



FAIR WORK
AUSTRALIA

22 November 2012

Mr Christopher Ketter
Secretary
Shop, Distributive and Allied Employees Association
Queensland Branch

By email: secretary@sdaq.asn.au

Dear Mr Ketter

**Re: Financial Report for the Shop, Distributive and Allied Employees Association,
Queensland Branch for the year ended 30 June 2012 (FR2012/384)**

I acknowledge receipt of the financial report for the Shop, Distributive and Allied Employees Association, Queensland Branch for the year ended 30 June 2012. The report was lodged with Fair Work Australia on 11 October 2012.

The financial report is filed.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under the Fair Work (Registered Organisations) Act 2009 (the RO Act). Please note that these matters are generally advised for assistance in the future preparation of financial reports. No further action is required in respect of the subject documents.

1. Operating Report

Results of principal activities

I refer to the Operating Report, in particular to the principal activities results. I note that section 254(2)(a) of the RO Act requires the operating report to include a review of the principal activities of the reporting entity, the results of those activities and any significant changes in the nature of those activities.

The 'results of operation' requirement contemplates reference in the operating report to results directly related to the principal activities as opposed to the reporting entity's financial result, particularly as measured in dollar 'surplus' or 'loss' terms. Although this may not be stated explicitly in the text of the subsection, I think it is reasonable to infer this is what the legislators had in mind given that the subsection is referring primarily to the principal activities and secondly, the actual financial outcome is elaborated elsewhere in the financial documents, such as the Balance Sheet and/or the Profit and Loss statement.

Significant changes in principal activities

The report must contain among other things any significant changes in the nature of the financial affairs during the year – refer s254(2)(b) of the RO Act.

The report should indicate whether there have been any significant changes in the nature of those activities.

Significant changes to financial affairs:

The report must contain among other things any significant changes to the financial affairs during the year – refer s254(2)(b) of the RO Act.

The report should indicate whether there have been any significant changes in the nature of those activities.

2. Committee of Management Statement

- (a) The reference to the 'Registrar' in paragraph (e)(iv) should refer to the 'General Manager, Fair Work Australia'.
- (b) In paragraph (e)(v) the reference to the 'Commission' should refer to 'Fair Work Australia'.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@fwa.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Powell'.

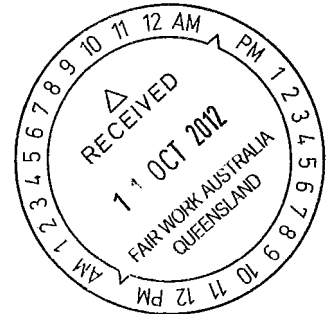
Larry Powell
Regulatory Compliance Branch



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AUSTRALIA

Fair Work Australia
PO Box 5713
Central Plaza
Brisbane QLD 4001



10 October 2012

Dear Sir/Madam

SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES ASSOCIATION (QUEENSLAND BRANCH)

Accompanying the Designated Officer's Certificate, we enclose for lodgement the audited Financial Report for the year ended 30 June 2012 for Shop, Distributive & Allied Employees Association (Queensland Branch).

Should you have any queries please contact myself or Kasey O'Sullivan on 07 3237 5639.

BDO (QLD) Pty Ltd

Bernard Curran
Director

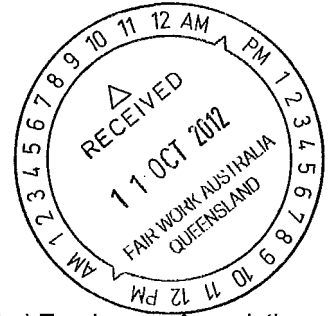
Enc

cc: Mr Chris Ketter

KOS/BNJC/AJU

Designated Officer's Certificate

Section 268 *Fair Work (Registered Organisations) Act 2009*



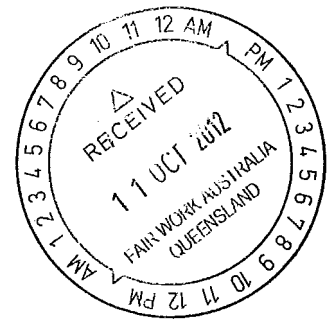
I, Christopher Ronald Ketter, being the Branch Secretary of the Shop, Distributive & Allied Employees Association (Queensland Branch) certify:

- that the documents lodged herewith are copies of the full report referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report (excluding the Detailed Profit & Loss Account) was provided to members on 21st day of September 2012; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 2nd day of October 2012 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

A handwritten signature in black ink, appearing to read 'C Ketter'.

