



26 November 2019

Mr Bernard Smith  
Secretary, New South Wales Branch  
Shop, Distributive and Allied Employees Association

By e-mail: [secretary@sdansw.asn.au](mailto:secretary@sdansw.asn.au)

Cc: Mr Joseph Grech, Auditor [joseph@gsb.com.au](mailto:joseph@gsb.com.au)

Dear Mr Smith

**Re: – Shop, Distributive and Allied Employees Association, New South Wales Branch,  
- financial report for year ending 30 June 2019 (FR2019/147)**

I refer to the financial report of the New South Wales Branch (**the Branch**). The documents were lodged with the Registered Organisations Commission (**ROC**) on 4 October 2019.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comment to assist you when preparing the next report.

Nil activity disclosure – other expense

The officer's declaration statement included a declaration that the Branch did not "pay capitation fees or any other expense to another reporting unit".<sup>1</sup> I note that the Branch did not pay capitation fees but did pay National Office affiliation fees, which would fall within the scope of 'other expense' to another reporting unit. I suggest, in this case, to reflect more accurately reporting guideline 14(b), the nil activity declaration should omit the words 'or any other expense'.

**Reporting Requirements**

The ROC website provides a number of 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 s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

---

<sup>1</sup> See Notes 4B, p.34; Note 13, p.46

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](mailto:stephen.kellett@roc.gov.au).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

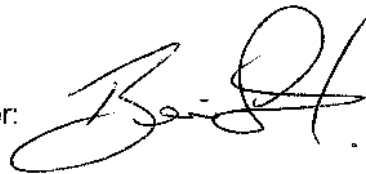
**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

Certificate for the period ended 30 June 2019

I Bernard Joseph Smith being the Branch Secretary-Treasurer of the Shop, Distributive and Allied Employees' Association NSW Branch certify:

- That the documents lodged herewith are copies of the full report for Shop, Distributive and Allied Employees' Association NSW Branch for the period ended 30 June 2019 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009;
- That the financial accounts and statements were presented to the Branch Council meeting held on Tuesday 20 August 2019;
- The financial accounts and statements were signed by the auditor on 20 August 2019;
- That the full report of the financial accounts and statements was provided to members of the reporting unit on 24 September 2019; and
- That the full report of the financial accounts and statements was presented to a meeting of the committee of management of the reporting unit on 24 September 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:



Name of prescribed designated officer:

Bernard Joseph Smith

Title of prescribed designated officer:

Branch Secretary-Treasurer

Dated:

4 October 2019

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION  
N.S.W. BRANCH**

**A.B.N. 74 415 123 375**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2019**

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**A.B.N. 74 415 123 375**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

**CONTENTS**

|   |           |
|---|-----------|
| <b>INDEPENDENT AUDITORS' REPORT .....</b>                               | <b>2</b>  |
| <b>AUDITOR'S INDEPENDENCE DECLARATION.....</b>                          | <b>6</b>  |
| <b>REPORT REQUIRED UNDER SUBSECTION 255(2A) .....</b>                   | <b>7</b>  |
| <b>OPERATING REPORT .....</b>   | <b>8</b>  |
| <b>COMMITTEE OF MANAGEMENT STATEMENT.....</b>                           | <b>11</b> |
| <b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b> | <b>12</b> |
| <b>STATEMENT OF FINANCIAL POSITION.....</b>                             | <b>13</b> |
| <b>STATEMENT OF CASH FLOWS.....</b>                                     | <b>15</b> |
| <b>INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS.....</b>              | <b>16</b> |
| <b>NOTES TO THE FINANCIAL STATEMENTS.....</b>                           | <b>17</b> |

## **SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF**

#### **SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

#### **Opinion**

I have audited the financial report of the Shop, Distributive and Allied Employees' Association N.S.W. Branch (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Shop, Distributive and Allied Employees' Association N.S.W. Branch as at 30 June 2019 and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

#### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Information Other than the Financial Report and Auditor's Report Thereon**

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Report**

My 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 my 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 and 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.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Recovery of Wages**

The Reporting Unit does not engage in the recovery of wages activity.

*Joseph Grech*

**Joseph Paul Grech**

Partner

Registration Number: AA2017/26

(as registered by the RO Commissioner  
under the RO Act)

Holder of Current Practising Certificate and

Member of the Chartered Accountants

Australia and New Zealand Number 24310

*Grech Smith Bridle*

**Grech Smith Bridle**

Chartered Accountants

Dated at Sydney this *20th* day of August 2019



## Declaration

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

- a) I am an auditor registered under the RO Act, and
- b) I am a person who is a member of Chartered Accountants Australia and New Zealand; and
- c) I hold a current Public Practice Certificate.

*Joseph Grech*

**Joseph Paul Grech**

Partner

Registration Number: AA2017/26

(as registered by the RO Commissioner  
under the RO Act)

Holder of Current Practising Certificate and

Member of the Chartered Accountants

Australia and New Zealand Number 24310

*Grech Smith Bridle*

**Grech Smith Bridle**

Chartered Accountants

Dated at Sydney this *20th* day of August 2019

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**AUDITOR'S INDEPENDENCE DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2019**

**TO THE COMMITTEE OF MANAGEMENT OF  
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there has been:

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contravention of any applicable code of professional conduct in relation to the audit.



**Joseph Paul Grech**

Partner

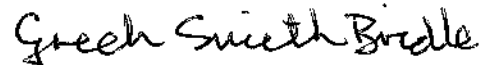
Registration Number: AA2017/26

(as registered by the RO Commissioner  
under the RO Act)

Holder of Current Practising Certificate and

Member of the Chartered Accountants

Australia and New Zealand Number 24310



**Grech Smith Bridle**

Chartered Accountants

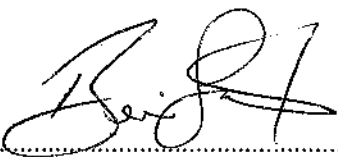
Dated at Sydney this 20th day of August 2019

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**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 Reporting unit for the year ended 30 June 2019.

|  | 2019      | 2018      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>Categories of Expenditures:</b>                                       |           |           |
| Remuneration and other employment-related costs and expenses – employees | 8,042,944 | 7,550,982 |
| Advertising  | 424,535   | 743,888   |
| Operating costs  | 8,400,812 | 8,088,035 |
| Donations to political parties   | 151,849   | 1,627     |
| Legal costs  | 216,032   | 212,836   |

Signature of designated officer:  .....

Name and title of designated officer: *Bernie Smith Branch Secretary - Treasurer* .....

Dated: *20/8/19.* .....

## **SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

### **OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2019**

The Committee of Management presents its operating report on the Reporting Unit for the financial year ended 30 June 2019.

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

The principal activities of the association are preserving and enhancing the wages and working conditions of its members, and the promotion of the interests and rights of workers. In addition to industrial representation, members are also provided with a range of services and benefits.

New enterprise agreements were negotiated with a wide range of employers during the year. These agreements all resulted in improved wages and working conditions for the employees covered by them.

#### **Significant changes in financial affairs**

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

#### **Rights of members to resign**

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Pursuant to s174 of the Fair Work (Registered Organisations) Act 2009 (RO Act), members could resign from the Association by written notice to the appropriate Branch of the Association.

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

Representatives of the Branch hold a position as the Alternative Directors of the Retail Employees' Superannuation Trust ("REST"). Gerard Dwyer and Aliscia Di Mauro act as the alternative director for Joe De Bruyn and Geoff Williams.

##### **Directors**

Mr Joe De Bruyn  
Mr Ian Blandthorn

##### **Alternates**

Mr Gerard Dwyer  
Ms Aliscia Di Mauro

#### **Number of Members**

Membership as at 30 June 2019 was 56,922 (2018: 59,474).

#### **Number of employees**

At 30 June 2019, there were 69 persons (full time equivalent), employed by the N.S.W. Branch of the Association.

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### OPERATING REPORT (CONT.) FOR THE YEAR ENDED 30 JUNE 2019

#### Affiliations & Directorships

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

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

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

The N.S.W. Branch Secretary-Treasurer of the Association is an Executive Member of Unions N.S.W.

A representative of the N.S.W. Branch of the Association is a member of the Service Skills NSW Wholesale, Retail and Personal Services Committee.

