



26 November 2019

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

Dear National Secretary

Re: – Shop, Distributive and Allied Employees Association, National Office - financial report for year ending 30 June 2019 (FR2019/148)

I refer to the financial report of the National Office of the Shop, Distributive and Allied Employees Association. The documents were lodged with the Registered Organisations Commission (**ROC**) on 30 October 2019.

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

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

Reporting Requirements

The ROC website provides several factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett".

Stephen Kellett
Financial Reporting
Registered Organisations Commission

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


CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for year ended 30 June 2019

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 the Shop, Distributive and Allied Employees' Association for the period ended 30 June, 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit by 2 October 2019; 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 21 October 2019, in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



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

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

Dated: **30 OCTOBER 2019**

**SHOP, DISTRIBUTIVE AND
ALLIED EMPLOYEES' ASSOCIATION**

**ANNUAL FINANCIAL REPORT
30 June 2019**



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Operating Report

For the year ended 30 June 2019

The members of the National Executive present their Operating report together with the financial report of Shop, Distributive & Allied Employees' Association ('the Association') for the financial year ended 30 June 2019 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2019 was 203,867 (2018: 207,131).

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 Michael Donovan National President	National Executive Member since 1996 National Vice President 2014-2018 National President since November 2018
Ms Barbara Nebart National Vice President	National Executive Member since 2004 National Vice President since November 2018
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 Joseph de Bruyn (retired)	National Executive Member (1978-2018) National Secretary-Treasurer (1978-2014) National President (2014-2018)
Mr Paul Griffin	National Executive Member since 1990
Mr Josh Peak	National Executive Member since June 2019
Ms Sonia Romeo (retired)	National Executive Member (2016-2019)
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 2019, the Association continued with its significant campaign on Customer Violence & Abuse in Retail and Fast Food, called "No One Deserves A Serve".

Enterprise agreements were negotiated with a range of employers, including but not limited to, Woolworths, Kmart, Bunnings 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 the Hair and Beauty Award 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 2019, there were 16.1 effective full-time equivalent employees of the National Office of the Association (2018: 14.7).

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 2018-2019, to the Workplace Gender Equality Agency, on the 29th May 2019. 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 2019, and those nominated as alternate Employee Directors.

Directors:

- Mr Joseph de Bruyn
- Mr Ian Blandthorn
- Mr Michael Tehan
- Ms Julia Fox

Alternates:

- Mr Gerard Dwyer
- Mr Michael Donovan
- Ms Aliscia Di Mauro
- Dr Adam Walk (Appointed 28 November 2018)

7. Information to be provided to Members or General Manager

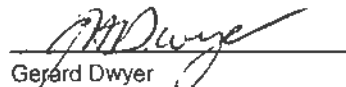
In accordance with the requirements of subsection 272(5) of the RO Act, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

- 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 22nd day of August, 2019.



Michael Donovan
National President



Gerard Dwyer
National Secretary – Treasurer

Committee of Management Statement

For the year ended 30 June 2019

We, Gerard Dwyer and Michael Donovan, being two members of the National Executive of the Association, do state on behalf of the National Executive and in accordance with a resolution passed by the National Executive on 22nd August 2019 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 56 comply with the Australian Accounting Standards;
- (b) the financial statements and notes set out on 11 to 56 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 2019;
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 June 2019 and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the Association have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the committee of management.

Dated at Melbourne this 22nd day of August, 2019.



Michael Donovan
National President



Gerard Dwyer
National Secretary - Treasurer

Certificate by National Secretary-Treasurer


Certificate for the year ended 30 June 2019

I, Gerard Dwyer, being the National Secretary – Treasurer officer responsible for keeping the accounting records of the Association certify that as at 30 June 2019 the number of members of the Association was 203,867.

In my opinion:

- (i) the accompanying financial report set out on pages 11 to 56 presents fairly a view of the financial position of the Association as at 30 June 2019;
- (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) a Register of Members of the Association was maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*.

Dated at Melbourne this 22nd day of August, 2019.

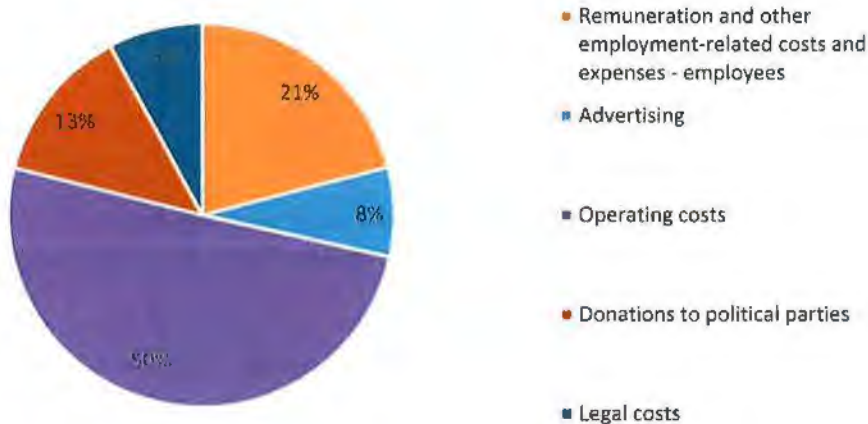

Gerard Dwyer
National Secretary – Treasurer

Expenditure Report Required Under Subsection 255(2A)

