6 December 2018

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 2018 - FR2018/90

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Shop, Distributive and Allied Employees Association. The financial report was lodged with the Registered Organisations Commission (ROC) on 8 November 2018.

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

Whilst the 2018 report has been filed the following should be addressed in the preparation of the next financial report.

General Purpose Financial Report (GPFR)

Disclosure of payables in respect of legal costs

Reporting guideline 16(b) requires a payable in relation to legal costs to be disclosed by litigation and by other legal matters. Note 16 to the GPFR discloses a total figure for this liability item but does not distinguish based on the categories indicated above.

Nil activities – not disclosed

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

The GPFR contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 14(h) – pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit

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 Specialist
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
Michael Donovan

NATIONAL SECRETARY
Gerard Dwyer

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

DESIGNATED OFFICER'S CERTIFICATE

Certificate for year ended 30 June 2018

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, 2018 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 5 October 2018; 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, 29 October 2018, in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: G Dwyer

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

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

Dated: **8 NOVEMBER 2018**

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION

ANNUAL FINANCIAL REPORT
30 June 2018

sda
at work with you

Contents

Contents (continued)

Operating Report

For the year ended 30 June 2018

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 2018 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2018 was 207,131 (2017: 207,037).

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 National Assistant Secretary since 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, governance, tax, health and safety, women, vocational education and training, workers capital, 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. The National Secretary-Treasurer is President of UNI-APRO Commerce Sector. The National Assistant Secretary is Vice President of UNI World Women's Committee.

4. Principal Activities

The Association maintained its industrial awards and agreements and produced a range of publications for its members. During the year ended 30 June 2018, the Association launched a significant campaign on Customer Violence & Abuse in Retail and Fast Food, called "No One Deserves A Serve".

New enterprise agreements were negotiated with a range of employers, including but not limited to, Coles, Debenhams, Ikea, Harris Scarfe and a range of warehouse agreements. These agreements all resulted in improved wages and working conditions for the employees covered by them.

The Association continues its defence of penalty rates in its major awards and also protects other entitlements from attack by employers. The Association also promotes and protects members by participating in a range of legislative inquiries and reviews.

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2018, there were 14.7 effective full-time equivalent employees of the National Office of the Association (2017: 13.5).

Further information is available on the SDA National website at www.sda.org.au.

5. 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 2017-2018, to the Workplace Gender Equality Agency, on the 6th June 2018. The report is available on the SDA National website at www.sda.org.au.

Operating Report (continued)

6. 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 2018, along with the nominated alternate Employee Directors.

Directors:	Alternates:
• Mr Joseph de Bruyn	• Mr Gerard Dwyer
• Mr Ian Blandthorn	• Mr Michael Donovan
• Mr Michael Tehan (appointed October 2017)	• Ms Aliscia Di Mauro
• Ms Julia Fox (appointed January 2018)	• Ms Aliscia Di Mauro

The following REST directors retired during the financial year:

- Mr Geoff Williams (retired October 2017)
- Ms Sue-Anne Burnley (retired January 2018)

National Executive Member Mr Paul Griffin was a Director of the Tasplan Superannuation Fund until October 2017.

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:

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

Dated at Melbourne this 23rd day of August, 2018

J. deBruyn
Joseph de Bruyn
National President

G Dwyer
Gerard Dwyer
National Secretary-Treasurer

Committee of Management Statement

We, Gerard Dwyer and Joseph de Bruyn, being two members of the National Executive of the Association, do state on behalf of the National Executive and in accordance with a resolution passed by the National Executive on 23rd August 2018 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 11 to 52 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on 11 to 52 comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the association for the financial year ended 30 June 2018;

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

(e) during the financial year ended 30 June 2018 and since the end of that year:

- (i) meetings of the committee of management 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 reporting unit have been kept and maintained in accordance with the RO Act;
- (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the branches of the Association; and
- (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 reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner;
- (vi) no order for inspection of financial records has been made by the Fair Work 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 23rd day of August, 2018

J. deBruyn
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 2018 the number of members of the Association was 207,131.

In my opinion:

(i) the accompanying financial report set out on pages 11 to 52 presents a true and fair view of the financial position of the Association as at 30 June 2018;

(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

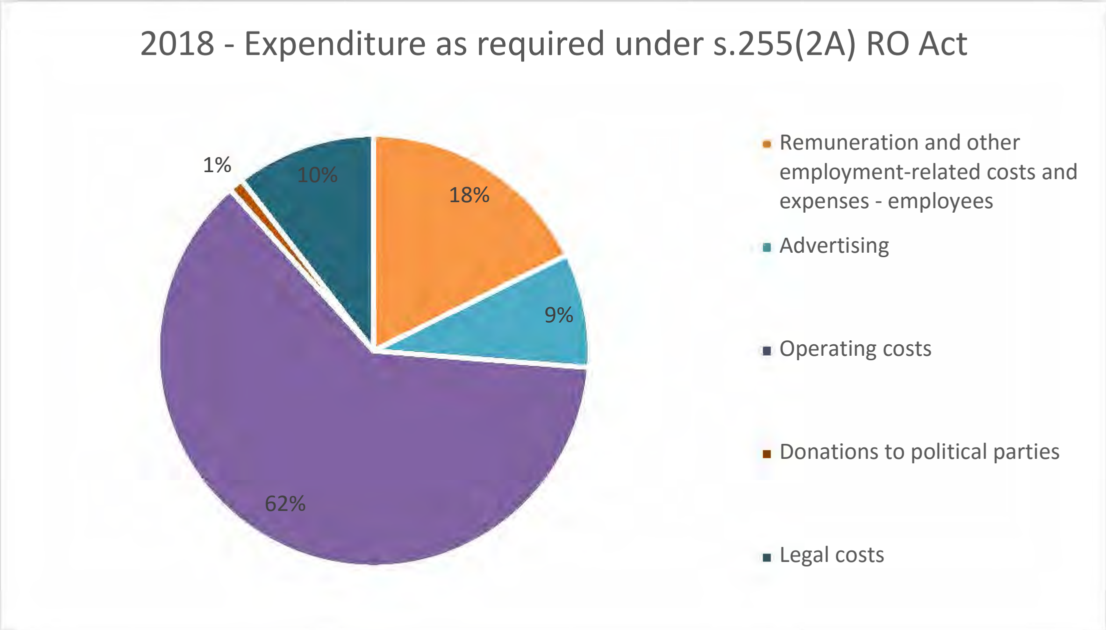
(vi) the Register of Members of the Association was maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*.