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

The following members held positions on the Branch's Committee of Management for the entire reporting period unless indicated otherwise:

| <b>Name</b> | <b>Position</b>   |                           |
|-------------|---|---------------------------|
| C. Cassell  | Branch President - until 12 December 2018                         | Resigned 12 December 2018 |
| M. Dumycz   | Branch President - from 12 December 2018                          |                           |
|             | Branch Vice President - until 12 December 2018                    |                           |
| C. Williams | Branch Vice President - from 12 December 2018                     |                           |
|             | Branch Councillor – until 12 December 2018<br>(Branch membership) |                           |
| B. Smith    | Branch Secretary – Treasurer                                      |                           |
| R. Tonkli   | Branch Assistant Secretary – Treasurer                            |                           |
| M. Hagley   | Branch Trustee  | Resigned 12 December 2018 |
| H. Thomas   | Branch Trustee  | Resigned 12 December 2018 |

*(Continues on to the following page)*

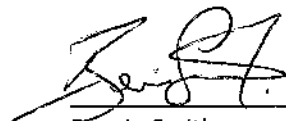
## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH


### OPERATING REPORT (CONT.) FOR THE YEAR ENDED 30 JUNE 2019

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

| Name         | Position  |                            |
|--------------|---|----------------------------|
| A. Manos     | Branch Trustee – from 12 December 2018<br>Branch Councillor – until 12 December 2018<br>(Branch membership)                       |                            |
| J. Slender   | Branch Trustee – from 12 December 2018<br>Branch Councillor – until 12 December 2018<br>(Branch membership)                       |                            |
| M. Doherty   | Branch Councillor (Retail membership)   | Resigned 12 December 2018  |
| S. Sammak    | Branch Councillor (Drug and Allied membership)  |                            |
| D. Robins    | Branch Councillor (Other Industries and Vocational<br>Grouping membership)  | Resigned 12 December 2018  |
| S. Barros    | Branch Councillor (Branch membership) from 12<br>December 2018<br>Branch Councillor (Retail membership) until 12<br>December 2018 |                            |
| P. Avellino  | Branch Councillor (Branch membership)   | Resigned 12 December 2018  |
| N. Rizk      | Branch Councillor (Retail membership)   |                            |
| A. Apps      | Branch Councillor (Branch membership)   |                            |
| N. Atkins    | Branch Councillor (Branch membership)   | Resigned 12 December 2018  |
| M. Hackett   | Branch Councillor (Branch membership)   | Resigned 12 December 2018  |
| V. Bollen    | Branch Councillor (Branch membership)   | Appointed 12 December 2018 |
| P. Boltjes   | Branch Councillor (Branch membership)   | Appointed 12 December 2018 |
| S. Funge     | Branch Councillor (Branch membership)   | Appointed 12 December 2018 |
| J. Wright    | Branch Councillor (Branch membership)   | Appointed 12 December 2018 |
| C. Yarwood   | Branch Councillor (Branch membership)   | Appointed 12 December 2018 |
| C. Dufty     | Branch Councillor (Retail membership)   | Appointed 12 December 2018 |
| D. Tyrrell   | Branch Councillor (Retail membership)   | Appointed 12 December 2018 |
| M. Kraaymaat | Branch Councillor (Other industries & vocational<br>groupings membership)   | Appointed 12 December 2018 |

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

  
Bernie Smith  
Committee of Management

  
Robert Tonkii  
Committee of Management

Dated at Sydney this 20<sup>th</sup> day of August 2019

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

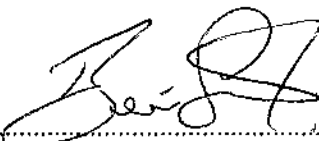
**COMMITTEE OF MANAGEMENT STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

On 20 August 2019 the Committee of Management of the Shop, Distributive and Allied Employees' Association N.S.W. Branch passed the following resolution in relation to the general-purpose financial report (GPFR) for the year ended 30 June 2019:

The Committee of Management declares that in its opinion:

- a) The financial statements and notes comply with the Australian Accounting Standards;
- b) The financial statements and notes comply with 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 reporting unit for the financial year to which they relate;
- d) There are reasonable grounds to believe the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) During the financial year to which the GPFR relates and since the end of that year:
  - i) Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - iii) The financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - iv) Where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - v) Where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
  - vi) Where any orders 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.

Signature of designated officer: 

Name and title of designated officer: Bernie Smith Branch Secretary-Treasurer

Dated: 20/8/19.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

|  | Notes | 2019<br>\$        | 2018<br>\$        |
|--|-------|-------------------|-------------------|
| <b>Revenue</b>   |       |                   |                   |
| Membership subscription  |       | 17,271,794        | 17,137,065        |
| Interest   | 3A    | 336,841           | 204,122           |
| Rental revenue   | 3B    | 1,101,814         | 1,227,379         |
| Other revenue  |       | 77,716            | 50,159            |
| <b>Total revenue</b>   |       | <b>18,788,165</b> | <b>18,618,725</b> |
| <b>Other Income</b>  |       |                   |                   |
| Net gains from sale of assets                                      | 3C    | 90,901            | 155,905           |
| <b>Total other income</b>  |       | <b>90,901</b>     | <b>155,905</b>    |
| <b>Total income</b>  |       | <b>18,879,066</b> | <b>18,774,630</b> |
| <b>Expenses</b>  |       |                   |                   |
| Employee expenses  | 4A    | 8,042,944         | 7,550,982         |
| Affiliation fees   | 4B    | 2,185,882         | 2,144,046         |
| Administration expenses  | 4C    | 7,665,629         | 7,400,881         |
| Grants or donations  | 4D    | 190,306           | 16,380            |
| Depreciation   | 4E    | 760,669           | 755,857           |
| Legal costs  | 4F    | 216,032           | 212,836           |
| Audit fees   | 14    | 50,996            | 52,800            |
| <b>Total expenses</b>  |       | <b>19,112,458</b> | <b>18,133,782</b> |
| <b>Profit / (Loss) for the year</b>                                |       | <b>(233,392)</b>  | <b>640,848</b>    |
| <b>Other comprehensive income</b>                                  |       |                   |                   |
| Items that will not be subsequently reclassified to profit or loss |       |                   |                   |
| Gain on revaluation of land & buildings                            |       | -                 | 2,985,559         |
| <b>Total comprehensive income / (loss) for the year</b>            |       | <b>(233,392)</b>  | <b>3,626,407</b>  |

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



SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019

|                                      | Notes | 2019<br>\$        | 2018<br>\$        |
|--------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                        |       |                   |                   |
| <b>Current Assets</b>                |       |                   |                   |
| Cash and cash equivalents            | 5A    | 2,179,997         | 1,434,563         |
| Trade and other receivables          | 5B    | 1,682,767         | 1,663,366         |
| Financial assets                     | 6     | 9,700,000         | 9,446,481         |
| Other current assets                 | 5C    | 1,184,312         | 1,392,538         |
| <b>Total current assets</b>          |       | <b>14,747,076</b> | <b>13,936,948</b> |
| <b>Non-Current Assets</b>            |       |                   |                   |
| Financial assets                     | 6     | 1,500,000         | 1,500,000         |
| Land and buildings                   | 7A    | 11,850,925        | 12,155,263        |
| Plant and equipment                  | 7B    | 1,079,558         | 1,008,725         |
| Investment Property                  | 7C    | 28,901,419        | 29,266,647        |
| Other non-current assets             | 7D    | 5,576             | 5,054             |
| <b>Total non-current assets</b>      |       | <b>43,337,478</b> | <b>43,935,689</b> |
| <b>Total assets</b>                  |       | <b>58,084,554</b> | <b>57,872,637</b> |
| <b>LIABILITIES</b>                   |       |                   |                   |
| <b>Current Liabilities</b>           |       |                   |                   |
| Trade payables                       | 8A    | 878,870           | 621,348           |
| Other payables                       | 8B    | 153,846           | 11,617            |
| Employee provisions                  | 9A    | 2,520,063         | 2,458,670         |
| <b>Total current liabilities</b>     |       | <b>3,552,779</b>  | <b>3,091,635</b>  |
| <b>Non-Current Liabilities</b>       |       |                   |                   |
| Employee provisions                  | 9A    | 19,054            | 19,262            |
| <b>Total non-current liabilities</b> |       | <b>19,054</b>     | <b>19,262</b>     |
| <b>Total liabilities</b>             |       | <b>3,571,833</b>  | <b>3,110,897</b>  |
| <b>Net assets</b>                    |       | <b>54,512,721</b> | <b>54,761,740</b> |
| <b>EQUITY</b>                        |       |                   |                   |
| General funds                        | 10A   | 20,420,153        | 20,420,153        |
| Retained earnings                    |       | 34,092,568        | 34,341,587        |
| <b>Total equity</b>                  |       | <b>54,512,721</b> | <b>54,761,740</b> |

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

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

|   | Notes | General<br>funds<br>\$ | Retained<br>earnings<br>\$ | Total equity<br>\$ |
|---|-------|------------------------|----------------------------|--------------------|
| <b>Balance as at 1 July 2017</b>              |       | <b>17,434,594</b>      | <b>33,700,739</b>          | <b>51,135,333</b>  |
| Adjustment for errors                         |       | -                      | -                          | -                  |
| Adjustment for changes in accounting policies |       | -                      | -                          | -                  |
| Profit or (Loss) for the year                 |       | -                      | 640,848                    | <b>640,848</b>     |
| Other comprehensive income for the year       |       | -                      | -                          | -                  |
| Transfer to/from Asset Revaluation Reserve    | 10A   | 2,985,559              | -                          | <b>2,985,559</b>   |
| Transfer from retained earnings               |       | -                      | -                          | -                  |
| <b>Closing balance as at 30 June 2018</b>     |       | <b>20,420,153</b>      | <b>34,341,587</b>          | <b>54,761,740</b>  |
| Adjustment for errors                         |       | -                      | -                          | -                  |
| Adjustment for changes in accounting policies | 1     | -                      | (15,627)                   | <b>(15,627)</b>    |
| Profit or (Loss) for the year                 |       | -                      | (233,392)                  | <b>(233,392)</b>   |
| Other comprehensive income for the year       |       | -                      | -                          | -                  |
| Transfer to/from Asset Revaluation Reserve    | 10A   | -                      | -                          | -                  |
| Transfer from retained earnings               |       | -                      | -                          | -                  |
| <b>Closing balance as at 30 June 2019</b>     |       | <b>20,420,153</b>      | <b>34,092,568</b>          | <b>54,512,721</b>  |