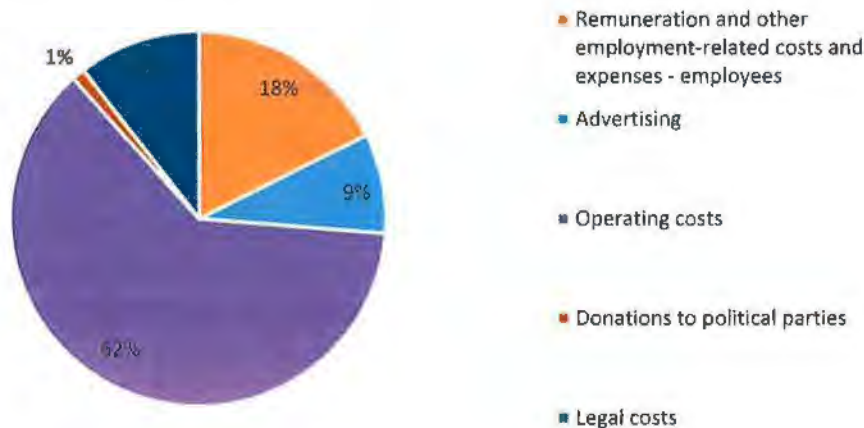
For the year ended 30 June 2019

The committee of management presents the expenditure report as required under subsection 255(2A) on the Association for the year ended 30 June 2019.

2019 - Expenditures as required under s.255(2A) RO Act



2018 - Expenditures as required under s.255(2A) RO Act



Dated at Melbourne this 22nd day of August, 2019.



Michael Donovan
National President



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 2019.

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 22nd day of August, 2019.


Gerard Dwyer
National Secretary - Treasurer

Statement of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Cash and cash equivalents	10	1,426,029	1,253,269
Trade and other receivables	11	509,352	620,672
Other financial assets	12	27,000,000	26,700,000
Total current assets		28,935,381	28,573,941
Property, plant and equipment	14	600,188	584,014
Investment property	15	28,000,000	24,000,000
Employee benefits	17	192,903	467,459
Total non-current assets		28,793,091	25,051,473
TOTAL ASSETS		57,728,472	53,625,414
Liabilities			
Trade and other payables	16	376,627	396,986
Employee benefits	17	808,698	725,156
Total current liabilities		1,185,325	1,122,142
Employee benefits	17	33,657	27,858
Total non-current liabilities		33,657	27,858
TOTAL LIABILITIES		1,218,982	1,150,000
NET ASSETS		56,509,490	52,475,414
Equity			
Retained earnings		56,509,490	52,475,414
TOTAL EQUITY		56,509,490	52,475,414

The notes on pages 15 to 56 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Affiliation fees	21	6,566,153	6,016,150
Rental income	15(a)	1,423,322	1,470,677
Total revenue		7,989,475	7,486,827
Other income	6	5,225,820	6,057,037
Total other income		5,225,820	6,057,037
Total income		13,215,295	13,543,864
Expenditure			
53 Queen St, Melbourne - direct operating expenses	15(a)	634,483	602,863
ACTU IR Campaign Levy	21	-	2,000,000
Advertising		716,007	915,233
Affiliation fees	21	2,147,376	2,134,393
Audit fees	22	33,836	30,986
Delegates expenses/allowances – meetings and conferences		186,009	319,774
Depreciation	14	98,990	100,290
Grants and donations	8	1,618,565	191,250
Legal costs	9	748,510	1,114,655
Conference and meeting expenses		326,593	278,056
Administration expenses	7	195,145	181,731
Other expenses	13	723,523	861,615
Personnel expenses	18	1,996,972	1,806,626
Travel expenses		192,599	195,413
Total Expenses		9,618,608	10,732,885
Result from Operating Activities		3,596,687	2,810,979
Finance income			
Interest income	12	621,727	601,276
Income tax expense	4(m)	-	-
Surplus / (deficit) for the year		4,218,414	3,412,255
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Re-measurement of defined benefit asset (loss)/gain	17	(184,338)	80,700
Income tax on other comprehensive income		-	-
Items that are or may be reclassified to profit or loss			
Other comprehensive (loss)/income, net of tax		(184,338)	80,700
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,034,076	3,492,955