.....
Christopher Ronald Ketter
Branch Secretary - Treasurer

Date: 2nd October 2012



**SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

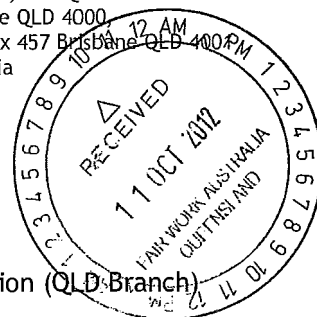
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**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

INDEPENDENT AUDIT REPORT TO MEMBERS

To the Committee of Management of Shop Distributive and Allied Employees Association (QLD Branch)

Report on the Financial Report

We have audited the accompanying financial report of the Shop Distributive and Allied Employees Association (QLD Branch) which comprises the Statement of Committee of Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes to Equity, Cash Flow Statement, Notes to the financial statements and the Statement of the Committee Management.

The Committee Managements' Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the Committee of Management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

The financial report has been prepared for the distribution to members of the Association for the purpose of fulfilling the requirements of subsections 265(1) and 265(5) of the Fair Work (Registered Organisations) Act 2009 in relation to the financial report and independent auditors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Committee of Management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Shop Distributive and Allied Employees Association (QLD Branch) as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and requirement imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

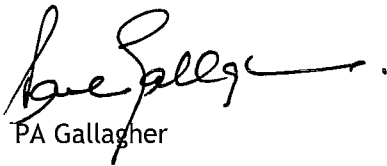
BDO Audit Pty Ltd

PA Gallagher
Director

Dated at Brisbane this 4th day of September 2012

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)****DECLARATION OF INDEPENDENCE BY PA GALLAGHER TO THE COMMITTEE MANAGEMENT OF SHOP
DISTRIBUTIVE & ALLIED EMPLOYEES ASSOCIATION (QLD BRANCH)**

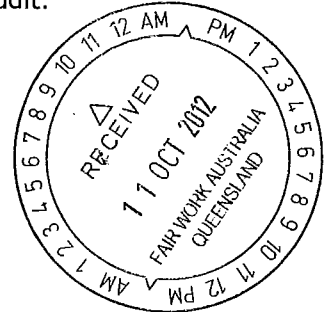
As lead auditor of Shop Distributive and Allied Employees Association (QLD Branch) for the financial year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



PA Gallagher

Director

BDO Audit Pty Ltd



Dated at Brisbane this 4th day of September 2012

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

OPERATING REPORT

Membership

Membership of the Branch as at 30 June 2012 was 35,143.

Persons eligible to do so under the rules of the Branch were actively encouraged to join the Branch.

Principal Activities

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

The Branch produced a range of publications for its members.

SDA moved head office from 146 Leichardt Street to 385 St Pauls Terrace on 25 July 2011.

146 Leichardt Street property was sold on 1 September 2011 for \$3,301,937

31 Hope Street property was sold on 1 May 2012 for \$693,392

52 Jephson Street, Toowong property was purchased on 17 October 2011 for \$2,662,033

At 30 June 2012, there were 56 persons employed by the Branch.

Rights of Members to Resign

Pursuant to section 174 of the Fair Work (Registered Organisations) Act 2009, members could resign from the Branch by written notice addressed and delivered to the Secretary-Treasurer in accordance with the rule 22A of the Branch.

Superannuation Trustees

The Branch Secretary is an Alternate Director of the Retail Employees' Superannuation Trust ("REST").