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

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

|   | Notes | 2019<br>\$       | 2018<br>\$         |
|---|-------|------------------|--------------------|
| <b>OPERATING ACTIVITIES</b>   |       |                  |                    |
| <b>Cash received</b>  |       |                  |                    |
| Receipts from other reporting units /<br>controlled entity(s)             | 11B   | 36,161           | 30,708             |
| Interest  |       | 279,271          | 204,122            |
| Other   |       | 20,583,103       | 19,643,242         |
| <b>Cash used</b>  |       |                  |                    |
| Employees   |       | (7,996,511)      | (7,523,413)        |
| Suppliers   |       | (9,509,709)      | (9,091,527)        |
| Payment to other reporting units / controlled<br>entity(s)                | 11B   | (2,399,296)      | (2,441,811)        |
| <b>Net cash from (used by) operating activities</b>                       | 11A   | <b>993,019</b>   | <b>821,321</b>     |
| <b>INVESTING ACTIVITIES</b>   |       |                  |                    |
| <b>Cash received</b>  |       |                  |                    |
| Proceeds from sale of plant and equipment                                 |       | 158,221          | 228,635            |
| Proceeds from sale of land and buildings                                  |       | -                | -                  |
| Other   |       | 596,228          | 474,380            |
| <b>Cash used</b>  |       |                  |                    |
| Purchase of plant and equipment   |       | (517,515)        | (547,477)          |
| Purchase of land and buildings  |       | -                | -                  |
| Purchase of financial assets  |       | (253,519)        | (1,646,480)        |
| Other   |       | (231,000)        | (193,402)          |
| <b>Net cash from (used by) investing activities</b>                       |       | <b>(247,585)</b> | <b>(1,684,344)</b> |
| <b>FINANCING ACTIVITIES</b>   |       |                  |                    |
| <b>Cash received</b>  |       |                  |                    |
| Contributed equity  |       | -                | -                  |
| Other   |       | -                | -                  |
| <b>Cash used</b>  |       |                  |                    |
| Repayment of borrowings   |       | -                | -                  |
| Other   |       | -                | -                  |
| <b>Net cash from (used by) financing activities</b>                       |       | <b>-</b>         | <b>-</b>           |
| <b>Net increase (decrease) in cash held</b>                               |       | <b>745,434</b>   | <b>(863,023)</b>   |
| Cash & cash equivalents at the beginning of the<br>reporting period       |       | 1,434,563        | 2,297,586          |
| <b>Cash &amp; cash equivalents at the end of the<br/>reporting period</b> | 5A    | <b>2,179,997</b> | <b>1,434,563</b>   |

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

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH  
AND ITS CONTROLLED ENTITY**

**INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

- Note 1** Summary of Significant Accounting Policies
- Note 2** Events after the Reporting Period
- Note 3** Income
- Note 4** Expenses
- Note 5** Current Assets
- Note 6** Financial Assets
- Note 7** Non-current Assets
- Note 8** Current Liabilities
- Note 9** Employee Provisions
- Note 10** Equity
- Note 11** Cash Flow
- Note 12** Contingent Liabilities, Contingent Assets and Commitments
- Note 13** Related Party Disclosures
- Note 14** Remuneration of Auditor
- Note 15** Financial Risk Management
- Note 16** Fair Value Measurements
- Note 17** Section 272 Fair Work (Registered Organisations) Act 2009
- Note 18** Officers Declaration Statement

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Basis of preparation of the financial statements

The financial statements are general-purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general-purpose financial statements, the Shop, Distributive and Allied Employees' Association N.S.W Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

##### 1.2 Comparative amounts

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

##### 1.3 Significant accounting judgements and estimates

The Committee of Management evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

##### Key Judgements

###### (i) *Employee Benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Association expects that all its employees would use all their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Committee of Management considers that obligations for annual leave entitlements satisfy the definition for short-term employee benefits, and therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

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

### Key Estimates

#### (i) Impairment of Investment Properties

Investment properties were independently valued at 30 June 2017 by LandMark White (Sydney) Pty Ltd. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the investment properties, rental returns of similar investment properties, sales demand in the area, and recent sales data for similar investment properties. The valuation resulted in a revaluation increment of \$11,751,171 being recognised for the year end 30 June 2017.

At 30 June 2019, the Committee of Management reviewed the key assumptions made by the valuers at 30 June 2017. They have concluded that these assumptions remain materially unchanged and are satisfied that the carrying amount does not exceed the recoverable amount investment properties at 30 June 2019.

#### (ii) Impairment of Plant & Equipment

The Association assess impairment of plant & equipment at the end of each reporting period by evaluating the conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant plant and equipment are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised in respect of plant & equipment at the end of the reporting period. As at 30 June 2019, plant & equipment is carried in the statement of financial position at a written down value of \$1,079,558.

### 1.4 Changes to comparative figures

In accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* the Association has restated the presentation of comparative figures for *cash and cash equivalents* and *financial assets* as shown on the *Statement of Financial Position*.

Short-term and medium-term deposits were presented as *cash and cash equivalents* on the statement of financial position in previous periods. It was noted that these instruments have a maturity profile of more than three months, and thus do not meet the definition of cash or cash equivalents but rather that of financial assets.

This has been rectified by restating each of the affected financial statement line items for prior periods as follows:

| Statement of financial position:   | Note:     | 30 June 2018    |             |                 | 30 June 2017    |             |                 |
|------------------------------------|-----------|-----------------|-------------|-----------------|-----------------|-------------|-----------------|
|                                    |           | Previous Amount | Adjustment  | Restated amount | Previous Amount | Adjustment  | Restated amount |
|                                    |           | \$              | \$          | \$              | \$              | \$          | \$              |
| <b>Cash &amp; cash equivalents</b> | <b>5A</b> |                 |             |                 |                 |             |                 |
| - Current                          |           | 10,881,044      | (9,446,481) | 1,434,563       | 10,097,587      | (7,800,001) | 2,297,586       |
| - Non-current                      |           | 1,500,000       | (1,500,000) | -               | 1,500,000       | (1,500,000) | -               |
| <b>Financial assets</b>            | <b>6</b>  |                 |             |                 |                 |             |                 |
| - Current                          |           | -               | 9,446,481   | 9,446,481       | -               | 7,800,001   | 7,800,001       |
| - Non-current                      |           | -               | 1,500,000   | 1,500,000       | -               | 1,500,000   | 1,500,000       |

There was no impact on the financial performance of the Association.

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

### **1.5 New Australian Accounting Standards**

#### ***Adoption of New Australian Accounting Standard Requirements***

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have 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*.

The Impact of applying this standard is discussed further below.

- *AASB 2017-1 Amendments of Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle* and other amendments, which clarify certain requirements in:

- *AASB 140 Investment Property* – Change in use

The adoption of this of this amendment did not have an impact on the Shop, Distributive and Allied Employees' Association N.S.W. Branch.

#### **Impact on adoption of AASB 9**

##### **(a) 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:

1. classification and measurement;
2. impairment; and
3. hedge accounting.

The Shop, Distributive and Allied Employees' Association N.S.W. Branch has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Shop, Distributive and Allied Employees' Association N.S.W. Branch has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

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

Impact on the statement of financial position (increase/(decrease)):

|                                | Ref         | 1 July 2018     |
|--------------------------------|-------------|-----------------|
|                                | adjustments | \$              |
| Classification and measurement | (i)         | -               |
| Impairment                     | (ii)        | (15,627)        |
| Other adjustments              | (iii)       | -               |
|                                |             | <u>(15,627)</u> |

|                             | Ref         | 1 July 2018 |
|-----------------------------|-------------|-------------|
|                             | adjustments | \$          |
| <b>Assets</b>               |             |             |
| Trade and other receivables | (ii)        | (15,627)    |
| Other assets                | (ii), (iii) | -           |
| <b>Total assets</b>         |             |             |
| Total adjustments on equity |             |             |
| Retained earnings           | (ii)        | (15,627)    |
| Other components of equity  | (iii)       | -           |

The nature of these adjustments are described below.

### i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Shop, Distributive and Allied Employees' Association N.S.W. Branch'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 Shop, Distributive and Allied Employees' Association N.S.W. Branch'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 Shop, Distributive and Allied Employees' Association N.S.W. Branch.

- Trade receivables and other current and non-current financial assets (i.e. term deposits) 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Shop, Distributive and Allied Employees' Association N.S.W. Branch financial liabilities.



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

In summary, upon adoption of AASB 9, the Shop, Distributive and Allied Employees' Association N.S.W. Branch applied the following required or elected reclassifications:

| 1 July 2018                          | AASB 9 measurement category |   |                   |                           |
|--------------------------------------|-----------------------------|---|-------------------|---------------------------|
|                                      |                             | Fair Value<br>through<br>profit or loss | Amortised<br>Cost | Fair Value<br>through OCI |
|                                      | \$                          | \$                                      | \$                | \$                        |
| <b>AASB 139 measurement category</b> |                             |   |                   |                           |
| <b>Loans &amp; receivables</b>       |                             |   |                   |                           |
| - Cash & cash equivalents            | 1,434,563                   | -                                       | 1,434,563         | -                         |
| - Trade & other receivables          | 1,663,336                   | -                                       | 1,663,336         | -                         |
| <b>Available-for-sale</b>            |                             |   |                   |                           |
| - Financial assets                   | 10,946,481                  | -                                       | 10,946,481        | -                         |

### ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Shop, Distributive and Allied Employees' Association N.S.W Branch'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 Shop, Distributive and Allied Employees' Association N.S.W Branch to recognise 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 FVTOCI.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9.

|                   | Allowance for<br>impairment under<br>AASB 139 as at 30<br>June 2019 | Re-<br>measurement | ECL under AASB<br>9 as at 1 July<br>2018 |
|-------------------|---|--------------------|--|
| Trade Receivables | -   | 15,627             | 15,627                                   |

### (iii) Other adjustments

The adoption of AASB 9: *Financial Instruments* has not resulted in any other adjustments to the financial performance, position or presentation of the Shop, Distributive and Allied Employees' Association N.S.W. Branch.