The notes on pages 15 to 56 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Retained earnings \$	Total equity \$
Balance at 1 July 2018		52,475,414	52,475,414
Total comprehensive income for the period			
Surplus / (deficit) for the period		4,218,414	4,218,414
<i>Other comprehensive income</i>			
Re-measurement of defined benefit asset, net of tax	17	(184,338)	(184,338)
Total comprehensive income for the period		4,034,076	4,034,076
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2019		56,509,490	56,509,490

		Retained earnings \$	Total equity \$
Balance at 1 July 2017		48,982,459	48,982,459
Total comprehensive income for the period			
Surplus / (deficit) for the period		3,412,255	3,412,255
<i>Other comprehensive income</i>			
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

The notes on pages 15 to 56 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
<i>Cash receipts from operations</i>			
Cash receipts from other reporting units	19b	8,602,216	8,475,235
Cash receipts from other sources		1,811,598	1,900,490
Total cash receipts from operations		10,413,814	10,375,725
<i>Cash payments used in operations</i>			
Cash paid to suppliers		(9,009,723)	(10,135,815)
Cash paid to employees		(1,138,764)	(1,055,994)
Cash paid to other reporting units	19b	(182,433)	(201,680)
Total cash payments used in operations		(10,330,920)	(11,393,489)
Cash generated/(used in) from operations		82,894	(1,017,764)
Interest received		617,762	619,245
Net cash from/(used in) operating activities	19a	700,656	(398,519)
Cash flows from investing activities			
(Acquisition of) /proceeds from term deposits		(300,000)	800,000
(Acquisition of) property, plant and equipment	14	(126,506)	(56,527)
(Acquisition of) fixtures and fittings for investment property	15	(111,570)	(39,384)
Proceeds from sale of property, plant and equipment		10,180	21,832
Net cash (used in)/from investing activities		(527,896)	725,921
Cash flows from financing activities			
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		172,760	327,402
Cash and cash equivalents at 1 July		1,253,269	925,867
CASH AND CASH EQUIVALENTS AT 30 JUNE	10/19a	1,426,029	1,253,269

The notes on pages 15 to 56 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 2019 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 statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period, and the Fair Work (Registered Organisations) Act 2009. This is the first set of the Association's financial statements in which AASB 9 *Financial Instruments* has been applied. Under the transition method chosen, comparative information has not been restated.

The financial statements were approved by the National Executive on the 22nd day of August, 2019.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for the following material items in the statement of financial position:

- investment property is measure at fair value; and
- the defined benefit asset is recognized 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.

Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Association's functional currency.

d) Comparative amounts

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

e) 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 note:

- Note 15 – Investment property.

Notes to Financial Statements (continued)

2. Basis of preparation (continued)

e) Use of estimates and judgments (continued)

(ii) Assumptions and estimation uncertainties (continued)

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.

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 note:

- Note 15 – investment property.

3. New Australian Accounting Standards

a) Adoption of new Australian accounting standards

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standard and amendment, which has been adopted for the first time this financial year:

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

Notes to Financial Statements (continued)

3. New Australian Accounting Standards (continued)

a) Adoption of new Australian accounting standards (continued)

Impact on adoption of AASB 9

Initial application

AASB 9 *Financial Instruments* (AASB 9) replaces AASB139 *Financial Instruments: Recognition and Measurement* (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Association has applied AASB 9 prospectively, with an initial application date of 1 July 2018. The Association has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 would be recognised directly in opening retained earnings and other components of equity as at 1 July 2018 (of which there were none).

(i) Classification and measurements

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVTOCI). The classification is based on two criteria: the Association's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Association's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Association.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

The Association has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Association's financial liabilities.

Notes to Financial Statements (continued)

3. New Australian Accounting Standards (continued)

a) Adoption of new Australian accounting standards (continued)

Impact on adoption of AASB 9 (continued)

(i) Classification and measurements (continued)

In summary, upon adoption of AASB 9, the Association applied the following required or elected reclassifications:

	1 July 2018	AASB 9 measurement category		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	\$	\$	\$	\$
AASB 139 measurement category				
Loans and receivables				
Cash and cash equivalents	1,253,269	-	1,253,269	-
Receivables	620,672	-	620,672	-
	1,873,941	-	1,873,941	-

(ii) Impairment loss

The adoption of AASB 9 has changed the Association's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward looking Expected Credit Loss (ECL) approach. AASB 9 requires the association to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at fair value through other comprehensive income.

Notes to Financial Statements (continued)

3. New Australian Accounting Standards (continued)

b) Future Australian accounting standards requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Association include:

(i) AASB 16 Leases (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Association plans to adopt AASB 16 on the required effective date 1 July 2019 of using the modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the Association performed a preliminary assessment of AASB 16, noting no material leases are held by the Association where the Association acts as a lessee.

(ii) AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Association plans to adopt AASB 15 on the required effective date 1 July 2019 using modified retrospective method.

Notes to Financial Statements (continued)

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Association.

a) 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 and finance costs

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 to which it relates.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

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.