Affiliations & Directorships

The Branch is affiliated with the Australian Labor Party ("ALP"). Delegates were credentialed to the State meetings of the ALP. The Branch President and Branch Secretary are members of the ALP State Administrative Committee.

State Council

The members of the State Council of the Branch at any time during or since the end of the financial year were:

<i>Name</i>	<i>State Council</i>
Senator J. Hogg Branch President	State Council member since 1980 Branch President since 1996
Ms. E. Beswick Branch Vice President	State Council member since 1998 Branch Vice President since 2002
Mr. K. Addison Branch Vice President	State Council member since 1972 Branch Vice President since 1995
Mr. C. Ketter Branch Secretary -Treasurer	State Council member since 1984 Branch Secretary -Treasurer since 1996

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

OPERATING REPORT (CONT.)

Mr C. Gazenbeek First Assistant Secretary	State Council member since October 2011 First Assistant Secretary since October 2011
Mrs. P. Jarrett	State Council member since 1984 Brisbane Area Representative
Mrs. S. Pulungan	State Council member since 1998 Brisbane Area Representative
Ms. C. Oliver	State Council member since August 2009 Representative Brisbane Area
Ms. E. Berry	State Council member since June 2010 Brisbane Area Representative
Ms. M. Stanton	State Council member since June 2010 Brisbane Area Representative
Mr. B. Plath	State Council member since 1984 Representative from the Northern Districts
Mr. B. Johnson	State Council member since February 2010 Representative from the Southern & Western Districts
Mrs. P. Wilson	State Council member since February 2009 Appointed as Representative from the Southern & Western Districts
Ms. I. Stirrett	State Council member since June 2010 Representative from the Northern Districts Resigned in December 2011
Mrs. M. Wilson	State Council member since February 2009 Representative from the area covered by the Shop Assistants and Storemen and Packers Award - Central Division

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

Dated at Brisbane this 4th day of September 2012



.....
Christopher Ronald Ketter
Branch Secretary - Treasurer

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

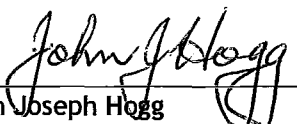
STATEMENT OF THE COMMITTEE OF MANAGEMENT

On the 4th day of September 2012 the Committee of Management of Shop, Distributive and Allied Employees' Association (QLD Branch) passed the following resolution in relation to the general-purpose financial report (GPFR) of the Branch for the financial year ended 30 June 2012.

The Committee of Management declares in relation to the GPFR that in its opinion:

- a) The financial statements and notes comply with the Australian Accounting Standards;
- b) The financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- 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;
- 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;
 - 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;
 - iii) The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - iv) The information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or Registrar;
 - v) There has been compliance with any order for inspection of financial records made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009.
- f) In relation to recovery of wages activity:
 - i) The financial report on recovery of wages activity was not prepared because wages were paid directly to workers. No revenue is derived from this activity; and
 - ii) No fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were received from moneys recovered from employers on behalf of workers.

Signed on behalf of the Committee of Management:


John Joseph Hogg
Committee of Management


Christopher Ronald Ketter
Committee of Management

Dated at Brisbane this 4th day of September 2012

Dated at Brisbane this 4th day of September 2012

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 \$	2011 \$
INCOME			
Membership income		10,260,454	9,892,122
Interest		14,614	210,452
Other Income	2	15,598	-
Rental income		1,743,387	2,011,822
TOTAL INCOME		<u>12,034,053</u>	<u>12,114,396</u>
LESS EXPENSES			
Administration costs	3	961,822	856,120
ACTU costs		10,206	-
Affiliation fees	4	802,788	1,263,532
Audit fees	6	32,000	30,000
Commission paid (Stores)		950,788	913,385
Consulting/ Training		382,813	424,439
Depreciation		566,545	272,065
Federal expenses		146,756	131,818
Fringe benefits		91,824	103,082
Insurance		161,478	152,496
Legal costs		454,614	337,783
Loss on disposal of investment property		64,455	-
Loss on disposals of property, plant & equipment		199,377	73,823
Organising expenses		468,792	447,796
Other (rental properties expenses)		956,150	1,390,425
Payroll tax		210,590	182,192
Postage		215,291	228,045
Printing and stationery		320,939	331,680
Salaries and wages			
- Officials		528,870	408,421
- Staff		3,204,940	3,069,263
Scholarship bursaries		214,530	178,410
Shop steward expenses		480,096	459,431
Superannuation		488,322	458,399
TOTAL EXPENSES		<u>11,913,986</u>	<u>11,712,606</u>
OPERATING PROFIT		<u>120,067</u>	<u>401,790</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 \$	2011 \$
Operating Profit for the year		120,067	401,790
Other Comprehensive Income/(Loss):			
Net gain/(loss) on revaluation of property, plant and equipment		-	(350,377)
Other comprehensive income/(loss) for the year		-	(350,377)
Total other comprehensive income/(loss) for the year		-	(350,377)
Total comprehensive income attributable to the organisation		120,067	51,413

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	8	288,245	59,578
Trade receivables	9	633,710	638,421
Tickets on hand	10	3,738	4,911
Cash management accounts	11	451,343	1,892,748
Other current assets	12	1,111,490	411,564
TOTAL CURRENT ASSETS		2,488,526	3,007,222
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,145,885	4,016,171
Investment properties	14	16,528,434	24,522,199
TOTAL NON-CURRENT ASSETS		28,674,319	28,538,370
TOTAL ASSETS		31,162,845	31,545,592
CURRENT LIABILITIES			
Trade and other payables	15	640,874	1,233,749
Provision for employee benefits	16	556,403	481,160
Other Current Liabilities	17	9,185	5,158
TOTAL CURRENT LIABILITIES		1,206,462	1,720,067
NON-CURRENT LIABILITIES			
Trade and other payables	15	5,944	-
Provision for long service leave	16	854,909	811,262
TOTAL NON-CURRENT LIABILITIES		860,853	811,262
TOTAL LIABILITIES		2,067,315	2,531,329
NET ASSETS		29,095,530	29,014,263
EQUITY			
Mortality fund	18	196,136	234,936
General fund	19	28,899,394	26,690,327
Asset revaluation reserves	20	-	2,089,000
TOTAL EQUITY	21	29,095,530	29,014,263

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

**STATEMENT OF CHANGES TO EQUITY
FOR YEAR ENDED 30 JUNE 2012**

	Notes	Mortality Fund \$	General Fund \$	Asset Revaluation Reserve \$
Balance at 30 June 2010		276,886	26,638,914	2,040,989
Profit/(loss) attributable to the organisation		-	51,413	-
Transfers to and from reserves		-	-	48,011
- Mortality fund		(41,950)	-	-
Transfers from retained earnings		-	-	-
Sub-total		(41,950)	51,413	48,011
Balance at 30 June 2011		234,936	26,690,327	2,089,000
Profit/(loss) attributable to the organisation		-	120,067	-
Transfers to and from reserves				
- Asset Revaluation Reserve			2,089,000	(2,089,000)
- Mortality fund		(38,800)	-	-
Transfers from retained earnings		-	-	-
Sub-total		(38,800)	2,209,067	(2,089,000)
Balance at 30 June 2012		196,136	28,899,394	-

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 \$	2011 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		11,139,453	11,820,409
Payments to suppliers and employees		(10,497,313)	(10,759,743)
Interest received		14,614	238,761
Other receipts		15,598	-
Other payments		(40,616)	(4,300)
Net cash provided by operating activities	22	631,736	1,295,127
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		18,182	193,734
Payment for property, plant and equipment		(2,364,271)	(672,451)
Payment from investment properties		(3,028,434)	(3,444,199)
Proceeds from investment properties		3,530,049	-
Proceeds from investments		1,441,405	2,133,641
Net cash used in investing activities		(403,069)	(1,789,275)
Net decrease in cash held		228,667	(494,148)
Cash at beginning of financial year		59,578	553,726
Cash at end of financial year	8	288,245	59,578

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QUEENSLAND BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Shop, Distributive and Allied Employees Association (QLD Branch) is a state employees Branch and is domiciled in Australia.