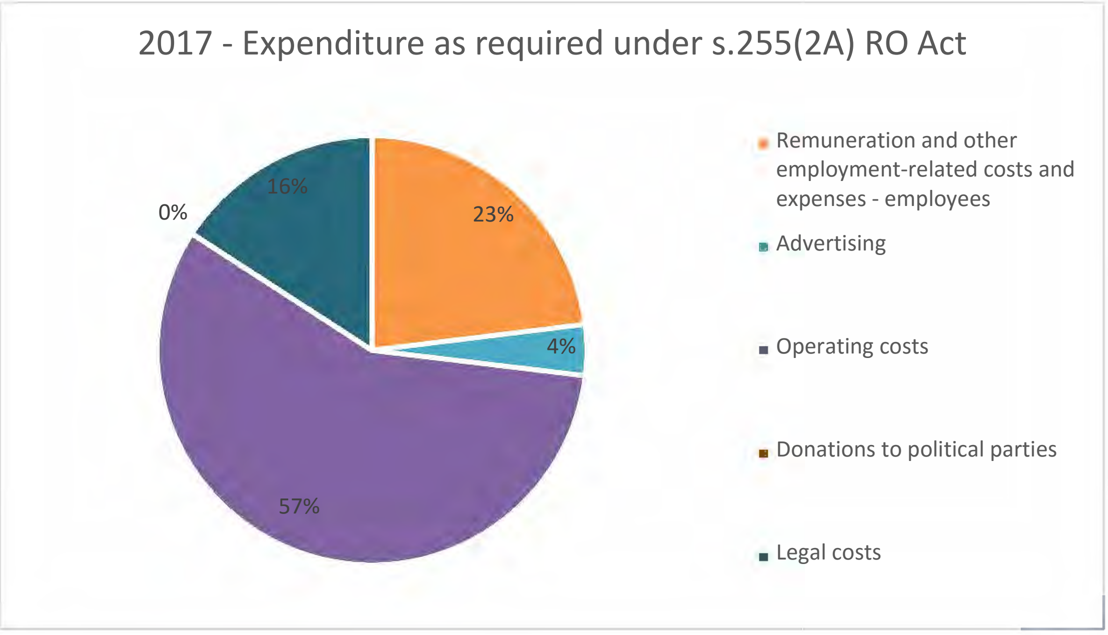
Dated at Melbourne this 23rd day of August, 2018

Gerard Dwyer
National Secretary-Treasurer

Expenditure Report Required Under Subsection 255(2A)

The committee of management presents the expenditure report as required under subsection 255(2A) on the Association for the year ended 30 June 2018.





Dated at Melbourne this 23rd day of August, 2018

J. de Bruyn

Joseph de Bruyn
National President

G. Dwyer

Gerard Dwyer
National Secretary-Treasurer

Officer Declaration Statement

I, Gerard Dwyer, being the National Secretary-Treasurer of the Shop Distributive & Allied Employees' Association, declare that the following activities did not occur during the reporting period ending 30 June 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive revenue via compulsory levies
- receive other income via grants or donations
- receive other income via revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay compulsory levies
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting units
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or reserve account in equity for compulsory levies, voluntary contributions or required by the rules of the organisation
- transfer to or withdraw from a fund or reserve account in equity (other than the general fund in equity), account, asset or controlled entity
- have a balance within the general fund in equity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Dated at Melbourne this 23rd day of August, 2018

Gerard Dwyer
National Secretary-Treasurer

Statement of Financial Position

As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Cash and cash equivalents	10	1,253,269	925,867
Receivables	11	620,672	691,153
Other financial assets	12	26,700,000	27,500,000
Total current assets		28,573,941	29,117,020
Property, plant and equipment	14	584,014	646,434
Investment property	15	24,000,000	19,750,000
Employee benefits	17	467,459	587,644
Total non-current assets		25,051,473	20,984,078
TOTAL ASSETS		53,625,414	50,101,098
Liabilities			
Trade and other payables	16	396,986	318,372
Employee benefits	17	725,156	768,188
Total current liabilities		1,122,142	1,086,560
Employee benefits	17	27,858	32,079
Total non-current liabilities		27,858	32,079
TOTAL LIABILITIES		1,150,000	1,118,639
NET ASSETS		52,475,414	48,982,459
Equity			
Retained earnings		52,475,414	48,982,459
TOTAL EQUITY		52,475,414	48,982,459