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

f) Leases (continued)

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Association determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Association separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the association concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Association's incremental borrowing rate.

g) Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with the 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

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

h) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Association commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The Association measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Association's financial assets at amortised cost includes trade and other receivables, term deposits held with the Commonwealth Bank of Australia (see note 12) and cash and cash equivalents.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

h) Financial instruments (continued)

(iii) De-recognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Association has transferred substantially all the risks and rewards of the asset; or
 - b) the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Association applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Association recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

h) Financial instruments (continued)

(i) Debt instruments other than trade receivables

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Association considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Association's financial liabilities include trade and other payables.

(ii) Subsequent measurement

After initial recognition, trade payables and other payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

(iii) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Share capital

The Association is an unincorporated registered organisation under the Fair Work (Registered Organisations) Act 2009 and does not have share capital.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

h) Financial instruments (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Association at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

i) Contingent assets and liabilities

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. The initial cost of an asset includes expenditures that are directly attributable to the acquisition of the asset.

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.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

j) Property, plant and equipment

(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.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and adjusted as appropriate.

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

	2019	2018
Leasehold improvements	5 – 20 years	5 – 20 years
Fixtures and fittings	4 – 20 years	4 – 20 years
Motor vehicles	8 years	8 years

(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 properties are properties held to earn rentals 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 properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise. 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Notes to Financial Statements (continued)

4. Significant accounting policies (continued)

k) Investment property (continued)

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 of 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. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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 measurements

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 23a.

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) Financial risk management

The Association has exposure to the following risks from their use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk
- iv) 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 were no events that occurred after 30 June 2019, and prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Association.

Notes to Financial Statements (continued)

6. Other income

	Note	2019 \$	2018 \$
Investment property - fair value increment	15	3,888,430	4,210,616
ACTU trust distributions	21	25,719	99,842
SDA Branch reimbursements	21	1,254,043	1,688,609
REST director's fees	21	58,790	54,795
Gain/(loss) on disposal of assets		(1,162)	3,175
		5,225,820	6,057,037

7. Administration expenses

	2019 \$	2018 \$
Information technology support	36,321	34,825
Office expenses	62,405	60,878
Printing & photocopier	23,779	22,768
Subscriptions	42,325	39,138
Telecommunication	30,315	24,122
Total administration expense	195,145	181,731

8. Grants or donations

	2019 \$	2018 \$
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	1,618,565	191,250
Total grants or donations	1,618,565	191,250

Notes to Financial Statements (continued)

9. Legal costs

	2019	2018
	\$	\$
Litigation	66,159	289,478
Other legal matters	682,351	825,177
Total legal costs	748,510	1,114,655

10. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank	19,857	320,566
Cash management account	1,245,548	873,141
Short term deposits	160,624	59,562
Total cash and cash equivalents	1,426,029	1,253,269

11. Receivables

	2019	2018
	\$	\$
Other receivables:		
Accrued interest income	97,937	93,972
Sundry debtors	273,996	413,073
Prepayments	137,419	113,627
Total receivables net of impairment provision	509,352	620,672

12. Other current assets

	2019	2018
	\$	\$
Term deposits	27,000,000	26,700,000
Total other current assets	27,000,000	26,700,000

Term deposits have stated interest rates of 1.96 to 2.37 percent (2018: 2.37 to 2.54 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 2019, the Association received interest income of \$621,727 (2018: \$601,276) in respect of financial assets not at fair value through profit and loss.

Notes to Financial Statements (continued)

13. Other Expenses

	2019	2018
	\$	\$
Consultants and professional services	341,251	437,480
Information communications technology	327,731	380,095
Motor vehicle running costs	25,578	30,946
Other	28,963	13,094
Total other expenses	723,523	861,615

14. Property, plant and equipment

Cost	Furniture and fittings	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at 1 July 2018	290,345	96,463	697,010	1,083,818
Acquisitions	7,429	-	119,077	126,506
Disposals	-	(33,606)	-	(33,606)
Balance at 30 June 2019	297,774	62,857	816,087	1,176,718
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
Depreciation and impairment losses				
Balance at 1 July 2018	144,534	51,389	303,881	499,804
Depreciation expense for the year	28,250	9,293	61,447	98,990
Disposals	-	(22,264)	-	(22,264)
Balance at 30 June 2019	172,784	38,418	365,328	576,530
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
Impairments	(5,862)	(17,688)	-	(23,550)
Balance at 30 June 2018	144,534	51,389	303,881	499,804
Carrying amounts				
At 1 July 2018	145,811	45,074	393,129	584,014
At 30 June 2019	124,990	24,439	450,759	600,188
At 1 July 2017	122,516	78,853	445,065	646,434
At 30 June 2018	145,811	45,074	393,129	584,014

Notes to Financial Statements (continued)

15. Investment Property

(a) Reconciliation of carrying amount

	2019	2018
	\$	\$
Property		
Opening balance as at 1 July	24,000,000	19,750,000
Capital Improvements	111,570	39,384
Net gain from fair value adjustment	3,888,430	4,210,616
Closing balance as at 30 June	28,000,000	24,000,000

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. 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 \$1,423,322 (2018: \$ 1,470,677).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$634,483 (2018: \$ 602,863). 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 Association 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 \$28,000,000 was determined at 30 June 2019 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)).