### 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 Shop, Distributive and Allied Employees' Association N.S.W Branch include:

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

### **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 Shop, Distributive and Allied Employees' Association N.S.W Branch plans to adopt AASB 16 on the required effective date of 1 July 2019 using 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch performed a preliminary assessment of AASB 16.

The Association has performed a preliminary impact assessment and has estimated that on 1 July 2019, it expects to recognise the right-of-use assets and lease liabilities of \$530,781 (after adjusting for prepayments and accrued lease payments recognised at 30 June 2019).

Following the adoption of this standard, the Association's net profit is expected to decrease by approximately \$8,597.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows by approximately \$212,510 in 2020.

### **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*.

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

For NFP entities, both AASB 1058 and AASB 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch plans to adopt AASB 15 on the required effective date 1 July 2019 of using modified retrospective method.

During the financial year ended 30 June 2019, the Shop, Distributive and Allied Employees' Association N.S.W. Branch performed a preliminary assessment of AASB 1058 and AASB 15.

### *Subscription revenue*

Subscription fees are accounted for on an accrual basis under AASB 118: *Revenue* and are recorded in the financial year to which it relates. Based on its assessment, the Association does not expect the application of AASB to have a significant impact on its financial statements for subscription revenue.

### *Rental income*

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

As the Association intends to adopt AASB 15 under the modified retrospective method, it has assessed the cumulative effect of retrospective application to incomplete contracts on the date of application (1 July 2019) as \$nil.

### **AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation**

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments have no impact on the financial statements of the Shop, Distributive and Allied Employees' Association N.S.W. Branch.

## **1.6 Revenue**

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

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

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

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### **1.7 Gains**

#### **Sale of assets**

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

### **1.8 Capitation fees and levies**

Capitation fees and levies are to be recognised on an accrual basis and record as a revenue and/or expense in the year to which it relates.

### **1.10 Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

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

### **1.11 Leases**

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

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.13 Cash**

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

### **1.14 Financial instruments**

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

### **1.15 Financial assets**

#### **Initial recognition and measurement**

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Shop, Distributive and Allied Employees' Association N.S.W. Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

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.

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

The Shop, Distributive and Allied Employees' Association N.S.W. Branch'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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Shop, Distributive and Allied Employees' Association N.S.W. Branch commits to purchase or sell the asset.

### **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

### **Financial assets at amortised cost**

The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch's financial assets at amortised cost includes trade receivables, short-term deposits and medium-term deposits with financial institutions.

### **Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch has transferred substantially all the risks and rewards of the asset; or
  - b) the Shop, Distributive and Allied Employees' Association N.S.W. Branch has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

When the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

### **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**

#### **(i) Trade receivables**

For trade receivables that do not have a significant financing component, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

#### **(i) 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch expects to receive, discounted at an approximation of the original effective interest rate.

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).

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

The Shop, Distributive and Allied Employees' Association N.S.W. Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Shop, Distributive and Allied Employees' Association N.S.W. Branch may also consider a financial asset to be in default when internal or external information indicates that the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

### **1.16 Financial Liabilities**

#### **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 Shop, Distributive and Allied Employees' Association N.S.W. Branch's financial liabilities include trade and other payables.

#### **Subsequent measurement**

##### *Financial liabilities at amortised cost*

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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.

#### **Derecognition**

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

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

### **1.17 Contingent liabilities and contingent assets**

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



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

### **1.18 Land, buildings, plant and equipment**

#### ***Asset recognition threshold***

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

#### ***Revaluations—land and buildings***

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

#### ***Depreciation***

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

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

|                     | <b>2019</b>   | <b>2018</b>   |
|---------------------|---------------|---------------|
| Land & Buildings    | 40 years      | 40 years      |
| Plant and equipment | 4 to 40 years | 4 to 40 years |

#### ***Derecognition***

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

### **1.19 Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

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

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

### **1.20 Impairment for non-financial assets**

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **1.21 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

### **1.22 Taxation**

Shop, Distributive and Allied Employees' Association N.S.W. Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

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

### **1.23 Fair value measurement**

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

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

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

The principal or the most advantageous market must be accessible by the Shop, Distributive and Allied Employees' N.S.W. Branch. 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 Shop, Distributive and Allied Employees' Association N.S.W. Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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 land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Shop, Distributive and Allied Employees' Association N.S.W. Branch 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.

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

### **1.24 Going concern**

Shop, Distributive and Allied Employees' Association N.S.W. Branch is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Shop, Distributive and Allied Employees' Association N.S.W. Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

## **Note 2: Events after the reporting period**

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Shop, Distributive and Allied Employees' Association N.S.W. Branch.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 3 Income</b>  |                  |                  |
| <b>Note 3A: Interest income</b>   |                  |                  |
| Deposits  | 336,841          | 204,122          |
| Loans   | -                | -                |
| <b>Total interest</b>   | <u>336,841</u>   | <u>204,122</u>   |
| <b>Note 3B: Rental revenue</b>  |                  |                  |
| Properties:   |                  |                  |
| Investment  | 1,690,297        | 1,696,817        |
| Other   | 7,745            | 4,942            |
| Lease incentive   | (596,228)        | (474,380)        |
| Other   | -                | -                |
| <b>Total rental revenue</b>   | <u>1,101,814</u> | <u>1,227,379</u> |
| <b>Note 3C: Net gains from sale of assets</b>                           |                  |                  |
| Land and buildings  | -                | -                |
| Plant and equipment   | 90,901           | 155,905          |
| Other   | -                | -                |
| <b>Total net gain from sale of assets</b>                               | <u>90,901</u>    | <u>155,905</u>   |
| <b>Note 4 Expenses</b>  |                  |                  |
| <b>Note 4A: Employee Expenses</b>                                       |                  |                  |
| <b>Holders of Office:</b>   |                  |                  |
| Wages and salaries  | 332,438          | 330,050          |
| Superannuation  | 63,141           | 64,023           |
| Leave and other entitlements  | -                | -                |
| Separation and redundancies   | -                | -                |
| Other employee expenses   | 29,567           | 30,922           |
| <b>Subtotal employee expenses - holders of office</b>                   | <u>425,146</u>   | <u>424,995</u>   |
| <b>Employees other than office holders:</b>                             |                  |                  |
| Wages and salaries  | 5,580,447        | 5,242,297        |
| Superannuation  | 596,996          | 559,342          |
| Leave and other entitlements  | 740,010          | 669,729          |
| Separation and redundancies   | -                | -                |
| Other employee expenses   | 700,345          | 654,619          |
| <b>Subtotal employee expenses - employees other than office holders</b> | <u>7,617,798</u> | <u>7,125,987</u> |
| <b>Total employee expenses</b>  | <u>8,042,944</u> | <u>7,550,982</u> |

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 4B: Affiliation fees</b>                  |                  |                  |
| SDA National Office                               | 1,475,940        | 1,451,577        |
| SDA National Office – International Fund          | 221,391          | 217,736          |
| ALP NSW   | 267,409          | 259,841          |
| ALP ACT   | 7,959            | 7,767            |
| Labor Council NSW                                 | 206,140          | 201,894          |
| Labor Council ACT                                 | 3,999            | 1,724            |
| Labor Council South Coast                         | 3,044            | 3,507            |
| <b>Total affiliation fees</b>                     | <b>2,185,882</b> | <b>2,144,046</b> |
| <b>Note 4C: Administration expenses</b>           |                  |                  |
| Consideration to employers for payroll deductions | 85,286           | 289,099          |
| Campaign levies - ACTU IR & others                | 185,699          | 528,300          |
| Fees/allowances - meeting and conferences         | 181,418          | 139,955          |
| Conference and meeting expenses                   | 442,184          | 387,467          |
| Accommodation & Travel                            | 765,247          | 553,190          |
| Contractors & Consultants                         | 334,712          | 339,336          |
| Impairment loss expense                           | (875)            | -                |
| Membership Propagation Expense                    | 919,099          | 752,682          |
| Journal Costs                                     | 530,529          | 486,684          |
| Textbook, Scholarships & Teap Payments            | 51,759           | 56,834           |
| Occupancy Expenses                                | 1,202,016        | 1,002,329        |
| Printing, Postage & Stationery                    | 279,196          | 271,234          |
| Telephone   | 187,448          | 162,247          |
| Insurance   | 835,039          | 755,921          |
| Motor Vehicle                                     | 520,919          | 489,947          |
| Other   | 854,333          | 832,005          |
| <b>Subtotal administration expense</b>            | <b>7,374,009</b> | <b>7,047,230</b> |
| Operating lease rentals:                          |                  |                  |
| Minimum lease repayments                          | 291,620          | 353,651          |
| <b>Total administration expenses</b>              | <b>7,665,629</b> | <b>7,400,881</b> |
| <b>Note 4D: Grants or donations</b>               |                  |                  |
| Grants:   |                  |                  |
| Total paid that were \$1,000 or less              | -                | -                |
| Total paid that exceeded \$1,000                  | -                | -                |
| Donations:  |                  |                  |
| Total paid that were \$1,000 or less              | 9,172            | 4,152            |
| Total paid that exceeded \$1,000                  | 181,134          | 12,228           |
| <b>Total grants or donations</b>                  | <b>190,306</b>   | <b>16,380</b>    |