The notes on pages 15 to 52 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Revenue			
Affiliation fees	21	6,016,150	6,167,282
Rental income	15(a)	1,470,677	1,412,026
Total revenue		7,486,827	7,579,308
Other income			
Other income	6	6,057,037	1,763,688
Total other income		6,057,037	1,763,688
Total income		13,543,864	9,342,996
Expenditure			
53 Queen St, Melbourne - direct operating expenses	15(a)	602,863	602,080
ACTU IR Campaign Levy	21	2,000,000	-
Advertising		915,233	295,012
Affiliation fees	21	2,134,393	2,095,039
Audit fees	22	30,986	30,709
Delegates expenses		319,774	169,753
Depreciation	14	100,290	100,961
Grants and donations	8	191,250	204,546
Legal costs	9	1,114,655	1,176,012
Meeting expenses		278,056	300,373
Administration expenses	7	181,731	206,790
Other expenses	13	861,615	519,528
Personnel expenses	18	1,806,626	1,632,616
Travel expenses		195,413	189,028
Total Expenses		10,732,885	7,522,447
Result from Operating Activities		2,810,979	1,820,549
Finance income			
Interest income	12	601,276	652,319
		601,276	652,319
Income tax expense	4(m)	-	-
PROFIT FOR THE PERIOD		3,412,255	2,472,868
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Re-measurement of defined benefit asset gain/(loss)	17	80,700	236,470
Income tax on other comprehensive income		-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income/(loss), net of tax		80,700	236,470
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,492,955	2,709,338

The notes on pages 15 to 52 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	Retained earnings	Total equity
		$	$
Balance at 1 July 2017		48,982,459	48,982,459
Total comprehensive income for the period			
Profit for the period		3,412,255	3,412,255
Other comprehensive income			
Re-measurement of defined benefit asset, net of tax	*17*	80,700	80,700
Total comprehensive income for the period		3,492,955	3,492,955
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2018		**52,475,414**	**52,475,414**

	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			
Re-measurement of defined benefit asset, net of tax	*17*	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**

The notes on pages 15 to 52 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Cash receipts from operations			
Cash receipts from other reporting units	*19b*	8,475,235	7,031,098
Cash receipts from other sources		1,900,490	1,817,789
Total cash receipts from operations		10,375,725	8,848,887
Cash payments used in operations			
Cash paid to suppliers		(10,135,815)	(7,231,627)
Cash paid to employees		(1,055,994)	(937,126)
Cash paid to other reporting units	*19b*	(201,680)	(94,249)
Total cash payments used in operations		(11,393,489)	(8,263,002)
Cash (used in)/generated from operations		(1,017,764)	585,885
Interest received		619,245	666,744
Net cash (used in)/from operating activities	*19a*	**(398,519)**	**1,252,629**
Cash flows from investing activities			
Proceeds/(acquisition) of term deposits		800,000	(800,000)
Acquisition of property, plant and equipment	*14*	(56,527)	(349,865)
Acquisition of investment property	*15*	(39,384)	(31,400)
Proceeds on sale of property, plant and equipment		21,832	-
Net cash from/(used in) investing activities		**725,921**	**(1,181,265)**
Cash flows from financing activities			
Net cash from/(used in) financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		327,402	71,364
Cash and cash equivalents at 1 July		925,867	854,503
CASH AND CASH EQUIVALENTS AT 30 JUNE	***10/19a***	**1,253,269**	**925,867**

The notes on pages 15 to 52 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 2018 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 23rd day of August, 2018.

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 fair value of 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 15 – Investment property.

(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 17 – Employee benefits.

Notes to Financial Statements (continued)

2. Basis of Preparation (continued)

d) Use of estimates and judgements (continued)

(ii) Assumptions and estimation uncertainties (continued)

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 15 – investment property.

3. Changes in accounting policies

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

Adoption of new Australian accounting standards

No accounting standard has been adopted earlier than the application date stated in the standard.

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.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

a) Revenue

(i) Affiliation fees

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

(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.

b) 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.

Interest income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

c) Gains

Sale of assets

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

d) Affiliation fees and levies

Affiliation fees and levies are recognised on an accrual basis and recorded as an expense in the year it relates to which it relates.

e) 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.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

e) Employee benefits (continued)

(i) Defined benefit plans (continued)

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.

Re-measurements 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.

(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.

f) 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:

Notes to Financial Statements (continued)

3. Significant Accounting Policies (continued)

f) Leases (continued)

(ii) Determining whether an arrangement contains a lease (continued)

- 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.

g) Cash

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

h) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

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

(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.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

h) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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 4l(i)).

Held to maturity financial assets comprise Term Deposits held with the Commonwealth Bank of Australia (see note 12).

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 4l(i)).

Receivables comprise accrued income, prepayments and sundry debtors (see note 11).

(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.

(iv) 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.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

h) Financial instruments (continued)

(iv) Foreign currency transactions (continued)

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.

i) Contingent Liabilities and Contingent Assets

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

j) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line or diminishing value over the estimated useful lives of each part of an item of property, plant and equipment, to most closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Association will obtain ownership by the end of the lease term.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

j) Property, Plant and Equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives in the current and comparative periods are as follows:

	2018	2017
• 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.

(iv) De-recognition

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

k) 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 15(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.

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.

l) Impairment

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.

(i) Financial assets 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.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

l) Impairment (continued)

(i) Financial assets at amortised cost (continued)

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. 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.

m) Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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.

n) 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.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

o) Fair value measurement

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. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 25a.

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

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

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

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

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

p) 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)

q) 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 2017, 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 and the extent of the impact on the Association has not yet been determined.

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Association currently plans to apply AASB 9 initially on 1 July 2018.

The actual impact of adopting AASB 9 on the Association's financial statements in 2018 is not known and cannot be reasonably estimated because it will be dependent on the financial instruments that the Association holds and economic conditions at that time, as well as accounting elections and judgements that it will make in the future. The new standard will require the Association to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, the Assoication has performed a preliminary assessment of the potential impact of the adoption of AASB 9 based on its positions at 30 June 2018 and does not expect a material impact.

Classification — Financial assets

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale. Under AASB 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its preliminary assessment, the Association does not believe that the new classification requirements, if they had been applied at 30 June 2018, would have had a material impact on its accounting for receivables that are managed on a fair value basis.