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

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 (2019), Discounted cash flow approach (2018)

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

The present value of this discounted cash flow represents the Market value of the property.

Significant unobservable inputs:

- 2019: Discount rate 6.50%,
- 2018: Discount rate 7.00%.

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- 2019: The discount rate was lower (higher),
- 2018: The discount rate was lower (higher)

16. Trade and Other payables

	2019	2018
	\$	\$
<i>Payables to other reporting units</i>		
SDA Victoria	5,931	4,258
Total related party payables	5,931	4,258
<i>Litigation</i>		
Other legal matters	44,311	58,034
PAYG withholding tax	38,864	32,946
Tenant security deposits	157,924	56,862
Other	129,597	244,886
Total other payables	370,696	392,728
Total trade and other payables are expected to be settled in:		
No more than 12 months	218,703	340,124
More than 12 months	157,924	56,862
Total trade and other payables	376,627	396,986

Notes to Financial Statements (continued)

17. Employee Benefits

	2019	2018
	\$	\$
Current liability		
<i>Office holders</i>		
Liability for long service leave	167,178	156,472
Liability for annual leave	53,331	52,392
Separation and redundancies	-	-
Other	-	-
	220,509	208,864
<i>Employees other than office holders</i>		
Liability for long service leave	284,947	247,493
Liability for annual leave	303,242	268,799
Separation and redundancies	-	-
Other	-	-
	588,189	516,292
	808,698	725,156
Non-current liability		
<i>Employees other than office holders</i>		
Liability for long-service leave	33,657	27,858
	33,657	27,858
Non-current asset		
<i>Office holders and other employees</i>		
Present value of funded obligations	2,245,200	1,827,723
Fair value of plan assets - funded	(2,438,103)	(2,295,182)
Recognised (asset) for defined benefit obligations	(192,903)	(467,459)

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 2019 (30 June 2018: 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.

Notes to Financial Statements (continued)

17. Employee Benefits (continued)

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

	2019	2018
	\$	\$
Net (asset)/liability for defined benefit obligations at 1 July	(467,459)	(587,644)
Contributions paid into the plan	-	-
Amount recognised in other comprehensive income - actuarial	184,338	(80,700)
Expenses recognised in statement of comprehensive income	90,218	200,885
Net (asset)/liability for defined benefit obligations at 30 June	(192,903)	(467,459)

Movement in the present value of the defined benefit obligations

	2019	2018
	\$	\$
Defined benefit obligations at 1 July	1,827,723	2,336,666
Current service cost	231,835	217,272
Interest cost	65,915	62,551
Actuarial losses/(gains) recognised in other comprehensive income (see below)	245,039	39,645
Benefits paid by the plan	(80,438)	(804,095)
Taxes, premium & expenses paid	(44,874)	(24,316)
Defined benefit obligations at 30 June	2,245,200	1,827,723

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

Movement in the present value of plan assets

	2019	2018
	\$	\$
Fair value of plan assets at 1 July	2,295,181	2,924,310
Expected return on plan assets at discount rate	207,533	78,938
Actuarial (losses)/gains recognised in other comprehensive income (see below)	60,701	120,345
Contributions paid	-	-
Benefits paid	(80,438)	(804,095)
Taxes and expenses	(44,874)	(24,316)
Fair value of plan assets at 30 June	2,438,103	2,295,182

Expense recognised in profit or loss

	2019	2018
	\$	\$
Current service costs	231,835	217,272
Net interest costs	(141,617)	(16,387)
	90,218	200,885

Notes to Financial Statements (continued)

17. Employee Benefits (continued)

Re-measurements of net defined benefit liability/asset

	2019	2018
	\$	\$
Loss/(Gain) on defined benefit obligation	245,039	39,645
(Gain)/Loss on assets	(60,701)	(120,345)
Recognised in other comprehensive income	184,338	(80,700)

Actuarial gains (and losses) recognised in other comprehensive income

	2019	2018
	\$	\$
Cumulative amount at 1 July	189,794	109,094
Recognised during the period	(184,338)	80,700
Cumulative amount at 30 June	5,456	189,794

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

	2019	2018
Australian Equity	17%	17%
International Equity	23%	23%
Fixed Income	6%	6%
Property	9%	9%
Cash	8%	8%
Other	37%	37%

Actuarial assumptions

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

	2019	2018
Discount rate at 30 June	2.40%	3.75%
Future salary increases	3.75%	4.00%

Notes to Financial Statements (continued)

17. Employee Benefits (continued)

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.