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

|                              | 2019           | 2018           |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| <b>Note 4E: Depreciation</b> |                |                |
| Land & buildings             | 304,338        | 246,915        |
| Property, Plant & Equipment  | 456,331        | 508,942        |
| <b>Total depreciation</b>    | <u>760,669</u> | <u>755,857</u> |

|                             |                |                |
|-----------------------------|----------------|----------------|
| <b>Note 4F: Legal costs</b> |                |                |
| Litigation                  | 5,575          | 8,131          |
| Other legal matters         | 210,457        | 204,705        |
| <b>Total legal costs</b>    | <u>216,032</u> | <u>212,836</u> |

**Note 5 Current Assets**

|   |                  |                  |
|---|------------------|------------------|
| <b>Note 5A: Cash and Cash equivalents</b> |                  |                  |
| Cash on hand                              | 1,650            | 1,650            |
| Cash at bank                              | 2,178,347        | 1,432,913        |
| Short term deposits                       | -                | -                |
| <b>Total cash and cash equivalents</b>    | <u>2,179,997</u> | <u>1,434,563</u> |

**Note 5B: Trade and other receivables**

|  |                  |                  |
|--|------------------|------------------|
| Trade receivables                        | 1,475,145        | 1,562,688        |
| Less allowance for expected credit loss  | (14,752)         | -                |
|  | <u>1,460,393</u> | <u>1,562,688</u> |
| <br>                                     |                  |                  |
| GST receivable                           | 40,873           | -                |
| Accrued interest income                  | 57,570           | -                |
| Other sundry receivables                 | 123,931          | 100,678          |
|  | <u>222,374</u>   | <u>100,678</u>   |
| <br>                                     |                  |                  |
| <b>Total Trade and other receivables</b> | <u>1,682,767</u> | <u>1,663,366</u> |

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

|   |               |          |
|---|---------------|----------|
| Loss allowance at 1 July under AASB 139   | -             | -        |
| AASB 9 transition adjustment              | 15,627        | -        |
| Opening losses allowance as at 1 July     | 15,627        | -        |
| Loss allowance recognised during the year | (875)         | -        |
| Write-off                                 | -             | -        |
| <b>At 30 June</b>                         | <u>14,752</u> | <u>-</u> |

The opening loss allowance of \$15,627 recognised under AASB 9 at 1 July 2018 has been taken directly to retained earnings.

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 5B: Trade and other receivables (cont.)

The Shop, Distributive and Allied Employees' Association N.S.W. Branch applies the simplified approach to providing for expected credit losses as prescribed by AASB 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined below. These expected credit losses also incorporate forward looking information.

| <b>2019</b>              | <b>Current</b> | <b>&gt; 30 days<br/>past due</b> | <b>&gt; 60 days<br/>past due</b> | <b>&gt; 90 days<br/>past due</b> | <b>Total</b> |
|--------------------------|----------------|----------------------------------|----------------------------------|----------------------------------|--------------|
| Expected loss rate       | 1%             | 5%                               | 10%                              | 25%                              |              |
| Gross carrying amount    | 1,697,519      | -                                | -                                | -                                | 1,697,519    |
| Loss allowance provision | (14,752)       | -                                | -                                | -                                | (14,752)     |
| <b>2018</b>              | <b>Current</b> | <b>&gt; 30 days<br/>past due</b> | <b>&gt; 60 days<br/>past due</b> | <b>&gt; 90 days<br/>past due</b> | <b>Total</b> |
| Expected loss rate       | 1%             | 5%                               | 10%                              | 25%                              |              |
| Gross carrying amount    | 1,663,366      | -                                | -                                | -                                | 1,663,366    |
| Loss allowance provision | -              | -                                | -                                | -                                | -            |

The opening loss allowance of \$15,627 recognised under AASB 9 at 1 July 2018 has been taken directly to retained earnings.

#### Credit Risk

The Shop, Distributive and Allied Employees' Association N.S.W. Branch has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5B. The main sources of credit to the Association are considered to relate to the classes of assets described as "trade and other receivables".

The following table details the Association's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Association and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating the debt may not be fully repaid to the Association.

The balances of receivables that remain within the initial trade terms (as detailed in the table below) are considered to be of high credit quality.

#### Collateral

No collateral is held over trade and other receivables.

|  | <b>2019</b>      | <b>2018</b> |
|--|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>   |
| <b>Financial assets measured at amortised cost</b> |                  |             |
| Trade & other receivables                          | <b>1,682,767</b> | 1,663,366   |



## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

|                                      | 2019             | 2018             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| <b>Note 5C: Other current assets</b> |                  |                  |
| Prepayments                          | 1,184,312        | 1,392,538        |
| <b>Total other current assets</b>    | <u>1,184,312</u> | <u>1,392,538</u> |

### Note 6: Financial Assets

Financial assets at amortised cost

Current

- Term deposits 9,700,000 9,446,481

Non-current

- Fixed term deposits 1,500,000 1,500,000

**Total financial assets at amortised cost** 11,200,000 10,946,481

Term deposits have stated interest rates of 1.88% to 2.60% (2018: 2.23% to 2.55%) and mature in 120 or 180 days. Fixed term deposits pay quarterly interest coupons equal to the 90-day Bank Bill Swap Rate (BBSW) plus a fixed margin of 0.985%. The fixed term deposit will mature on 8 June 2021.

During the year ended 30 June 2019, the association received interest income of \$331,747 (2018: \$195,333) in respect of financial assets at amortised cost.

#### Impairment of financial assets

To assess the impairment on term-deposits and fixed-term deposits, the Association has considered the AA credit rating of these investments. In light of that rating, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the expected credit losses for these assets, the Committee of Management have taken into account the historical default experience, the financial position of the counterparties, the future prospects of the industries, financial analyst reports and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as expected loss upon default in each case.

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

### Note 7: Non-current Assets

#### Note 7A: Land and buildings

Land and buildings:

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| fair value                      | 12,173,500        | 12,173,500        |
| accumulated depreciation        | (322,575)         | (18,237)          |
| <b>Total land and buildings</b> | <u>11,850,925</u> | <u>12,155,263</u> |

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

|   | 2019<br>\$        | 2018<br>\$ |
|---|-------------------|------------|
| <b>Note 7A: Land and buildings (cont.)</b>                                    |                   |            |
| <i>Reconciliation of Opening and Closing balances of Land &amp; Buildings</i> |                   |            |
| <b>As at 1 July</b>   |                   |            |
| Gross book value  | <b>12,173,500</b> | 9,874,600  |
| Accumulated depreciation & impairment   | <b>(18,237)</b>   | (457,982)  |
| <b>Net book value 1 July</b>  | <b>12,155,263</b> | 9,416,618  |
| Additions:  |                   |            |
| By purchase   | -                 | -          |
| From acquisitions of entities (including restructuring)                       | -                 | -          |
| Revaluations  | -                 | 2,298,900  |
| Impairments   | -                 | -          |
| Depreciation expense  | <b>(304,338)</b>  | (246,915)  |
| Other movement:   |                   |            |
| Reversal of accumulated depreciation due to revaluation                       | -                 | 686,660    |
| Disposals:  |                   |            |
| From disposal of entities (including restructuring)                           | -                 | -          |
| Other   | -                 | -          |
| <b>Net book value 30 June</b>   | <b>11,850,925</b> | 12,155,263 |
| <b>Net book value as of 30 June represented by:</b>                           |                   |            |
| Gross book value  | <b>12,173,500</b> | 12,173,500 |
| Accumulated depreciation and impairment                                       | <b>(322,575)</b>  | (18,237)   |
| <b>Net book value 30 June</b>   | <b>11,850,925</b> | 12,155,263 |

The fair value of land and buildings is included within level 2.

The revalued land and buildings consist of commercial properties and carparking spaces held within N.S.W. and the A.C.T. Management determined that these constitute one class of asset under AA5B 13, based on the nature, characteristics and risks of the properties.

Fair value of the properties was determined by using direct comparison on a rate per square metre of lettable area supported by the capitalisation of net income method. This means that it utilises sales that have been analysed on a rate /m<sup>2</sup> of strata area basis and compares the equivalent rates to the subject to establish the property's current market value.

As at the date of revaluation, 30 June 2018, the properties' fair values are based on valuations performed by Shweta Sengupta of LandMark White (Sydney) Pty Ltd and Timothy Heaton of CBRE Valuation & Advisory Services, who are accredited independent valuers with recognised professional qualifications with the Australian Property Institute and who have recent experience in the location and category of the properties being valued.