Impairment — Financial assets and contract assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under AASB 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date: and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

q) New standards and interpretations not yet adopted (continued)

(i) AASB 9 Financial Instruments (continued)

The Association believes that impairment losses are not likely to increase or become more volatile for assets in the scope of the AASB 9 impairment model. The Association's preliminary assessment indicated that application of AASB 9's impairment requirements at 30 June 2018 would probably have resulted in no change in loss allowances at that date compared with impairment losses recognised under AASB 139. However, the Association has not yet finalised the impairment methodologies that it will apply under AASB 9.

Classification — Financial liabilities

AASB 9 largely retains the existing requirements in AASB 139 for the classification of financial liabilities. However, under AASB 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under AASB 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Association has not designated any financial liabilities as at FVTPL and the Association has no current intention to do so. The Association's preliminary assessment did not indicate any material impact if AASB 9's requirements on the classification of financial liabilities were applied at 30 June 2018.

Disclosures

AASB 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The Association's preliminary assessment included an analysis to identify data gaps against current processes and the Association plans to implement the system and controls changes that it believes will be necessary to capture the required data.

Transition

Changes in accounting policies resulting from the adoption of AASB 9 will generally be applied retrospectively, except as described below.

- The Association plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

(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 AASB Interpretation 13 Customer Loyalty Programmes.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

q) New standards and interpretations not yet adopted (continued)

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

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Association currently plans to apply AASB 16 initially on 1 July 2019.

The Association has completed an initial assessment of the potential impact of the adoption of AASB 15 on its financial statements.

Affiliation fees

Affiliation fees are accounted for on an accrual basis under AASB 118 Revenue standard and is recorded in the financial year to which it relates. Based on its assessment, the Association does not expect the application of AASB 15 to have a significant impact on its financial statements for affiliation fees.

Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Based on its assessment, the Association does not expect the application of AASB 15 to have a significant impact on its financial statements for rental income.

Transition

The Association plans to adopt AASB 15 in its financial statements for the year ending 30 June 2020, using the retrospective approach. As a result the Association plans to apply all of the requirements of AASB 15 to each comparative period presented and adjust its financial statements

The Association plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as those that are completed contracts at the beginning of the earliest period presented, will not be restated.

(iii) AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

The Association has started an initial assessment of the potential impact on its financial statements. So far, the most significant impact identified is that the Association will recognise new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense or lease liabilities. The Association has not yet decided whether it will use the optional exemptions. No significant impact is expected for the Association's finance leases.

Determining whether an arrangement contains a lease

On transition to AASB 16, the Association can choose whether to:

- apply the AASB 16 definition of a lease to all its contracts: or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Association is assessing whether to apply the practical expedient and the potential impact on its financial statements, and whether this will affect the number of contracts identified as leases on transition.

Notes to Financial Statements (continued)

4. Significant Accounting Policies (continued)

q) New standards and interpretations not yet adopted (continued)

(iii) AASB 16 Leases (continued)

As a lessee, the Association can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 1 on 1 January 2019. The Association has not yet determined which transition approach to apply.

The Association has not yet quantified the impact on its reported assets and liabilities of the adoption of AASB 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Association uses the practical expedients and recognition exemptions, and any additional leases that the Association enters into. The Association expects to disclose its transition approach and quantitative information before adoption.

r) 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

Risk Management Framework

The National Executive has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

A detailed assessment of the Association's exposure to the above risks is included in note 23.

5. Events after the reporting period

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.

Notes to Financial Statements (continued

6. Other Income

	Note	2018	2017
		$	$
Investment property - fair value increment	15	4,210,616	1,218,600
ACTU trust distributions	21	99,842	149,186
SDA Branch reimbursements	21	1,688,609	224,625
Legal costs awarded		-	45,250
REST director's fees	21	54,795	126,027
Other income		3,175	-
		6,057,037	**1,763,688**

7. Administration expenses

	2018	2017
	$	$
Information technology support	34,825	34,324
Office expenses	60,878	71,976
Printing & photocopier	22,768	33,133
Subscriptions	39,138	43,653
Telecommunication	24,122	23,704
Total administration expense	**181,731**	**206,790**

8. Grants or donations

	2018	2017
	$	$
Grants:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Donations:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	191,250	204,546
Total grants or donations	**191,250**	**204,546**

Notes to Financial Statements (continued)

9. Legal costs

	2018	2017
	$	$
Litigation	289,478	120,541
Other legal matters	825,177	1,055,471
Total legal costs	**1,114,655**	**1,176,012**

10. Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank	320,566	98,468
Cash management account	873,141	768,833
Short term deposits	59,562	58,566
Total cash and cash equivalents	**1,253,269**	**925,867**

11. Receivables

	2018	2017
	$	$
Other receivables:		
Accrued interested income	93,972	111,941
Sundry debtors	413,073	515,478
Prepayments	113,627	63,734
Total other receivables	**620,672**	**691,153**
Total receivables net of impairment provision	**620,672**	**691,153**

12. Other Financial Assets

	2018	2017
	$	$
Term deposits	26,700,000	27,500,000
Total other current assets	**26,700,000**	**27,500,000**

Term deposits have stated interest rates of 2.37 to 2.54 percent (2017: 2.34 to 2.45 percent) and mature in 120 days or more. The Association's exposure to credit and interest rate risk is disclosed in note 23.