	2019	2018
	\$	\$
Additional DBO for a 1% decrease in the discount rate	175,773	146,951
Reduction in DBO for a 1% increase in the discount rate	153,801	128,802

The above sensitivities are based on the average duration of the benefit obligation determined by the actuary as at 30 June 2019 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.

Historical information

	2019	2018
	\$	\$
Present value of the defined benefit obligation	2,245,200	1,827,723
Fair value of plan assets - funded	(2,438,103)	(2,295,182)
Recognised (asset)/liability for defined benefit obligation	<u>(192,903)</u>	<u>(467,459)</u>

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 (2019: NIL) to its defined benefit superannuation fund during the year ended 30 June 2020 as it is currently on a contributions holiday.

Notes to Financial Statements (continued)

18. Personnel Expenses

	2019	2018
	\$	\$
Holders of office:		
Wages and salaries	303,720	293,466
Superannuation (including expenses related to defined benefit)	24,946	56,172
Leave and other entitlements	11,646	31,422
Separation and redundancies	-	-
Other employee expenses	54,645	57,509
Total employee expenses - holders of office	394,957	438,569
Employees other than office holders:		
Wages and salaries	1,326,445	1,079,375
Superannuation (including expenses related to defined benefit)	116,341	175,459
Leave and other entitlements	77,695	(78,674)
Separation and redundancies	-	118,090
Other employee expenses	81,534	73,807
Total employee expenses - employees other than office holders	1,602,015	1,368,057
Total employee expenses	1,996,972	1,806,626

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:

	2019	2018
	\$	\$
Cash and cash equivalents as per:		
Cash flow statement	1,426,029	1,253,269
Balance sheet	1,426,029	1,253,269
Difference	<u>-</u>	<u>-</u>

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

	2019	2018
	\$	\$
Profit/(loss) for the year	4,218,414	3,412,255
Adjustments for non-cash items		
Depreciation	98,990	100,290
Fair value movements in investment property	(3,888,430)	(4,210,616)
Loss/(gain) on disposal of assets	1,162	(3,175)
Actuarial gains/(losses) recognised in equity on defined benefit plan	(184,338)	80,700
Changes in assets/liabilities		
Change in accrued interest income	(3,965)	17,969
Change in prepayments	(23,792)	(49,893)
Change in sundry debtors	139,077	102,405
Change in pension asset/ (liability)	274,556	120,185
Change in trade and other payables	(20,359)	78,614
Change in provisions and employee benefits	89,341	(47,253)
Net cash from/(used by) operating activities	<u>700,656</u>	<u>(398,519)</u>

Notes to Financial Statements (continued)

19. Cash Flow Reconciliation and Information (continued)

19b. Cash Flow Information

	2019	2018
	\$	\$
Cash inflows		
<i>Cash receipts from other reporting units</i>		
SDA Newcastle	572,913	565,498
SDA New South Wales	2,339,436	2,328,502
SDA Queensland	1,458,635	1,382,996
SDA South Australia	1,055,009	1,077,618
SDA Tasmania	235,407	231,288
SDA Victoria	1,929,067	1,876,755
SDA Western Australia	1,011,749	1,012,578
Total cash inflows	8,602,216	8,475,235
Cash outflows		
<i>Cash paid to other reporting units</i>		
SDA Newcastle	-	75,099
SDA New South Wales	23,606	18,960
SDA Queensland	51,433	18,665
SDA South Australia	-	-
SDA Tasmania	-	-
SDA Victoria	81,152	77,386
SDA Western Australia	23,258	11,570
Total cash outflows	182,433	201,680

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

	2019	2018
	\$	\$
Within one year	1,273,597	1,244,958
After one year but not more than five years	1,473,506	1,781,173
After five years	-	-
	2,747,103	3,026,131

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 2019, the association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: \$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	
	2019	2018
	\$	\$
SDA Newcastle	436,424	402,345
SDA New South Wales	1,761,378	1,633,283
SDA Queensland	1,126,093	1,000,253
SDA South Australia	808,462	764,533
SDA Tasmania	179,448	173,894
SDA Victoria	1,456,863	1,301,778
SDA Western Australia	797,485	740,064
	6,566,153	6,016,150

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

Branches (continued)

The Association received from its branches the following expense reimbursements:

2019	ACTU IR Campaign Levy	ALP Election Donation	No One Deserves A Serve Campaign	IT – Workit App	Other	IT - Intranet	TOTAL
	\$	\$	\$	\$	\$	\$	\$
SDA Newcastle	-	29,882	43,356	8,901	345	1,922	84,406
SDA New South Wales	-	129,048	184,971	38,441	4,621	8,301	365,382
SDA Queensland	-	65,616	106,293	19,545	4,264	4,221	199,939
SDA South Australia	-	59,307	68,213	17,666	1,636	3,815	150,637
SDA Tasmania	-	10,956	19,432	3,264	201	705	34,558
SDA Victoria	-	106,462	151,315	31,713	496	6,848	296,834
SDA Western Australia	-	48,729	54,884	14,515	1,024	3,135	122,287
	-	450,000	628,464	134,045	12,587	28,947	1,254,043

