



24 February 2015

Mr Christopher Gazenbeek
Secretary/Treasurer
Shop, Distributive and Allied Employees Association
Queensland Branch
PO Box 490
Spring Hill QLD 4004

via e-mail: secretary@sdaq.asn.au

Dear Mr Gazenbeek

**Shop, Distributive and Allied Employees Association, Queensland Branch
Financial Report for the year ended 30 June 2014 - FR2014/225**

I acknowledge receipt of the amended financial report for the year ended 30 June 2014 for the Shop, Distributive and Allied Employees Association, Queensland Branch. The amended financial report was lodged with the Fair Work Commission (FWC) on 19 February 2015.

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

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7675 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

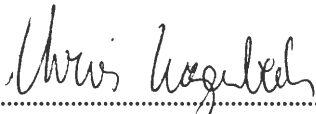
SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)

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

**DESIGNATED OFFICER'S CERTIFICATE
FOR THE PERIOD ENDED 30 JUNE 2014**

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

- that the documents lodged herewith are copies of the full report for the Shop, Distributive & Allied Employees Association (Queensland Branch) for the period ended 30 June 2014 referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report (excluding the Detailed Income Statement) was provided to members of the reporting unit on 22nd day of December 2014; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 18th day of February 2015 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.



.....
Christopher Gazenbeek
Secretary - Treasurer

Date: 18th February 2015

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

We have audited the accompanying financial report of Shop Distributive and Allied Employees Association (QLD Branch), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and management committee declaration.

Committee's 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 and fair presentation of the financial report 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 2014, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

In our opinion:

- 1) All information and explanation that, under Section 257 of the Fair Work (Register Organisations) Act 2009, officers or employees of the Association were required to provide, were provided;
- 2) In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and requirement imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
- 3) Management's use of the going concern basis of accounting in preparation of the financial statements is appropriate

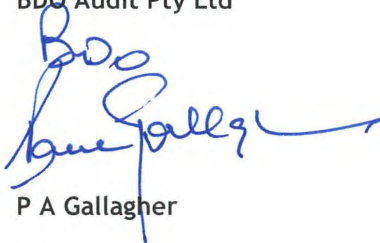
Where necessary, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Declaration by the auditor

I, Paul Gallagher, declare the following:

- 1) I am a registered auditor;
- 2) I am a member of the Institute of Chartered Accountants in Australia; and
- 3) I hold a current Public Practice Certificate

BDO Audit Pty Ltd



P A Gallagher

Director

Brisbane, 19 December 2014

SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION (QLD BRANCH)

DECLARATION OF INDEPENDENCE BY PAUL A GALLAGHER TO THE COMMITTEE MANAGEMENT OF SHOP DISTRIBUTIVE & ALLIED EMPLOYEES ASSOCIATION (QLD BRANCH)

As lead auditor of Shop Distributive & Allied Employees Association (QLD Branch) for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect Shop & Distributive & Allied Employees Association (QLD Branch) and the entities it controlled during the period.



Paul A Gallagher
Director
BDO Audit Pty Ltd

Brisbane, 19 December 2014



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

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

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

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

**OPERATING REPORT
FOR THE PERIOD ENDED 30 JUNE 2014**

The committee presents its report on the reporting unit for the financial year ended 30 June 2014.

Review of principal activities

The principal activities of the Branch is to preserve and enhance the wages and working conditions of its members, and promote 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.

There were no significant changes in the nature of the Branch's principal activities during the reporting period.

Significant Changes in Financial Affairs

There were no significant changes in the Branch's financial affairs for the year.

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

Chris Ketter, the Branch Secretary at 30 June, 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.

Membership

Membership of the Branch as at 30 June 2014 was 32,257.

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

Employees

At 30 June 2014, there were 46 persons employed by the Branch.

Committee of Management

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

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

**OPERATING REPORT
FOR THE PERIOD ENDED 30 JUNE 2014**

Mr. K. Addison Branch Vice President	State Council member since 1972 Branch Vice President since 1995 Term finished June 2014 (retired)
Mr C. Gazenbeek Branch Secretary - Treasurer	State Council member since October 2011 First Assistant Secretary since October 2011 Branch Secretary - Treasurer since 26 July 2014
Mr. C. Ketter Branch Secretary - Treasurer	State Council member since 1984 Branch Secretary - Treasurer since 1996 Resigned 25 July 2014
Mr. J. Power	State Council member since 5 August 2014 Assistant Secretary since 5 August 2014
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 Brisbane Area Representative
Ms. M. Wedgwood	State Council member since July 2014 Brisbane Area Representative
Ms. E. Berry	State Council member since June 2010 Brisbane Area Representative Term finished June 2014
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 Term finished June 2014 (retired)
Ms. B. Flood	State Council member since July 2012 Representative from the Northern Districts
Ms. T. Williams	State Council member since July 2014 Representative from the Northern Districts
Mr. B. Johnson	State Council member since February 2010 Representative from the Southern & Western Districts Term finished October 2013 (resigned)
Ms. S. McLean	State Council member since July 2014 Representative from the Southern & Western Districts
Mrs. P. Wilson	State Council member since February 2009 Representative from the Southern & Western Districts
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 Term finished June 2014