During the year ended 30 June 2018, the Association received interest income of $601,276 (2017: $652,319) in respect of financial assets not at fair value through profit and loss

Notes to Financial Statements (continued)

13. Other Expenses

	2018	2017
	$	$
Consultants and professional services	437,480	348,805
Information communications technology	380,095	120,000
Motor vehicle running costs	30,946	34,107
Other	13,094	16,616
Total other expenses	**861,615**	**519,528**

14. Property, plant and equipment

Cost	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
	$	$	$	$
Balance at 1 July 2017	244,966	132,494	692,038	1,069,498
Acquisitions	51,555	-	4,972	56,527
Disposals	(6,176)	(36,031)	-	(42,207)
Balance at 30 June 2018	**290,345**	**96,463**	**697,010**	**1,083,818**
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)
Balance at 30 June 2017	**244,966**	**132,494**	**692,038**	**1,069,498**
Depreciation and impairment losses				
Balance at 1 July 2017	122,450	53,641	246,973	423,064
Depreciation expense for the year	27,946	15,436	56,908	100,290
Disposals	(5,862)	(17,688)	-	(23,550)
Balance at 30 June 2018	**144,534**	**51,389**	**303,881**	**499,804**
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)
Balance at 30 June 2017	**122,450**	**53,641**	**246,973**	**423,064**
Carrying amounts				
At 1 July 2017	122,516	78,853	445,065	646,434
At 30 June 2018	**145,811**	**45,074**	**393,129**	**584,014**
At 1 July 2016	65,007	60,163	272,360	397,530
At 30 June 2017	**122,516**	**78,853**	**445,065**	**646,434**

Notes to Financial Statements (continued)

15. Investment Property

(a) Reconciliation of carrying amount

	2018	2017
	$	$
Property		
Opening balance as at 1 July	19,750,000	18,500,000
Capital Improvements	39,384	31,400
Net gain from fair value adjustment	4,210,616	1,218,600
Closing balance as at 30 June	**24,000,000**	**19,750,000**

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 20.

Rental income earned and received from the investment property during the year was $1,470,677 (2017:$ 1,412,026).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was $602,863 (2017:$ 602,080). During the year and as at year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The SDA does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(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 $24,000,000 was determined at 30 June 2018 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 4(o)).

(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 (2018), Discounted cash flow approach (2017)

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

Notes to Financial Statements (continued)

15. Investment Property (continued)

(b) Measurement of fair value (continued)

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

projection period at an appropriate rate. The present value of this discounted cash flow represents the Market value of the property.

Significant unobservable inputs:
- 2018: Discount rate 7.00%,
- 2017: Discount rate 7.00%.

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- 2018: The discount rate was lower (higher),
- 2017: The discount rate was lower (higher)

16. Trade and Other payables

	2018 $	2017 $
Payables to other reporting units		
SDA Victoria	4,258	6,293
Total trade payables	**4,258**	**6,293**
Other legal matters	58,034	99,448
PAYG withholding tax	32,946	31,526
Tenant security deposits	56,862	55,866
Other	244,886	125,239
Total other payables	**392,728**	**312,079**
Total trade and other payables are expected to be settled in:		
No more than 12 months	396,986	318,372
More than 12 months	-	-
Total trade and other payables	**396,986**	**318,372**

Notes to Financial Statements (continued)

17. Employee Benefits

	2018 $	2017 $
Current liability		
Office holders		
Liability for long service leave	156,472	135,570
Liability for annual leave	52,392	41,872
Separation and redundancies	-	-
Other	-	-
	208,864	177,442
Employees other than office holders		
Liability for long service leave	247,493	338,547
Liability for annual leave	268,799	252,199
Separation and redundancies	-	-
Other	-	-
	516,292	590,746
	725,156	**768,188**
Non-current liability		
Employees other than office holders		
Liability for long-service leave	27,858	32,079
	27,858	**32,079**
Non-current asset		
Office holders and other employees		
Present value of funded obligations	2,730,148	2,728,898
Fair value of plan assets - funded	(3,197,607)	(3,316,542)
Recognised (asset) for defined benefit obligations	**(467,459)**	**(587,644)**

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 2018 (30 June 2017: 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:

	2018 $	2017 $
Net (asset)/liability for defined benefit obligations at 1 July	(587,644)	(356,591)
Contributions paid into the plan	-	(90,327)
Amount recognised in other comprehensive income - actuarial	(80,700)	(236,470)
Expenses recognised in statement of comprehensive income	200,885	95,744
Net (asset)/liability for defined benefit obligations at 30 June	**(467,459)**	**(587,644)**

Notes to Financial Statements (continued)

17. Employee Benefits (continued)

Movement in the present value of the defined benefit obligations

	2018 $	2017 $
Defined benefit obligations at 1 July	2,728,898	2,705,058
Current service cost	217,272	107,300
Interest cost	62,551	65,056
Actuarial losses/(gains) recognised in other comprehensive income (see below)	39,645	(20,116)
Benefits paid by the plan	(293,902)	(89,880)
Taxes, premium & expenses paid	(24,316)	(38,520)
Defined benefit obligations at 30 June	**2,730,148**	**2,728,898**

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

Movement in the present value of plan assets

	2018 $	2017 $
Fair value of plan assets at 1 July	3,316,542	3,061,649
Expected return on plan assets at discount rate	78,938	76,612
Actuarial (losses)/gains recognised in other comprehensive income (see below)	120,345	216,354
Contributions paid	-	90,327
Benefits paid	(293,902)	(89,880)
Taxes and expenses	(24,316)	(38,520)
Fair value of plan assets at 30 June	**3,197,607**	**3,316,542**

Expense recognised in profit or loss

	2018 $	2017 $
Current service costs	217,272	107,300
Net interest costs	(16,387)	(11,556)
	200,885	**95,744**

Re-measurements of net defined benefit liability/asset

	2018 $	2017 $
Loss/(Gain) on defined benefit obligation	39,645	(20,116)
(Gain)/Loss on assets	(120,345)	(216,354)
Recognised in other comprehensive (income)/expense	**(80,700)**	**(236,470)**

Notes to Financial Statements (continued)