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

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

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

	2019 \$	2018 \$
SDA Newcastle		
Meeting expenses	-	34,352
Delegates expenses	-	114
Legal costs (litigation)	-	33,807
SDA New South Wales		
Administration expenses (office supplies)	2,138	670
Delegates expenses	17,701	16,334
Other expenses (motor vehicle running costs)	1,602	1,684
SDA Queensland		
Delegates expenses	3,517	16,300
Meeting expenses	43,245	2,020
SDA Victoria		
Personnel expenses (reimbursement of Victorian payroll tax)	87,082	75,351
SDA Western Australia		
Federal Branch - Delegates expenses	-	1,098
State Union – Delegate expenses	4,631	10,362
State Union – Litigation costs	19,240	-

The amounts owed to its branches at 30 June 2019 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:

	2019	2018
	\$	\$
ACTU		
Affiliation fees paid	1,328,705	1,357,551
IR Campaign Levy	-	2,000,000
Meeting expenses – attendance at conferences, forums & training	1,732	14,841
Union Network International (UNI)		
Affiliation fees paid	818,671	776,842
Donations – UNI-APRO Activities Fund	277,815	-
ALP National Secretariat		
Meeting expenses & Fund-raising dinner	1,045	100
Donations	1,000,000	-
ALP NSW		
Donation – Federal Campaign, Organiser Salaries	116,250	69,750
WA Labor		
Donation – Federal Swan & Burt Campaign	46,500	46,500
ALP SA		
Meeting expenses	5,850	-
ALP Qld		
Donation	93,000	-

The Association received trust distribution income of \$25,719 (2018: \$99,842) 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 2019 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 until November 2018
Michael Donovan	Officer – National Vice-President until November 2018
	Officer – National President from November 2018
Barbara Nebart	Officer – National Vice President from November 2018
Gerard Dwyer	Officer – National Secretary-Treasurer
Julia Fox	Officer – National Assistant Secretary
Bernie Smith	National Executive Member
Paul Griffin	National Executive Member
Josh Peak	National Executive Member from June 2019
Sonia Romeo	National Executive Member until June 2019
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 and the National Secretary-Treasurer is provided accommodation when travelling to the registered National Office in Melbourne. The retiring National President was provided a motor vehicle and parking. The incoming National President and Vice-President receive honorariums. As the National Executive Members are not paid by the Association, there are only 4 remunerated officer holders of the Association for the year.

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, and are disclosed in the Statement of profit or loss in Delegate expenses/allowances – meetings and conferences. 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:

	2019	2018
	\$	\$
Short-term employee benefits	449,950	563,105
Post-employment benefits	56,001	61,198
Other long term benefits	7,522	7,268
	513,473	631,571

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)

2019						Total
	\$	\$	\$	\$	\$	\$
Short-term employee benefits						
Salary (including annual leave taken)		-	-		-	303,720
Honarium & gifts	-		-	-	-	3,500
Annual leave accrued		-	-		-	(735)
REST Director Fees	-	-		-	-	51,142
Non-monetary (accommodation, motor vehicle & parking)		-			-	92,323
Total short-term employee benefits					-	449,950
Post-employment benefits						
Superannuation-Defined Benefit		-	-		-	45,558
Superannuation (REST SG payments)	-	-			-	10,443
Total post-employment benefits		-			-	56,001
Other long-term benefits						
Long-service leave		-	-		-	7,522
Total other long-term benefits		-	-		-	7,522
Total					-	513,473
2018						
	\$	\$	\$	\$	\$	Total
	\$	\$	\$	\$	\$	\$
Short-term employee benefits						
Salary (including annual leave taken)		-	-		-	293,466
Honarium & gifts	-		-	-	-	3,500
Annual leave accrued		-	-		-	7,826
REST Director Fees	-	-		-	-	153,425
Non-monetary (accommodation, motor vehicle & parking)		-			-	104,888
Total short-term employee benefits					-	563,105
Post-employment benefits						
Superannuation-Defined Benefit		-	-		-	44,020
Superannuation (REST SG payments)	-	-			-	17,178
Total post-employment benefits		-			-	61,198
Other long-term benefits						
Long-service leave		-	-		-	7,268
Total other long-term benefits		-	-		-	7,268
Total					-	631,571

Joe de Bruyn did not restand for the position of President in November 2018. Michael Donovan was elected to the position of President and Barbara Nebart to the position of Vice President. No payments were made in respect of the FY19 financial year to Barbara Nebart.