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)

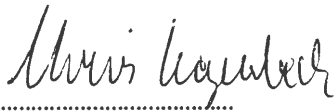
OPERATING REPORT
FOR THE PERIOD ENDED 30 JUNE 2014

Mrs. R. Welch

State Council member since July 2014
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 19th day of December 2014



.....
Christopher Gzenbeek
Branch Secretary - Treasurer

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
(QLD BRANCH)

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2014

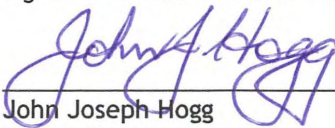
On the 9th day of September 2014 the Committee of Management of Shop, Distributive and Allied Employees' Association (QLD Branch) passed the following resolution in relation to the general-purpose financial report (GPFR) of the Branch for the year ended 30 June 2014.

The Committee of Management declares in relation to the General Purpose Financial Report 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 Commission;
- 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 that the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) During the financial year 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - iv) Where information has been sought in any request by a member of the reporting unit or a General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or General Manager of Fair Work Commission; and
 - v) Where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009, there has been compliance.
- f) In relation to recovery of wages activity; no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.

Signed on behalf of the Committee of Management:


John Joseph Hogg
Branch President


Christopher Gazenbeek
Branch Secretary - Treasurer

Dated at Brisbane this 19th day of December 2014

Dated at Brisbane this 19th day of December 2014

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
INCOME			
Membership income		10,508,216	10,185,128
Interest		36,099	23,380
Other Income	3	72,685	115,363
Rental income		1,710,859	1,652,358
TOTAL INCOME		12,327,859	11,976,229
LESS EXPENSES			
Administration costs	7	973,561	934,398
ACTU costs	30	35,798	37,179
Affiliation fees	9	1,262,621	1,328,084
Audit fees	10	35,350	35,650
Commissions paid to employers for payroll deductions		976,021	943,475
Consulting/ Training		322,171	397,787
Depreciation		427,362	432,672
Federal Meeting expenses	8	88,441	91,083
Fringe benefits		80,183	99,048
Insurance		210,979	207,565
Legal costs	11	219,956	224,636
Loss on disposal of investment property		-	-
Loss on disposals of property, plant & equipment		32,243	12,588
Organising expenses		390,163	418,280
Other (rental properties expenses)		903,774	877,089
Payroll tax		187,607	195,107
Postage		182,943	200,920
Printing and stationery		146,239	286,948
Provision for Long Service Leave		(49,934)	-
Salaries and wages			
- Officials	13	687,831	535,932
- Staff	13	2,672,285	3,382,919
Scholarship bursaries		153,820	138,530
Shop steward expenses		535,300	471,369
Superannuation	13	406,055	425,212
TOTAL EXPENSES		10,880,769	11,676,471
OPERATING PROFIT		1,447,090	299,758

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
Operating Profit for the year		1,447,090	299,758
Other Comprehensive Income/(Loss):			
Net gain/(loss) on revaluation of property, plant and equipment		<u>271,566</u>	<u>(1,183,278)</u>
Other comprehensive income/(loss) for the year		<u>-</u>	<u>-</u>
Total other comprehensive income/(loss) for the year		<u>271,566</u>	<u>(1,183,278)</u>
Total comprehensive income attributable to the organisation		<u>1,718,656</u>	<u>(883,520)</u>