The general purpose financial report has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

The following is a summary of the material accounting policies adopted by the Branch in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Tickets on hand

Tickets on hand are measured at the lower of cost and net realisable value.

(b) Property, Plant and Equipment

Each class of property plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the fair value (being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on periodic, but at least triennial, valuations by external valuers, less subsequent depreciation for buildings.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been not discounted to present values in determining recoverable amounts.

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QUEENSLAND BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they occurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statements. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets' original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated using the straight line and diminishing value methods over their useful lives to the Branch commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The depreciation rates used for each class of depreciable assets are:

Motor Vehicles	18.75% - 25%	Diminishing value
Computer Equipment	20% - 66.67%	Diminishing value
Furniture Fittings & Equipment	6.67% - 50%	Diminishing value

The assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

A portion of land & buildings are investment properties that are held by the Branch for generation of rental income and capital appreciation. They are not occupied by or for the operations of the Branch. The investment properties, (except for 31 Hope Street, Spring Hill) were revalued at 30 June 2011. Investment properties are not depreciated.

Land & building at Leichhardt Street, Spring Hill was disposed of on 1 September 2011.

The investment property at 52 Jephson Street, Toowong was acquired on 17 October 2011.

The investment property at 31 Hope Street, Spring Hill was disposed of on 31 May 2012.

The property at 385 St Pauls Terrace, Fortitude Valley was recorded as an investment property in the 2011 financial year, however from 25 July 2011 it used for the operations of the Branch. Depreciation on the building will commence in the 2012 financial year.

(c) Asset Revaluation Reserve

Increments in the valuation of property plant & equipment are recognised in the asset revaluation reserve. Any decrements in the valuation of a class of property, plant & equipment are recognised in the asset revaluation reserve up to the amount of previous valuation increments. Any excess decrement is recognised in the income statement.

Increments and decrements in the valuation of land and buildings held as investments properties are recognised in the income statement in the period in which they arise.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QUEENSLAND BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

(d) Impairment of Assets

At each reporting date, the Branch reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and the value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Branch estimates the recoverable amount of the cash generating unit to which the asset belongs.

(e) Employee Benefits

Provisions are made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(f) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Proceeds from the disposal of non-current assets are stated net of carrying amounts.

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(j) Taxation & Goods and Services Tax (GST)

The income of the Branch is exempt from income tax.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

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**NOTES TO THE FINANCIAL STATEMENTS
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(j) Taxation & Goods and Services Tax (GST) (continued)

In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparative Figures

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

(l) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss.

Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Income Statement.

Critical accounting estimates and judgments

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 Branch.

Key estimates - impairment

The Branch assesses impairment at each reporting date by evaluating conditions specific to the Branch that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is terminated. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2: OTHER INCOME

	2012 \$	2011 \$
Sundry Income	3,000	-
Special Event Income	2,000	-
Government Paid Parental Leave	10,598	-
	<u>15,598</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Note	2012 \$	2011 \$
NOTE 3: ADMINISTRATION EXPENSES			
Advertising Costs		67,457	8,497
Bank Charges		9,583	14,601
Building Expenses - Head office		219,831	124,418
Donations		1,636	69,000
General Expenses		255,754	169,134
Information Technology costs		131,196	176,218
Interest Expense		11,117	609
Meeting Expenses		27,634	27,895
Photocopier Expenses		84,977	109,570
Telephone		152,637	153,918
Training		-	2,260
Total administration expenses		<u>961,822</u>	<u>856,120</u>

NOTE 4: AFFILIATION FEES

Shop Distributive & Allied Employees National Fund	(a)	408,124	777,800
Shop Distributive & Allied Employees International Fund	(a)	122,437	233,340
The Australian Labor Party		184,305	183,232
The Union Shopper Inc		87,922	69,160
Total Affiliation Fees		<u>802,788</u>	<u>1,263,532</u>

- (a) The recognition of the SDA Affiliation fees has changed in the 2012 financial year to reflect the fees paid over a calendar year. In the past the fees have been recorded over a financial year. In the 2011 financial year the SDA Affiliation fees were overstated in expenses by \$505,570 and were understated in prepayments by \$505,570.