17. Employee Benefits (continued)

Actuarial gains (and losses) recognised in other comprehensive income

	2018 $	2017 $
Cumulative amount at 1 July	109,094	(127,376)
Recognised during the period	80,700	236,470
Cumulative amount at 30 June	**189,794**	**109,094**

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

	2018	2017
Australian Equity	17%	19%
International Equity	23%	29%
Fixed Income	6%	6%
Property	9%	11%
Cash	8%	6%
Other	37%	29%

Actuarial assumptions

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

	2018	2017
Discount rate at 30 June	3.75%	3.75%
Future salary increases	4.00%	4.00%

Sensitivity analysis

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

	2018 $	2017 $
Additional DBO for a 1% decrease in the discount rate	146,951	173,554
Reduction in DBO for a 1% increase in the discount rate	128,802	94,588

The above sensitivities are based on the average duration of the benefit obligation determined by the actuary as at 30 June 2018 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)

17. Employee Benefits (continued)

Historical information

	2018	2017	2016	2015	2014
	$	$	$	$	$
Present value of the defined benefit obligation	2,730,148	2,728,898	2,705,058	2,375,594	2,463,350
Fair value of plan assets - funded	(3,197,607)	(3,316,542)	(3,061,649)	(3,000,982)	(2,934,258)
Recognised (asset)/liability for defined benefit obligation	**(467,459)**	**(587,644)**	**(356,591)**	**(625,388)**	**(470,908)**

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 NIL (2017: $90,327) to its defined benefit superannuation fund during the year ended 30 June 2019 as it is is currently on a contributions holiday.

18. Personnel Expenses

	2018	2017
	$	$
Holders of office:		
Wages and salaries	293,466	262,449
Superannuation (including expenses related to defined benefit)	56,172	23,112
Leave and other entitlements	31,422	41,388
Separation and redundancies	-	-
Other employee expenses	57,509	59,718
Total employee expenses - holders of office	438,569	386,667
Employees other than office holders:		
Wages and salaries	1,079,375	938,750
Superannuation (including expenses related to defined benefit)	175,459	90,211
Leave and other entitlements	(78,674)	137,750
Separation and redundancies	118,090	-
Other employee expenses	73,807	79,238
Total employee expenses - employees other than office	1,368,057	1,245,949
Total employee expenses	**1,806,626**	**1,632,616**

Notes to Financial Statements (continued)

19. Cash Flow Reconciliation and Information

19a. Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:

	2018	2017
	$	$
Cash and cash equivalents as per:		
Cash flow statement	1,253,269	925,867
Balance sheet	1,253,269	925,867
Difference	-	-

Reconciliation of profit/(loss) to net cash from operating activities:

	2018	2017
	$	$
Profit/(loss) for the year	3,412,255	2,472,868
Adjustments for non-cash items		
Depreciation	100,290	100,961
Fair value movements in investment property	(4,210,616)	(1,218,600)
Gain on disposal of assets	(3,175)	-
Actuarial gains/(losses) recognised in equity on defined benefit plan	80,700	236,470
Changes in assets/liabilities		
Change in accrued interest income	17,969	14,425
Change in prepayments	(49,893)	10,860
Change in sundry debtors	102,405	(79,952)
Change in pension asset/ (liability)	120,185	(231,053)
Change in trade and other payables	78,614	(78,720)
Change in provisions and employee benefits	(47,253)	25,370
Net cash (used by)/from operating activities	**(398,519)**	**1,252,629**

Notes to Financial Statements (continued)

19. Cash Flow Reconciliation and Information (continued)

19b. Cash Flow Information

	2018 $	2017 $
Cash inflows		
Cash receipts from other reporting units		
SDA Newcastle	565,498	452,730
SDA New South Wales	2,328,502	1,925,997
SDA Queensland	1,382,996	1,174,961
SDA South Australia	1,077,618	924,561
SDA Tasmania	231,288	193,783
SDA Victoria	1,876,755	1,530,736
SDA Western Australia	1,012,578	828,330
Total cash inflows	**8,475,235**	**7,031,098**
Cash ouflows		
Cash paid to other reporting units		
SDA Newcastle	75,099	1,638
SDA New South Wales	18,960	5,472
SDA Queensland	18,665	1,754
SDA South Australia	-	3,032
SDA Tasmania	-	-
SDA Victoria	77,386	78,388
SDA Western Australia	11,570	3,965
Total cash outflows	**201,680**	**94,249**

Notes to Financial Statements (continued)

20. Contingent Liabilities, Assets and Commitments

Operating lease commitments—as lessor

The Association leases out its investment property (see note 15a) under operating leases. The future minimum lease income under non-cancellable leases are as follows:

	2018 $	2017 $
Within one year	1,244,958	1,341,913
After one year but not more than five years	1,781,173	3,026,131
After five years	-	-
	3,026,131	**4,368,044**

21. Related Party Disclosures

Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for all transactions at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2018, the association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: $Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Branches

The Association received from its branches the following affiliation fees:

	Affiliation fees 2018 $	Affiliation fees 2017 $
SDA Newcastle	402,345	389,718
SDA New South Wales	1,633,283	1,705,343
SDA Queensland	1,000,253	1,035,089
SDA South Australia	764,533	779,899
SDA Tasmania	173,894	173,751
SDA Victoria	1,301,778	1,341,155
SDA Western Australia	740,064	742,327
	6,016,150	**6,167,282**

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Branches (continued)

The Association received from its branches the following expense reimbursements:

2018	ACTU IR Campaign Levy	Penalty Rate Campaign	No One Deserves A Serve Campaign	IT – Workit App	Other	IT - Intranet	TOTAL
	$	$	$	$	$	$	$
SDA Newcastle	67,120	-	34,252	5,901	177	4,294	111,744
SDA New South Wales	282,620	-	144,280	24,847	13,709	18,081	483,537
SDA Queensland	150,248	-	77,164	13,209	6,783	9,612	257,016
SDA South Australia	131,884	-	38,815	11,595	24,389	8,437	215,120
SDA Tasmania	24,361	-	7,407	2,142	899	1,559	36,368
SDA Victoria	238,332	-	121,306	20,954	8,524	15,247	404,363
SDA Western Australia	105,435	-	55,051	9,270	3,960	6,745	180,461
	1,000,000	**-**	**478,275**	**87,918**	**58,441**	**63,975**	**1,688,609**

2017	ACTU IR Campaign Levy	Penalty Rate Campaign	No One Deserves A Serve Campaign	IT – Workit App	Other	IT - Intranet	TOTAL
	$	$	$	$	$	$	$
SDA Newcastle	-	15,697	-	-	164	5,994	21,855
SDA New South Wales	-	15,879	-	-	4,430	25,254	45,563
SDA Queensland	-	15,524	-	-	3,966	13,567	33,057
SDA South Australia	-	30,736	-	-	17,949	11,926	60,611
SDA Tasmania	-	-	-	-	139	2,276	2,415
SDA Victoria	-	28,827	-	-	412	21,185	50,424
SDA Western Australia	-	-	-	-	902	9,798	10,700
	-	**106,663**	**-**	**-**	**27,962**	**90,000**	**224,625**

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Branches (continued)

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

	2018 $	2017 $
SDA Newcastle		
Meeting expenses	34,352	-
Delegates expenses	114	1,489
Legal costs (litigation)	33,807	-
SDA New South Wales		
Administration expenses (office supplies)	670	1,967
Delegates expenses	16,334	-
Meeting expenses	-	640
Other expenses (motor vehicle running costs)	1,684	2,367
SDA Queensland		
Delegates expenses	16,300	1,595
Meeting expenses	2,020	-
SDA South Australia		
Delegate expenses	-	2,756
SDA Victoria		
Personnel expenses (reimbursement of Victorian payroll tax)	75,351	73,822
Meeting Expenses	-	2,737
SDA Western Australia		
Federal Branch - Delegates expenses	1,098	3,605
State Union – Delegate expenses	10,362	-

The amounts owed to its branches at 30 June 2018 by the Association are included in payables to other reporting units in Note 16.

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Affiliates

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

	2018 $	2017 $
ACTU		
Affiliation fees paid	1,357,551	1,368,911
IR Campaign Levy	2,000,000	-
Legal expenses reimbursed	-	2,000
Meeting expenses – attendance at conferences, forums & training	14,841	4,844
Campaigning - Advertising Campaigns	-	50,000
Union Network International (UNI)		
Affiliation fees paid	776,842	726,128
Donations – UNI-APRO Activities Fund	-	129,546
ALP National Secretariat		
Meeting expenses	100	-
ALP NSW		
Donation – Federal Campaign,Organiser Salaries	69,750	-
WA Labor		
Donation – Federal Swan Campaign	46,500	-

The Association received trust distribution income of $99,842 (2017: $149,186) 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.

There were no amounts owed to its affiliates at 30 June 2018 by the Association.

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Other related parties

Key management personnel

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

Name	Position
Joseph de Bruyn	Officer – National President
Michael Donovan	Officer – National Vice-President
Gerard Dwyer	Officer – National Secretary-Treasurer
Julia Fox	Officer – National Assistant Secretary
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:

	2018 $	2017 $
Short-term employee benefits	563,105	541,927
Post-employment benefits	61,198	59,344
Other long term benefits	7,268	13,604
	631,571	**614,875**

Note 17 discloses liabilities for annual leave and long service leave for office holders.

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Other related parties (continued)

Key management personnel remuneration (continued)

The remuneration by officer comprised:

2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Total
	$	$	$	$	$	$
Short-term employee benefits						
Salary (including annual leave taken)	[redacted]	-	-	[redacted]	-	293,466
Honorarium & gifts	-	[redacted]	-	-	-	3,500
Annual leave accrued	[redacted]	-	-	[redacted]	-	7,826
REST Director Fees	-	-	[redacted]	-	-	153,425
Non-monetary (accommodation, motor vehicle &	[redacted]	-	[redacted]	[redacted]	-	104,888
Total short-term employee benefits	[redacted]	[redacted]	[redacted]	[redacted]	**-**	**563,105**
Post-employment benefits						
Superannuation-Defined Benefit	[redacted]	-	-	[redacted]	-	44,020
Superannuation (REST SG payments)	-	-	[redacted]	[redacted]	-	17,178
Total post-employment benefits	[redacted]	**-**	[redacted]	[redacted]	**-**	**61,198**
Other long-term benefits						
Long-service leave	[redacted]	-	-	[redacted]	-	7,268
Total other long-term benefits	[redacted]	**-**	**-**	[redacted]	**-**	**7,268**
Total	[redacted]	[redacted]	[redacted]	[redacted]	**-**	**631,571**
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 &	[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**

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Other related parties (continued)

Key management personnel remuneration (continued)

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

Superannuation

No Contributions (2017: $90,327) 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 $54,795 (2017: $126,027) from REST for the services performed by nominated office holders and employees employed by the Association. These director fees are included in Other Income in note 6. Mr Joe de Bruyn on being elected National President in October 2014 no longer receives a salary from the Association, therefore is entitled to personally receive director fees for services as a REST director from November 2014, these are disclosed in short-term employee benefits in key management personnel in Note 21.