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

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

|                                     | 2019             | 2018             |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| <b>Note 7B: Plant and Equipment</b> |                  |                  |
| Plant and equipment:                |                  |                  |
| at cost                             | 3,881,635        | 3,781,482        |
| accumulated depreciation            | (2,802,077)      | (2,772,757)      |
| <b>Total Plant and equipment</b>    | <b>1,079,558</b> | <b>1,008,725</b> |

**Reconciliation of Opening and Closing Balances of Plant & Equipment**

|   |                  |                  |
|---|------------------|------------------|
| <b>As at 1 July</b>                                     |                  |                  |
| Gross book value  | 3,781,482        | 3,796,694        |
| Accumulated depreciation & impairment                   | (2,772,757)      | (2,798,296)      |
| <b>Net book value 1 July</b>                            | <b>1,008,725</b> | <b>998,398</b>   |
| Additions:  |                  |                  |
| By purchase   | 594,700          | 591,998          |
| From acquisitions of entities (including restructuring) | -                | -                |
| Impairments   | -                | -                |
| Depreciation expense                                    | (456,331)        | (508,942)        |
| Other movement:   |                  |                  |
| Reversal of accumulated depreciation due to disposal    | 427,011          | 534,481          |
| Disposals:  |                  |                  |
| From disposal of entities (including restructuring)     | -                | -                |
| Other   | (494,547)        | (607,210)        |
| <b>Net book value 30 June</b>                           | <b>1,079,558</b> | <b>1,008,725</b> |
| <b>Net book value as of 30 June represented by:</b>     |                  |                  |
| Gross book value  | 3,881,635        | 3,781,482        |
| Accumulated depreciation and impairment                 | (2,802,077)      | (2,772,757)      |
| <b>Net book value 30 June</b>                           | <b>1,079,558</b> | <b>1,008,725</b> |

**Note 7C: Investment Property**

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Property</b>                                  |                   |                   |
| Opening balance as at 1 July                     | 27,909,500        | 27,909,500        |
| Additions  | -                 | -                 |
| Net gain / (loss) from fair value adjustment     | -                 | -                 |
| Closing balance as at 30 June                    | 27,909,500        | 27,909,500        |
| <b>Lease Incentive</b>                           |                   |                   |
| Opening balance as at 1 July                     | 4,847,001         | 4,653,598         |
| Additions  | 231,000           | 193,402           |
| Less accumulated amortisation of lease incentive | (4,086,082)       | (3,489,853)       |
| Closing balance as at 30 June                    | 991,919           | 1,357,147         |
| <b>Total Investment Property</b>                 | <b>28,901,419</b> | <b>29,266,647</b> |

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 7C: Investment Property (cont.)

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

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

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

Additions during the year relate to improvements on commercial property. This forms part of the lease incentive.

Rental income earned and received from the investment properties during the year was \$1,690,297 (2018: \$1,696,817).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$680,626 (2018: \$529,066). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Shop, Distributive and Allied Employees' Association N.S.W. Branch does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Fair value of investment properties is determined by Mark Willers of LandMark White (Sydney) Pty Ltd using recognised valuation techniques. These techniques include using direct comparison on a rate per square metre of lettable area supported by the capitalisation of net income method. This means that it utilises sales that have been analysed on a rate /m<sup>2</sup> of strata area basis and compares the equivalent rates to the subject to establish the property's current market value.

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

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

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

|  | 2019         | 2018         |
|--|--------------|--------------|
|  | \$           | \$           |
| <b>Note 7D: Other Non-current Assets</b> |              |              |
| Prepayments                              | 5,576        | 5,054        |
| Other                                    | -            | -            |
| <b>Total other non-current assets</b>    | <b>5,576</b> | <b>5,054</b> |

### Note 8: Current Liabilities

#### Note 8A: Trade Payables

|                              |                |                |
|------------------------------|----------------|----------------|
| Trade creditors and accruals | 878,870        | 621,348        |
| Operating lease rentals      | -              | -              |
| <b>Total trade payables</b>  | <b>878,870</b> | <b>621,348</b> |

Settlement is usually made within 30 days.

#### Note 8B: Other payables

|                             |                |               |
|-----------------------------|----------------|---------------|
| Income in advance           | 123,801        | -             |
| GST Payable                 | -              | 10,072        |
| Other                       | 30,045         | 1,545         |
| <b>Total other payables</b> | <b>153,846</b> | <b>11,617</b> |

Total other payables are expected to be settled in:

|                             |                |               |
|-----------------------------|----------------|---------------|
| No more than 12 months      | 153,846        | 11,617        |
| More than 12 months         | -              | -             |
| <b>Total other payables</b> | <b>153,846</b> | <b>11,617</b> |

#### Note 8C: Financial liabilities at amortised cost

The following financial liabilities are measured at amortised cost:

|                  |                  |                |
|------------------|------------------|----------------|
| - Trade payables | 878,870          | 621,348        |
| - Other payables | 153,846          | 11,617         |
|                  | <b>1,032,716</b> | <b>632,965</b> |

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

2019                      2018  
\$                              \$

**Note 9: Employee Provisions**

**Note 9A: Employee provisions**

**Office Holders**

|  |                |                |
|--|----------------|----------------|
| Annual leave   | 64,162         | 80,151         |
| Long service leave                                   | 134,511        | 126,302        |
| Separations and redundancies                         | -              | -              |
| Other  | -              | -              |
| <b>Subtotal employee provisions – office holders</b> | <b>198,673</b> | <b>206,453</b> |

**Employees other than office holders:**

|   |                  |                  |
|---|------------------|------------------|
| Annual leave  | 791,513          | 762,594          |
| Long service leave  | 1,548,931        | 1,508,885        |
| Separations and redundancies  | -                | -                |
| Other   | -                | -                |
| <b>Subtotal employee provisions – employees other than office holders</b> | <b>2,340,444</b> | <b>2,271,479</b> |

**Total employee provisions**

**2,539,117      2,477,932**

Current

2,520,063      2,458,670

Non-current

19,054              19,262

**Total employee provisions**

**2,539,117      2,477,932**

**Note 10: Equity**

**Note 10A: General Funds**

**Asset Revaluation Reserve**

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Balance at start of the year: | 20,420,153        | 17,434,594        |
| Transfers to reserve          | -                 | 2,985,559         |
| Transfers out of reserve      | -                 | -                 |
| Balance as at end of year     | <b>20,420,153</b> | <b>20,420,153</b> |
| <b>Total Reserves</b>         | <b>20,420,153</b> | <b>20,420,153</b> |

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

|   | 2019           | 2018           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Note 11: Cash Flow</b>   |                |                |
| <b>Note 11A: Cash Flow Reconciliation</b>   |                |                |
| <b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:</b> |                |                |
| <b>Cash and cash equivalents as per:</b>  |                |                |
| Cash flow statement   | 2,179,997      | 1,434,563      |
| Balance sheet   | 2,179,997      | 1,434,563      |
| <b>Difference</b>   | <u>-</u>       | <u>-</u>       |
| <b>Reconciliation of profit / (loss) to net cash from operating activities:</b>                 |                |                |
| Profit/(loss) for the year  | (233,392)      | 640,848        |
| <b>Adjustment for non-cash items:</b>   |                |                |
| Depreciation  | 760,669        | 755,857        |
| Net write-down of non-financial assets  | -              | -              |
| Non-cash income   | (76,970)       | (44,523)       |
| (Gain)/Loss on disposal of assets   | (90,901)       | (155,905)      |
| <b>Changes in assets/liabilities</b>  |                |                |
| (Increase)/decrease in net receivables  | (35,028)       | (483,834)      |
| (Increase)/decrease in prepayments  | 207,704        | (10,375)       |
| Increase/(decrease) in supplier payables  | 399,752        | 83,550         |
| Increase/(decrease) in other payables   | -              | 8,134          |
| Increase/(decrease) in employee provisions  | 61,185         | 27,569         |
| Increase/(decrease) in other provisions   | -              | -              |
| <b>Net cash from (used by) operating activities</b>   | <u>993,019</u> | <u>821,321</u> |

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

|   | 2019              | 2018              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Note 11B: Cash flow information</b>  |                   |                   |
| <b>Cash inflows from other Reporting Units:</b>                                     |                   |                   |
| Shop, Distributive & Allied Employees'<br>Association – National Office             | 20,139            | 18,960            |
| Shop, Distributive & Allied Employees'<br>Association – Newcastle & Northern Branch | 16,022            | 11,748            |
|   | <u>36,161</u>     | <u>30,708</u>     |
| <b>Total cash inflows for the year</b>  | <u>21,652,984</u> | <u>20,581,087</u> |
| <b>Cash outflows from other Reporting Units:</b>                                    |                   |                   |
| Shop, Distributive & Allied Employees'<br>Association – National Office             | 2,126,761         | 2,094,161         |
| Shop, Distributive & Allied Employees'<br>Association – Newcastle & Northern Branch | 240,509           | 303,018           |
| Shop, Distributive & Allied Employees'<br>Association – Northern Territory Branch   | 1,918             | 1,578             |
| Shop, Distributive & Allied Employees'<br>Association – Queensland Branch           | 3,434             | 11,960            |
| Shop, Distributive & Allied Employees'<br>Association – South Australian Branch     | 10,285            | 13,250            |
| Shop, Distributive & Allied Employees'<br>Association – Victorian Branch            | 5,082             | 5,539             |
| Shop, Distributive & Allied Employees'<br>Association – Western Australian Branch   | 11,307            | 12,305            |
|   | <u>2,399,296</u>  | <u>2,441,811</u>  |
| <b>Total cash out flows for the year</b>  | <u>20,907,550</u> | <u>21,444,110</u> |



**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

**Note 12: Contingent Liabilities, Assets and Commitments**

**Note 12A: Commitments and contingencies**

**Operating lease commitments—as lessee**

The operating leases (property, plant and equipment) are non-cancellable with terms of three to six years. Operating leases are paid monthly or quarterly in advance. The leases provide a right of renewal at which time all terms are renegotiated.

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

|   |                |                |
|---|----------------|----------------|
| Within one year:                            | 320,688        | 362,082        |
| After one year but not more than five years | 373,059        | 591,642        |
| More than five years                        | -              | -              |
|   | <u>693,747</u> | <u>953,724</u> |

**Operating lease commitments – as lessor**

The association leases out its investment properties under operating leases (see note 7C). The future minimum lease income under non-cancellable leases are as follows

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

|   |                  |                  |
|---|------------------|------------------|
| Within one year:                            | 1,249,263        | 1,277,754        |
| After one year but not more than five years | 526,921          | 2,041,184        |
| More than five years                        | -                | -                |
|   | <u>1,776,184</u> | <u>3,318,938</u> |

During the year, \$1,101,814 was recognised as rental income in profit or loss (2018: \$1,227,379)

**Capital commitments**

The Association does not have any future capital commitments.