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 (2018: NIL) 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 \$58,790 (2018: \$54,795) 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. He did not restand for the position of President in November 2018. 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

	2019 \$	2018 \$
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
	-	6,774

22. Auditor's Remuneration

	2019 \$	2018 \$
Audit services		
Auditors of the Association		
<i>KPMG Australia:</i>	33,836	30,986
Audit and review of financial reports	33,836	30,986
Other services		
Auditors of the Association		
<i>KPMG Australia:</i>	2,810	2,755
Other assurance services	2,810	2,755
TOTAL AUDITORS' REMUNERATION	36,646	33,741

Notes to Financial Statements (continued)

23. Financial Instruments

23a. Categories of Financial Instruments

Financial assets	2019	2018
	\$	\$
<i>Amortised cost:</i>		
Cash and cash equivalents	1,426,029	1,253,269
Receivables	509,352	620,672
Other financial assets	27,000,000	26,700,000
Total financial assets at amortised cost	28,935,381	28,573,941
Carrying amount of financial assets	28,935,381	28,573,941
Financial liabilities	2019	2018
	\$	\$
<i>Other financial liabilities:</i>		
Trade and other payables	376,627	396,986
Carrying amount of financial liabilities	376,627	396,986

23b. Net Income and Expense from Financial Assets

	2019	2018
	\$	\$
<i>Financial assets at amortised cost</i>		
Interest revenue – cash and cash equivalents	11,296	6,455
Interest revenue – other financial assets	610,431	594,821
Total income from financial assets at amortised cost	621,727	601,276
Total income from financial assets	621,727	601,276

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.

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

	2019	2018
Financial assets	\$	\$
Trade and other receivables	509,352	620,672
Cash and cash equivalents	1,426,029	1,253,269
Other financial assets	27,000,000	26,700,000
Total	28,935,381	28,573,941

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 (2018: 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 (2018: no impairment loss).

	30 June 2019					
	Trade and other receivables					
	Days past due					Total
Current	<30 days	30-60 days	61-90 days	>91 days		
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	-%	-%	-%	-%	-%	-%
Estimate total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

	30 June 2018					
	Trade and other receivables					
	Days past due					Total
Current	<30 days	30-60 days	61-90 days	>91 days		
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	-%	-%	-%	-%	-%	-%
Estimate total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

23c. Credit Risk (continued)

Cash and cash equivalents

The Group held cash and cash equivalents of \$1,426,029 at 30 June 2019 (2018: \$1,253,269), 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.

The Association's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying amounts as illustrated in Note 23c.

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 (2018: 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 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	376,627	-	-	-	376,627
Total	-	376,627	-	-	-	376,627

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

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

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.

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 2019

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Financial assets				
Cash and cash equivalents	Interest rate	100bp increase	12,606	12,606
Other financial assets	Interest rate	100bp increase	284,534	284,534

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 \$	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

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

23e. Market Risk (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Association's operations. The Association's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Association's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Association. This responsibility is supported by the development of overall Association standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

Capital management

The Association's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the union's activities. The National Executive monitors the return on capital and seeks to maintain a conservative position between higher returns and the advantages and security afforded by a sound capital position. There were no changes in the Association's approach to capital management during the year, and the Association is not subject to externally imposed capital requirements.

Notes to Financial Statements (continued)

24. Controlled entities

Parent entity

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

	2019	2018
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 2019 are nil, consolidated accounts are not prepared.

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 2019

Assets measured at fair value	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Investment property	30 June 2019	-	-	28,000,000
Total assets measured at fair value		-	-	28,000,000

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

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

Notes to Financial Statements (continued)

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

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Shop, Distributive and Allied Employees' Association as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with:

- the Australian Accounting Standards; and
- other requirements imposed by the reporting guidelines and 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 2019
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statements 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, Officer Declaration Statement and the Expenditure Report Required Under Subsection 255(2A).

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. 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 and distribution

The Financial Report has been prepared to assist the Committee of Management of Shop, Distributive and Allied Employees' 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 Committee of Management and members of the Shop, Distributive and Allied Employees' Association and should not be used by parties other than the Committee of Management and 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 Committee of Management and the members of the 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 Committee of Management are responsible for the Other Information.

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

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 the Committee of Management for the Financial Report

The Committee of Management are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*
- implementing necessary internal control to enable the preparation of a Financial Report that that is free from material misstatement, whether due to fraud or error
- 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 the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* 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.aasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

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

Report on other legal and regulatory requirements

Opinion

I declare that, as part of the audit of the financial report for the financial year ended 30 June 2019, the Committee of Management'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

Amanda Bond

Partner

Tower Two, Collins Square
727 Collins Street, Melbourne
22 August 2019

Registered Auditor – Fair Work (Registered Organisations) Act 2009, #AA2019/11



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 the Shop, Distributive and Allied Employees' Association for the financial year ended 30 June 2019 there have been:

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

A handwritten signature in blue ink, appearing to read 'A Bond'.

Amanda Bond
Partner

Tower Two, Collins Square
727 Collins Street, Melbourne
22 August 2019

Registered Auditor – Fair Work (Registered Organisations) Act 2009, #AA2019/11

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