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

Transactions with key management personnel and their close family members

	2018 $	2017 $
Loans/to from key management personnel	-	-
Other transactions with key management personnel		
Information communications technology expenses paid to ITO Australia, a company owned by the brother-in-law of the National Secretary	6,774	120,000
	6,774	**120,000**

22. Auditor's Remuneration

	2018 $	2017 $
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	30,986	30,709
	30,986	30,709
Other services		
Auditors of the Association		
KPMG Australia:		
Other assurance services	2,755	2,693
	2,755	2,693
TOTAL AUDITORS' REMUNERATION	**33,741**	**33,402**

Notes to Financial Statements (continued)

23. Financial Instruments

23a. Categories of Financial Instruments

Financial assets	2018 $	2017 $
Held-to-maturity		
Other financial assets	26,700,000	27,500,000
Total held-to-maturity financial assets	**26,700,000**	**27,500,000**
Loans and receivables:		
Cash and cash equivalents	1,253,269	925,867
Receivables	620,672	691,153
Total loans and receivables	1,873,941	1,617,020
Carrying amount of financial assets	**28,573,941**	**29,117,020**

Financial liabilities	2018 $	2017 $
Other liabilities:		
Trade and other payables	396,986	318,372
Carrying amount of financial liabilities	**396,986**	**318,372**

23b. Net Income and Expense from Financial Assets

	2018 $	2017 $
Held-to-maturity financial assets		
Interest revenue – other financial assets	594,821	645,753
Total income from held-to-maturity financial assets	594,821	645,753
Loans and receivables		
Interest revenue – cash and cash equivalents	6,455	6,566
Total income from loans and receivables	6,455	6,566
Total income from financial assets	**601,276**	**652,319**

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

23c. 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.

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

	Not Past Due Nor Impaired	Past due or impaired	Not Past Due Nor Impaired	Past due or impaired
Held-to-maturity:	**2018**	**2018**	**2017**	**2017**
Other financial assets	26,700,000	-	27,500,000	-
Loans and receivables:				
Cash and cash equivalents	1,253,269	-	925,867	-
Receivables	620,672		691,153	-

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 Association's receivables are past due (2017: nil) and based on historic default rates and the minimal credit risk, the Association believes no impairment allowance is necessary. 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 (2017: no impairment loss).

Cash and cash equivalents

The Group held cash and cash equivalents of $1,253,269 at 30 June 2018 (2017: $925,867), 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).

Other financial assets

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.

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

23d. 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.

The carrying amount of the Association's financial liabilities is represented by trade and other payables (note 16). The carrying amounts approximate contractual cash flows and all are due in 3 months or less (2017: 3 months or less). The Association has adequate financial assets to meet these liabilities and assesses liquidity risk as minimal.

Contractual maturities for financial liabilities 2018

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	396,986	-	-	-	396,986
Total	**-**	**396,986**	**-**	**-**	**-**	**396,986**

Contractual maturities for financial liabilities 2017

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	318,372	-	-	-	318,372
Total	**-**	**318,372**	**-**	**-**	**-**	**318,372**

23e. 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.

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) , Singapore dollars (SGD) and American dollars (USD). 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)

23. Financial Instruments (continued)

23e. Market Risk (continued)

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.

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

Sensitivity analysis of the interest rate risk that the Association is exposed to for 2018

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Financial assets				
Cash and cash equivalents	Interest rate	100bp increase	12,413	12,413
Other financial assets	Interest rate	100bp increase	239,847	239,847

Sensitivity analysis of the interest rate risk that the Association is exposed to for 2017

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Financial assets				
Cash and cash equivalents	Interest rate	100bp increase	10,764	10,764
Other financial assets	Interest rate	100bp increase	270,190	270,190

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.

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

23e. Market Risk (continued)

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.

24. Controlled entities

Parent entity

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

	2018	2017
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 Association. Given WT Travel is a dormant Association and its results and financial position at 30 June 2018 are nil, consolidated accounts are not prepared.

Notes to Financial Statements (continued)

25. Fair Value Measurement

25a. Financial Assets and Liabilities

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

25b. Financial and non-financial assets and liabilities fair value hierarchy

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

Fair value hierarchy – 30 June 2018

Assets measured at fair value	Date of valuation	Level 1 $	Level 2 $	Level 3 $
Investment property	30 June 2018	-	-	24,000,000
Total assets measured at fair value		**-**	**-**	**24,000,000**

Fair value hierarchy – 30 June 2017

Assets measured at fair value	Date of valuation	Level 1 $	Level 2 $	Level 3 $
Investment property	30 June 2017	-	-	19,750,000
Total assets measured at fair value		**-**	**-**	**19,750,000**

Refer to note 15(b) for further detail over fair value measurement of the investment property.

26. Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

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).

Independent Auditor's Report

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

Opinion

We have audited the ***Financial Report*** of 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 2018, and of its financial performance for the year then ended;
- 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 2018
- 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 Committee of Management Statement, Certificate by National Secretary-Treasurer, Expenditure Report Required under Subsection 255(2A) and Officer Declaration Statement.

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 Shop, Distributive and Allied Employees' Association and should not be used by parties other than the members of Shop, Distributive and Allied Employees' 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 Shop, Distributive and Allied Employees' Association or for any other purpose than that for which it was prepared.

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 are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor’s Report was the Operating Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or 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 and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate 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 uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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 the 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/ar4.pdf. This description forms part of our Auditor's Report.

I declare that I am an auditor registered under the RO Act.

KPMG

Going Concern

I declare that, as part of the audit of the financial report for the financial year ended 30 June 2018, the National Executive's use of the going concern basis of accounting in the preparation of the Shop, Distributive and Allied Employees' Association's financial report is appropriate.

KPMG

KPMG

Antoni Cinanni

Partner

Tower Two, Collins Square,

727 Collins Street, Melbourne

23 August 2018

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, #AA2017/16

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 Employees' Association for the financial year ended 30 June 2018 there have been:

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

KPMG

KPMG

Antoni Cinanni

Partner

Tower Two, Collins Square,

727 Collins Street, Melbourne

23 August 2018

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