NOTE 5: REQUIREMENTS OF SUBSECTION 272(5)

In accordance with the requirements of subsection 272(5) of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application;
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit; and

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$	2011 \$
NOTE 6: AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	32,000	30,000
- Other accounting and taxation services provided by related practice of auditor	201,739	176,664
	<u>233,739</u>	<u>206,664</u>

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term Benefits \$	Post-employment Benefits \$	Other Long-term Benefits \$
2012			
Compensation	<u>789,140</u>	<u>226,827</u>	-
2011			
Compensation	<u>637,918</u>	<u>206,909</u>	-

NOTE 8: CASH AND CASH EQUIVALENTS

Cash on hand	231,652	5,535
Members Equity Bank Account	56,093	53,543
Cash - other	500	500
	<u>288,245</u>	<u>59,578</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	<u>288,245</u>	<u>59,578</u>
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NOTE 9: TRADE RECEIVABLES

CURRENT

Membership fee receivables	<u>633,710</u>	<u>638,421</u>
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NOTE 10: TICKETS ON HAND

CURRENT

Tickets	<u>3,738</u>	<u>4,911</u>
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NOTE 11: CASH MANAGEMENT ACCOUNTS

CURRENT

Queensland Credit Union - Action	450,867	-
Queensland Credit Union - Moneymaker	476	1,892,748
	<u>451,343</u>	<u>1,892,748</u>

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	2012 \$	2011 \$
NOTE 12: OTHER ASSETS		
CURRENT		
Rental Property Debtors	20,945	23,318
Prepayments	1,090,545	388,246
	<u>1,111,490</u>	<u>411,564</u>
NOTE 13: PROPERTY, PLANT AND EQUIPMENT		
LAND & BUILDING (LEICHHARDT STREET)		
At Directors valuation	-	3,000,000
Less accumulated depreciation	-	-
Total land and buildings	<u>-</u>	<u>3,000,000</u>
LAND & BUILDING (385 ST PAULS TERRACE)	(a)	
At Directors valuation	10,264,530	-
Less accumulated depreciation	(86,585)	-
Total land and buildings	<u>10,177,945</u>	<u>-</u>
PLANT AND EQUIPMENT	(a)	\$
Air conditioners		
At cost	194,771	12,780
Less accumulated depreciation	(17,827)	(7,763)
	<u>176,944</u>	<u>5,017</u>
Computer equipment	(a)	
At cost	134,723	338,139
Less accumulated depreciation	(64,268)	(211,707)
	<u>70,455</u>	<u>126,432</u>
Furniture, fixtures and fittings	(a)	
At cost	999,292	393,035
Less accumulated depreciation	(162,422)	(354,450)
	<u>836,870</u>	<u>38,585</u>
Office equipment	(a)	
At cost	270,104	153,142
Less accumulated depreciation	(50,490)	(92,171)
	<u>219,614</u>	<u>60,971</u>
Motor vehicles		
At cost	1,102,852	1,158,844
Less accumulated depreciation	(438,795)	(373,678)
	<u>664,057</u>	<u>785,166</u>
Total plant and equipment	<u>1,967,940</u>	<u>1,016,171</u>
Total property, plant and equipment	<u>12,145,885</u>	<u>4,016,171</u>

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Movements in property, plant & equipment during the financial year were as follows:

	Land & Building \$	Plant & Equipment \$	Total \$
Balance at the beginning of the year	3,000,000	1,016,171	4,016,171
Transfer from investment property (see Note 14)	9,152,213	1,194,986	10,347,199
Additions	1,112,317	411,080	1,523,397
Disposals	(3,000,000)	(174,337)	(3,174,337)
Depreciation expenses	(86,585)	(479,960)	(566,545)
Carrying amount at the end of the year	<u>10,177,945</u>	<u>1,967,940</u>	<u>12,145,885</u>

- (a) The 385 St Pauls Terrace was recorded in the 2011 financial year as an investment property and became the Branch head office on the 25 July 2011. The property is recorded as land and buildings and split into other asset classes where appropriate in the 2012 financial year.