**Other contingent assets or liabilities (i.e. legal claims)**

The Association is not aware of any contingent asset or liability.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

| 2019 | 2018 |
|------|------|
| \$   | \$   |

**Note 13: Related Party Disclosures**

**Note 13A: Related party transactions for the reporting period**

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

**Revenue received from Shop Distributive & Allied Employees' Association National Office includes the following:**

|                               |               |        |
|-------------------------------|---------------|--------|
| <i>Reimbursements – Other</i> | <b>20,139</b> | 18,538 |
|-------------------------------|---------------|--------|

**Expenses paid to Shop Distributive & Allied Employees' Association National Office includes the following:**

|                         |                  |           |
|-------------------------|------------------|-----------|
| <i>Affiliation fees</i> | <b>1,475,940</b> | 1,451,577 |
| <i>Campaign levies</i>  | <b>155,593</b>   | 426,900   |
| <i>Other</i>            | <b>209,790</b>   | 56,637    |

**Expenses paid to Shop Distributive & Allied Employees' Association National Office – International Fund includes the following:**

|  |                |         |
|--|----------------|---------|
| <i>Affiliation Fees – International Fund</i> | <b>221,391</b> | 217,737 |
|--|----------------|---------|

**Expenses paid to Australian Labor Party N.S.W. includes the following:**

|   |                |         |
|---|----------------|---------|
| <i>Affiliation fees</i>                       | <b>267,409</b> | 259,841 |
| <i>Donations – Campaign lunches / dinners</i> | <b>25,450</b>  | 727     |
| <i>Donations – other</i>                      | -              | 900     |

**Expenses paid to the Australian Labor Party A.C.T. includes the following:**

|                                  |              |       |
|----------------------------------|--------------|-------|
| <i>Affiliation fees</i>          | <b>7,959</b> | 7,767 |
| <i>Donations – campaign levy</i> | <b>3,500</b> | -     |

**Expenses paid to the Labor Council N.S.W. includes the following:**

|                         |                |         |
|-------------------------|----------------|---------|
| <i>Affiliation fees</i> | <b>206,140</b> | 201,894 |
|-------------------------|----------------|---------|

**Expenses paid to the Australian Labor Council A.C.T. includes the following:**

|                         |              |       |
|-------------------------|--------------|-------|
| <i>Affiliation fees</i> | <b>4,000</b> | 1,724 |
|-------------------------|--------------|-------|

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

#### Note 13A: Related party transactions for the reporting period (cont.)

Expenses paid to the Labor Council South Coast includes the following:

|                         |       |       |
|-------------------------|-------|-------|
| <i>Affiliation fees</i> | 3,044 | 3,507 |
|-------------------------|-------|-------|

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases 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 Shop Distributive and Allied Employees' Association N.S.W. Branch 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.

#### Note 13B: Key Management Personnel Remuneration for the reporting period

##### Short-term employee benefits

|   |                |                |
|---|----------------|----------------|
| Salary (including annual leave taken)     | 327,536        | 326,012        |
| Annual leave accrued                      | -              | 5,602          |
| Performance bonus                         | -              | -              |
| Non-Monetary (motor vehicle & parking)    | 29,567         | 30,922         |
| <b>Total short-term employee benefits</b> | <b>357,103</b> | <b>362,536</b> |

##### Post-employment benefits

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Superannuation                        | 63,141        | 64,023        |
| <b>Total post-employment benefits</b> | <b>63,141</b> | <b>64,023</b> |

##### Other long-term benefits

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Long-service leave                    | 8,220        | 4,725        |
| <b>Total other long-term benefits</b> | <b>8,220</b> | <b>4,725</b> |

##### Termination benefits

|              |                |                |
|--------------|----------------|----------------|
| <b>Total</b> | <b>428,464</b> | <b>431,284</b> |
|--------------|----------------|----------------|

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

Note 13B: Key Management Personnel Remuneration for the reporting period (cont.)

| Key Management Personnel                  | Bernie<br>Smith<br>Secretary | Robert<br>Tonkli<br>Assistant<br>Secretary | Narelle<br>Atkins<br>Organiser | Corrin<br>Boyle<br>Information<br>Officer | Total          |
|---|------------------------------|--|--------------------------------|---|----------------|
|   | \$                           | \$   | \$                             | \$  | \$             |
| <b>Remuneration for 2019</b>              |                              |  |                                |   |                |
| <b>Short-term employee benefits</b>       |                              |  |                                |   |                |
| Salary (including annual leave taken)     | 133,236                      | 124,212                                    | 44,860                         | 25,228                                    | 327,536        |
| Honorarium                                | -                            | -  | -                              | -   | -              |
| Annual leave accrued                      | -                            | -  | -                              | -   | -              |
| Non-monetary (motor vehicle & parking)    | 13,582                       | 15,986                                     | -                              | -   | 29,568         |
| <b>Total short-term employee benefits</b> | <b>146,818</b>               | <b>140,198</b>                             | <b>44,860</b>                  | <b>25,228</b>                             | <b>357,104</b> |
| <b>Post-employment benefits:</b>          |                              |  |                                |   |                |
| Superannuation                            | 27,446                       | 23,027                                     | 7,465                          | 5,202                                     | 63,140         |
| <b>Total post-employment benefits</b>     | <b>27,446</b>                | <b>23,027</b>                              | <b>7,465</b>                   | <b>5,202</b>                              | <b>63,140</b>  |
| <b>Other long-term benefits:</b>          |                              |  |                                |   |                |
| Long-service leave                        | 3,463                        | 3,475                                      | 1,282                          | -   | 8,220          |
| <b>Total other long-term benefits</b>     | <b>3,463</b>                 | <b>3,475</b>                               | <b>1,282</b>                   | <b>-</b>                                  | <b>8,220</b>   |
| <b>Total</b>                              | <b>177,727</b>               | <b>166,700</b>                             | <b>53,607</b>                  | <b>30,430</b>                             | <b>428,464</b> |
| <b>Remuneration for 2018</b>              |                              |  |                                |   |                |
| <b>Short-term employee benefits</b>       |                              |  |                                |   |                |
| Salary (including annual leave taken)     | 128,025                      | 111,193                                    | 41,249                         | 45,545                                    | 326,012        |
| Honorarium                                | -                            | -  | -                              | -   | -              |
| Annual leave accrued                      | 941                          | 4,514                                      | 147                            | -   | 5,602          |
| Non-monetary (motor vehicle & parking)    | 14,579                       | 16,343                                     | -                              | -   | 30,922         |
| <b>Total short-term employee benefits</b> | <b>143,545</b>               | <b>132,050</b>                             | <b>41,396</b>                  | <b>45,545</b>                             | <b>362,536</b> |
| <b>Post-employment benefits:</b>          |                              |  |                                |   |                |
| Superannuation                            | 27,581                       | 20,947                                     | 6,819                          | 8,676                                     | 64,023         |
| <b>Total post-employment benefits</b>     | <b>27,581</b>                | <b>20,947</b>                              | <b>6,819</b>                   | <b>8,676</b>                              | <b>64,023</b>  |
| <b>Other long-term benefits:</b>          |                              |  |                                |   |                |
| Long-service leave                        | -                            | 3,594                                      | 1,130                          | -   | 4,724          |
| <b>Total other long-term benefits</b>     | <b>-</b>                     | <b>3,594</b>                               | <b>1,130</b>                   | <b>-</b>                                  | <b>4,724</b>   |
| <b>Total</b>                              | <b>171,126</b>               | <b>156,591</b>                             | <b>49,345</b>                  | <b>54,221</b>                             | <b>431,283</b> |

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

#### Note 14: Remuneration of Auditor

##### Value of the services provided

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Financial statement audit services    | 50,996        | 52,800        |
| Other services                        | -             | -             |
| <b>Total remuneration of auditors</b> | <b>50,996</b> | <b>52,800</b> |

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

#### Note 15: Financial Risk Management

The Shop, Distributive and Allied Employees' N.S.W. Branch's financial instruments consist mainly of deposits with banks, short- and medium-term deposits with financial institutions, accounts receivables and accounts payables.

The totals for each category of financial instrument measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

|                                    | Note | 2019              | 2018              |
|------------------------------------|------|-------------------|-------------------|
|                                    |      | \$                | \$                |
| <b>Financial Assets</b>            |      |                   |                   |
| Financial assets at amortised cost |      |                   |                   |
| - Cash and cash equivalents        | 5A   | 2,179,997         | 1,434,563         |
| - Trade and other receivables      | 5B   | 1,682,767         | 1,663,366         |
| - Term deposits                    | 6    | 9,700,000         | 9,446,481         |
| - Fixed term deposits              | 6    | 1,500,000         | 1,500,000         |
|                                    |      | <b>15,062,764</b> | <b>14,044,410</b> |
| <b>Financial Liabilities</b>       |      |                   |                   |
| Financial assets at amortised cost |      |                   |                   |
| - Trade and other payables         | 8C   | 1,032,716         | 632,965           |
|                                    |      | <b>1,032,716</b>  | <b>632,965</b>    |

#### Financial risk management policies

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

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 15: Financial Risk Management (cont.)

##### Specific Financial Risk Exposures and Management

The main risks the Association is exposed to through its financial statements are credit risk, liquidity risk and interest rate risk. There have been no substantive changes in the types of risks the Association is exposed to, how these risks arise, or the Committee of Management's objectives, policies and processes for managing or measuring the risks from the previous period.

##### Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association. The Association's objective in managing credit risk is to minimise the credit loss incurred, mainly on trade and other receivables. There is no significant risk exposure on other financial assets at amortised cost.

Credit risk is managed through maintenance of procedures, ensuring to the extent possible that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are usually Cash on Delivery or 30 Days from date of invoice.

Risk is also minimised through investing surplus funds with financial institutions that maintain high credit rating, or in entities that the Association has assessed as being financially sound.

##### Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are not past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 5B.

The Association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association.

Credit risk related to balances with banks and other financial institutions is managed by the Finance Committee in accordance with approved Committee policy. Such policy requires that surplus funds are only invested with counter parties with a Standard and Poor's (S&P) rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P Counterparty Credit Ratings

|   | Note | 2019<br>\$        | 2018<br>\$        |
|---|------|-------------------|-------------------|
| <b>Cash and cash equivalents</b>            |      |                   |                   |
| - AA Rated                                  | 5A   | 2,179,997         | 1,434,563         |
| <b>Short-term &amp; fixed term deposits</b> |      |                   |                   |
| - AA Rated                                  | 6    | 11,200,000        | 10,946,481        |
|   |      | <b>13,379,997</b> | <b>12,381,044</b> |

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Note 15: Financial Risk Management (cont.)**

**Liquidity Risk**

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association is not exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The Association manages its liquidity risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- only investing surplus cash with major financial institutions.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The association does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows to settle financial liabilities is presented in the table below.

*Financial liability and financial asset maturity analysis:*

|   | Within 1 Year     |                   | 1 to 2 Years     |          | Over 2 Years |                  | Total             |                   |
|---|-------------------|-------------------|------------------|----------|--------------|------------------|-------------------|-------------------|
|   | 2019              | 2018              | 2019             | 2018     | 2019         | 2018             | 2019              | 2018              |
|   | \$                | \$                | \$               | \$       | \$           | \$               | \$                | \$                |
| <b>Financial Liabilities –<br/>due for payment</b>                      |                   |                   |                  |          |              |                  |                   |                   |
| Trade payables  | 878,870           | 621,348           | -                | -        | -            | -                | 878,870           | 621,348           |
| Other payable   | 153,846           | 11,617            | -                | -        | -            | -                | 153,846           | 11,617            |
| <b>Total expect outflows</b>  | <b>1,032,716</b>  | <b>632,965</b>    | <b>-</b>         | <b>-</b> | <b>-</b>     | <b>-</b>         | <b>1,032,716</b>  | <b>632,965</b>    |
| <b>Financial Assets –<br/>Cash flows realisable</b>                     |                   |                   |                  |          |              |                  |                   |                   |
| Cash & cash<br>equivalents  | 2,179,997         | 1,434,563         | -                | -        | -            | -                | 2,179,997         | 1,434,563         |
| Trade & other<br>receivables  | 1,682,767         | 1,663,366         | -                | -        | -            | -                | 1,682,767         | 1,663,366         |
| Term deposits   | 9,700,000         | 9,446,481         | -                | -        | -            | -                | 9,700,000         | 9,446,481         |
| Fixed term deposits   | -                 | -                 | 1,500,000        | -        | -            | 1,500,000        | 1,500,000         | 1,500,000         |
| <b>Total expected<br/>outflows</b>                                      | <b>13,562,764</b> | <b>12,544,410</b> | <b>1,500,000</b> | <b>-</b> | <b>-</b>     | <b>1,500,000</b> | <b>15,062,764</b> | <b>14,044,410</b> |
| <b>Net (outflow) / inflow<br/>expected on financial<br/>instruments</b> | <b>12,530,048</b> | <b>11,911,445</b> | <b>1,500,000</b> | <b>-</b> | <b>-</b>     | <b>1,500,000</b> | <b>14,030,048</b> | <b>13,411,445</b> |

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 15: Financial Risk Management (cont.)

##### Market Risk

###### *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby future changes in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Association is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Association to interest rate risk are limited to cash on deposit, term deposits and fixed term deposits.

The Association manages interest rate risk by varying the maturity period and principal sums invested of term deposits to ensure the entity receives the most advantageous interest rate on offer. The Association also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

###### *Other market risks*

The Association is not exposed to any other market risks such as price or foreign currency risk.

###### *Sensitivity analysis*

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

|                                | Profit and<br>loss | Equity      |
|--------------------------------|--------------------|-------------|
|                                | \$                 | \$          |
| <b>Year ended 30 June 2019</b> |                    |             |
| +/- 1% in interest rates       | +/- 133,783        | +/- 133,783 |
| <b>Year ended 30 June 2019</b> |                    |             |
| +/- 1% in interest rates       | +/- 110,092        | +/- 110,092 |

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.



## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 15: Financial Risk Management (cont.)

##### Capital Management

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

#### Note 16 Fair Value Measurement

##### Note 16A: Financial Assets and Liabilities

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as present in the statement of financial position.

Refer to note 16B for detailed disclosures regarding the fair value measurement of the Association's financial assets and financial liabilities.

|                               | Carrying<br>amount<br>2019<br>\$ | Net Fair<br>Value<br>2019<br>\$ | Carrying<br>amount<br>2018<br>\$ | Net Fair<br>Value<br>2018<br>\$ |
|-------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| <b>Financial Assets</b>       |                                  |                                 |                                  |                                 |
| At amortised cost             |                                  |                                 |                                  |                                 |
| - Cash and cash equivalents   | 2,179,997                        | 2,179,997                       | 1,434,563                        | 1,434,563                       |
| - Trade and other receivables | 1,682,767                        | 1,682,767                       | 1,663,366                        | 1,663,366                       |
| - Term deposits               | 9,700,000                        | 9,700,000                       | 9,446,481                        | 9,446,481                       |
| - Fixed term deposits         | 1,500,000                        | 1,500,000                       | 1,500,000                        | 1,500,000                       |
|                               | <u>15,062,764</u>                | <u>15,062,764</u>               | <u>14,044,410</u>                | <u>14,044,410</u>               |
| <b>Financial Liabilities</b>  |                                  |                                 |                                  |                                 |
| At amortised cost             |                                  |                                 |                                  |                                 |
| - Trade and other payables    | 1,032,716                        | 1,032,716                       | 632,965                          | 632,965                         |
|                               | <u>1,032,716</u>                 | <u>1,032,716</u>                | <u>632,965</u>                   | <u>632,965</u>                  |

Cash and cash equivalents, trade and other receivables, trade and other payables, and term deposits are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables excludes amounts relating to the provision of annual leave, which are outside the scope of AASB 9.

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 16 Fair Value Measurement (cont.)

##### Note 16B: Financial and Non-financial Assets and Liabilities Fair Value Hierarchy

The Shop, Distributive and Allied Employees' Association N.S.W. Branch measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Free hold land and buildings
- Investment properties

The Association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

##### Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of the fair values information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

| Level 1   | Level 2  | Level 3   |
|---|--|---|
| Measurements based on quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

##### Valuation Techniques

The Association selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Association are consistent with one or more of the following valuation approaches:

- Market approach using prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

## SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Note 16 Fair Value Measurement (cont.)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information or actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing assets or liabilities are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Association's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

|                                      | Date of valuation | Level 1<br>\$ | Level 2<br>\$     | Level 3<br>\$ |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
| <b>2019</b>                          |                   |               |                   |               |
| <b>Assets measured at fair value</b> |                   |               |                   |               |
| Non-Financial Assets:                |                   |               |                   |               |
| Land & Buildings                     | 30 June 2018      | -             | 12,155,263        | -             |
| Investment Property                  | 30 June 2017      | -             | 27,909,500        | -             |
| <b>Total</b>                         |                   | -             | <b>40,064,763</b> | -             |
| <b>2018</b>                          |                   |               |                   |               |
| <b>Assets measured at fair value</b> |                   |               |                   |               |
| Non-Financial Assets:                |                   |               |                   |               |
| Land & Buildings                     | 30 June 2018      | -             | 12,155,263        | -             |
| Investment Property                  | 30 June 2017      | -             | 27,909,500        | -             |
| <b>Total</b>                         |                   | -             | <b>40,064,763</b> | -             |

There were no transfers between level 1 and level 2 for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

In 2019 the fair value of investment property was \$27,909,500 and carrying amount of lease incentive was \$991,919 giving a total of \$28,901,419 (2018: fair value of investment property was \$27,909,500 and carrying amount of lease incentive was \$1,357,147 giving a total of \$29,266,647).

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Note 16 Fair Value Measurement (cont.)**

**Valuation Techniques and Inputs Used to Measure Level 2 Fair Values**

| <b>Description</b>                                 | <b>Valuation Technique(s)</b>  | <b>Inputs Used</b>                               |
|--|--|--|
| <i>Non-financial assets:</i><br>Land and Buildings | Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology | Price per square metre;<br>Market borrowing rate |
| Investment property                                | Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology | Price per square metre;<br>Market borrowing rate |

The fair value of land and buildings and investment properties is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Committee of Management review the independent valuation(s) and when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Association to determine Level 2 fair values.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Note 17: 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).

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION N.S.W. BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

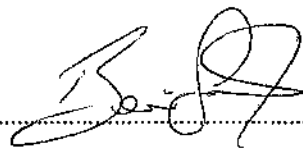
**Note 18: Officers Declaration Statement**

I, Bernard Smith, being the Branch Secretary of the Shop, Distributive and Allied Employees' Association N.S.W. Branch, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- 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 capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- pay capitation fees or any other expense to another reporting unit
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer: .....



Dated:

20 August 2019