financial Statements (continued)

22. Related party disclosures (continued)

Other related parties (continued)

Key management personnel remuneration (continued)

The remuneration by officer comprised:

2017	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$	$
Short-term employee benefits						
Salary (including annual leave taken)	[redacted]	-	-	[redacted]	[redacted]	283,420
Honorarium & gifts	-	[redacted]	-	-	[redacted]	7,500
Annual leave accrued	[redacted]	-	-	[redacted]	[redacted]	6,812
REST Director Fees	-	-	[redacted]	-	-	153,425
Non-monetary (accommodation, motor vehicle & parking)	[redacted]		[redacted]	[redacted]	[redacted]	90,770
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	**541,927**
Post-employment benefits						
Superannuation-Defined Benefit	[redacted]	-	-	[redacted]	[redacted]	42,513
Superannuation (REST SG payments)	-	-	[redacted]	-	[redacted]	16,831
Total post-employment benefits	[redacted]	-	[redacted]	[redacted]	[redacted]	**59,344**
Other long-term benefits						
Long-service leave	[redacted]	-	-	[redacted]	[redacted]	13,604
Total other long-term benefits	[redacted]	-	-	[redacted]	[redacted]	**13,604**
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	**614,875**

2016	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$	$
Short-term employee benefits						
Salary (including annual leave taken)	[redacted]	-	-	-	[redacted]	277,116
Honorarium & gifts	-	[redacted]	-	-	-	3,500
Annual leave accrued	[redacted]	-	-	-	[redacted]	6,462
REST Director Fees			[redacted]			147,298
Non-monetary (accommodation, motor vehicle & parking)	[redacted]	-	[redacted]	-	[redacted]	97,789
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	-	[redacted]	**532,165**
Post-employment benefits						
Superannuation-Defined Benefit	[redacted]	-	-	-	[redacted]	41,568
Superannuation (REST SG payments)	-	-	[redacted]	-	[redacted]	20,720
Total post-employment benefits	[redacted]	-	[redacted]	-	[redacted]	**62,288**
Other long-term benefits						
Long-service leave	[redacted]	-	-	-	[redacted]	4,958
Total other long-term benefits	[redacted]	-	-	-	[redacted]	**4,958**
Total	[redacted]	[redacted]	[redacted]	-	[redacted]	**599,411**

Notes to Financial Statements (continued)

22. 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 $90,327 (2016: $201,355) 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 received director fees of $126,027 (2016: $121,424) from REST for the services performed by two representatives of the Association, 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 22.

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 22.

23. 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.

24. 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 Commissioner, 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).

25. Economic Dependency

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

KPMG

Independent Auditor's Report

To the members of Shop, Distributive and Allied Employees' Association

Opinion

We have audited the ***Financial Report*** of the Shop, Distributive and Allied Employees' Association (the Association).

In our opinion, the accompanying Financial Report of the Association is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:

- giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year ended on that date;
- complying with *Australian Accounting Standards;* and
- complying with other reporting requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2017
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Other explanatory information including the Operating Report, the Committee of Management Statement and Certificate by National Secretary-Treasurer.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards* and the *Fair Work (Registered Organisations) Act 2009*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use

The Financial Report has been prepared to assist the members of the Association in complying with the financial reporting requirements of the *Fair Work (Registered Organisations) Act 2009.*

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.Our report is intended solely for the members of the Association and should not be used by parties other than the members of the Association. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of the Association or for any other purpose than that for which it was prepared.

KPMG

Other Information

Other Information is financial and non-financial information in Shop, Distributive and Allied Employees' Association's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The National Executive is responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating Report, the Committee of Management Statement and Certificate by National Secretary-Treasurer.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of National Executive for the Financial Report

The National Executive is responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Fair Work (Registered Organisations) Act 2009;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Association's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error;
- to issue an Auditor's Report that includes our opinion; and
- to conclude on the appropriateness of the National Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainly 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* and the *Fair Work (Registered Organisations) Act 2009* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Going Concern

I declare that, as part of the audit of the financial report for the financial year ended 30 June 2017, the National Executive's use of 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 Charted Accountants #46581, dated 21 May 2002
Registered Company Auditor #394346, dated 1 February 2011
Certificate of Public Practice with ICAA, dated 25 August 2010
Registered Auditor – Fair Work (Registered Organisations) Act 2009, #AA2017/107

15 August 2017

KPMG

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 of Shop, Distributive and Allied Employee's Association for the financial year ended 30 June 2017 there have been:

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

KPMG

KPMG

Antoni Cinanni
Partner

15 August 2017