	2012 \$	2011 \$
NOTE 14: INVESTMENT PROPERTIES		
At Directors valuation	24,522,199	14,175,000
Additions at cost	3,028,434	10,347,199
Disposals	(675,000)	-
Transfer to Land & Buildings and Plant & Equipment	13(a) (10,347,199)	-
Total investment properties	<u>16,528,434</u>	<u>24,522,199</u>

NOTE 15: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	34,179	103,339
Accrued Expenses	172,792	1,198,417
PAYG tax withholding	118,909	52,204
GST payable/(refundable)	238,434	(120,211)
Superannuation	71,221	-
Employee Deductions	5,339	-
	<u>640,874</u>	<u>1,233,749</u>

NON-CURRENT

Bonds Received	5,944	-
	<u>5,944</u>	<u>-</u>
	<u>570,258</u>	<u>1,233,749</u>

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(QUEENSLAND BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS
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	2012 \$	2011 \$
NOTE 16: EMPLOYEE ENTITLEMENT PROVISIONS		
CURRENT		
Provision for annual leave		
- Holders of office	127,633	117,294
- Other employees	428,770	363,866
	<u>556,403</u>	<u>481,160</u>
NON-CURRENT		
Provision for long service leave		
- Holders of office	226,827	206,909
- Other employees	628,082	604,353
	<u>854,909</u>	<u>811,262</u>
	<u>1,411,312</u>	<u>1,292,422</u>
NOTE 17: OTHER CURRENT LIABILITIES		
Prepaid Rent	9,185	5,158
	<u>9,185</u>	<u>5,158</u>
NOTE 18: MORTALITY FUND		
Total at the beginning of the financial year	234,936	276,886
Mortality Funds Paid	(38,800)	(41,950)
Total at reporting date	<u>196,136</u>	<u>234,936</u>
NOTE 19: GENERAL FUND		
Total at the beginning of the financial year	26,690,327	26,638,914
Net income/(loss) for the year	2,209,067	51,413
Total at the reporting date	<u>28,899,394</u>	<u>26,690,327</u>
NOTE 20: RESERVES		
Asset revaluation reserve	(a) -	<u>2,089,000</u>
(a) Asset revaluation reserve		
Movements during the financial year:		
Opening balance	2,089,000	2,040,989
Gain/(loss) on Revaluation of property	-	48,011
Transfer to General Fund	(2,089,000)	-
Closing balance	<u>-</u>	<u>2,089,000</u>

The asset revaluation reserve records revaluations of non-current assets.

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**NOTES TO THE FINANCIAL STATEMENTS
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	2012 \$	2011 \$
NOTE 21: EQUITY		
Mortality fund	196,136	234,936
General fund	28,899,394	26,690,327
Asset revaluation reserve	-	2,089,000
Total at the reporting date	<u>29,095,530</u>	<u>29,014,263</u>

NOTE 22: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with Net profit attributable to the organization:

Profit (Loss)	120,067	51,413
Non-cash flows in profit		
Depreciation	566,545	272,065
Loss/(gain) on disposal of property, plant & equipment	199,377	73,824
Loss/(gain) on disposal of investment properties	64,455	-
Loss/(gain) on revaluation of property	-	350,000
Changes in assets and liabilities		
(Increase)/decrease in receivables	7,084	(17,258)
(Increase)/decrease in tickets on hand	1,173	(320)
(Increase)/decrease in other assets	(514,608)	(164,012)
Increase/(decrease) in payables	21,021	705,088
Increase/(decrease) in employee provisions	201,395	90,177
Increase/(decrease) in prepaid rent	4,027	(23,900)
Increase/(decrease) in mortality fund	(38,800)	(41,950)
Cash flows from operations	<u>631,736</u>	<u>1,295,127</u>

NOTE 23: NUMBER OF EMPLOYEES AT BALANCE DATE

56 54

NOTE 24: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Branch has a contingent liability of \$340,000 over its credit stand-by arrangements for autopay (2011: \$340,000).

The Branch has a \$1,500,000 Line of Credit with Commonwealth Bank. The facility was drawn down during the year but fully repaid by 30 June 2012 .

NOTE 25: COMMITMENTS

Lease Commitments Receivable

The Branch has commitments receivable related to tenancy agreements in its rental properties:

Less than one year	1,146,993	864,255
Greater than one year but less than two years	974,639	513,620
Greater than two years but less than five years	651,130	589,009
Greater than five years	-	1,904
	<u>2,772,762</u>	<u>1,968,788</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 25: COMMITMENTS (cont.)

Commitments Payable

The Branch has commitments payable related to media publishing agreement and maintenance agreement (2011: members benefit book):

Less than one year	22,000	184,525
Greater than one year but less than two years	-	-
Greater than two years but less than five years	-	-
Greater than five years	-	-
	22,000	184,525

NOTE 26: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The entity's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The entity does not have any derivative instruments at 30 June 2012.

i. Treasury Risk Management

A finance committee consisting of senior committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

There are no material amounts of collateral held as security at 30 June 2012.

Credit risk is managed by the entity and reviewed regularly by the finance committee. It arises from exposures to customers as well as through deposits with financial institutions. The entity monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

- Only banks and financial institutions with an 'A' rating are utilised.
- The credit standing of counterparties is reviewed monthly for liquidity and credit risk.

The trade receivables balance at 30 June 2012 and 30 June 2011 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the above criteria.

Price risk

The entity is not exposed to any material commodity price risk.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 26 FINANCIAL RISK MANAGEMENT (continued)

b. Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Floating Interest Rate		Fixed Interest Rate Maturing		Non-interest Bearing		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash at bank	-	-	56,093	53,543	231,652	5,535	287,745	59,078
Trade and other receivables	-	-	-	-	654,655	661,739	654,655	661,739
Investments	-	-	451,343	1,892,748	-	-	451,343	1,892,748
Other & Stock	-	-	-	-	1,094,283	393,157	1,094,283	393,157
Total financial assets	-	-	507,436	1,946,291	1,980,590	1,060,431	2,488,026	3,006,722
Financial liabilities								
Trade and sundry payables	-	-	-	-	564,314	1,233,749	564,314	1,233,749
Business Facility	-	-	1,500,000	1,500,000	-	-	1,500,000	1,500,000
Total financial liabilities	-	-	1,500,000	1,500,000	564,314	1,233,749	2,064,314	2,733,749

Sensitivity analysis:

Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2012, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2012	2011
	\$	\$
Change in profit		
— Increase in interest rate by 2%	10,149	38,926
— Decrease in interest rate by 2%	(10,149)	(38,926)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged. No sensitivity analysis has been performed for foreign exchange risk, as the entity is not exposed to fluctuations in foreign exchange.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 27: BRANCH DETAILS

The registered office of the Branch is:

SDA House

385 St Pauls Terrace

Fortitude Valley , QLD , 4006

NOTE 28: PARENT ENTITY

SDAEA National Office is this Branch's parent entity.

NOTE 29: EVENTS OCCURRING AFTER BALANCE DATE

On 6 July 2012 a special meeting of the State Council was held and it was moved that the Special Meeting of State Council note the decision of the Union of Employees and endorse the decision to proceed with the redevelopment of 48 Jephson Street and 52 Jephson Street, Toowong and to finalise a Call Option agreement with Property Solutions which safeguards the interest of the Union. As part of the agreement, the Union will apply for a Development Application on the Toowong Properties. The Development Application costs are expected to be approximately \$500,000. Property Solutions are assisting the Union with lease negotiations with current tenants located at the Toowong properties. It is anticipated that the properties will be disposed in accordance with the Call Option within 18 months.