The above Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Notes	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	15	406,385	476,350
Trade and other receivables	16	500,946	599,410
Tickets on hand	17	6,290	4,643
Cash management accounts	18	1,918,422	424,249
Other current assets	19	978,809	961,246
TOTAL CURRENT ASSETS		3,810,852	2,465,898
NON-CURRENT ASSETS			
Property, plant and equipment	20	10,391,346	10,700,481
Investment properties	21	17,292,690	17,020,614
TOTAL NON-CURRENT ASSETS		27,684,036	27,721,095
TOTAL ASSETS		31,494,888	30,186,993
CURRENT LIABILITIES			
Trade and other payables	22	455,716	478,123
Provision for employee benefits	23	1,054,747	1,442,985
Other Current Liabilities	24	12,893	2,305
TOTAL CURRENT LIABILITIES		1,523,356	1,923,413
NON-CURRENT LIABILITIES			
Trade and other payables	22	-	-
Provision for long service leave	23	108,466	87,170
TOTAL NON-CURRENT LIABILITIES		108,466	87,170
TOTAL LIABILITIES		1,631,822	2,010,583
NET ASSETS		29,863,066	28,176,410
EQUITY			
Mortality fund	25	128,536	160,536
General fund	26	29,734,530	28,015,874
Asset revaluation reserves		-	-
TOTAL EQUITY	27	29,863,066	28,176,410

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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

**STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2014**

	Mortality Fund \$	General Fund \$	Asset Revaluation Reserve \$	Total \$
Balance at 30 June 2011	234,936	26,690,327	2,089,000	29,014,263
Profit/(loss) attributable to the organisation	-	120,067	-	120,067
Transfers to and from reserves				
- Asset Revaluation Reserve		2,089,000	(2,089,000)	-
- Mortality fund	(38,800)	-	-	(38,800)
Transfers from retained earnings	-	-	-	-
Sub-total	(38,800)	2,209,067	(2,089,000)	81,267
Balance at 30 June 2012	196,136	28,899,394	-	29,095,530
Profit/(loss) attributable to the organisation	-	299,758	-	299,758
Other Comprehensive Income for the year	-	(1,183,278)	-	(1,183,278)
Transfers to and from reserves				
- Asset Revaluation Reserve	-	-	-	-
- Mortality fund	(35,600)	-	-	(35,600)
Transfers from retained earnings	-	-	-	-
Sub-total	(35,600)	(883,520)	-	(919,120)
Balance at 30 June 2013	160,536	28,015,874	-	28,176,410
Profit/(loss) attributable to the organisation	-	1,447,090	-	1,447,090
Other Comprehensive Income for the year	-	271,566	-	271,566
Transfers to and from reserves				
- Asset Revaluation Reserve	-	-	-	-
- Mortality fund	(32,000)	-	-	(32,000)
Transfers from retained earnings	-	-	-	-
Sub-total	(32,000)	1,718,656	-	1,686,656
Balance at 30 June 2014	128,536	29,734,530	-	29,863,066

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,310,144	11,870,880
Payments to suppliers and employees		(10,811,427)	(11,173,299)
Interest received		36,099	23,380
Other receipts		72,685	115,363
Interest and other costs of finance paid		(312)	-
Other payments		(32,000)	-
Net cash provided by operating activities	28	<u>1,575,189</u>	<u>836,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		79,606	70,592
Payment for property, plant and equipment		(214,133)	(253,725)
Payment for investment properties		(510)	(492,180)
Payment for other non-current assets		(15,943)	-
Proceeds from investments		(1,494,174)	27,094
Net cash provided by investing activities		<u>(1,645,154)</u>	<u>(648,219)</u>
Net decrease in cash held		(69,965)	188,105
Cash at beginning of financial year		<u>476,350</u>	<u>288,245</u>
Cash at end of financial year	15	<u>406,385</u>	<u>476,350</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
Cash assets in respect of recovered money at beginning of year		-	-
RECEIPTS			
Amounts recovered from employers in respect of wages		-	-
Interest received on recovered monies		-	-
TOTAL RECEIPTS		-	-
LESS PAYMENTS			
Deductions of amounts due in respect of membership for:			
- Less than 12 months		-	-
- Greater than 12 months		-	-
Deductions of donations or other contributions to accounts or funds for:			
- The reporting unit		-	-
- Other reporting unit of the organisation		-	-
- Other entity		-	-
Deductions of fees or reimbursement of expenses		-	-
Payments to workers in respect of recovered money		-	-
TOTAL PAYMENTS		-	-
Cash assets in respect of recovered money at end of year		-	-
Number of workers to which the monies recovered relates		-	-
Aggregate Payables to workers attributable to recovered monies but not yet distributed			
Payable balance		-	-
Number of Workers the payable relates to		-	-
Funds or Account operated for recovery of wages			
Account Name		-	-

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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.

Basis of Preparation

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 (QLD 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.

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.

Comparative amounts

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

Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Measurement of fair values

A number of the branch's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The branch has an established control framework with respect to the measurement of fair values. Significant fair value measurements are overseen and reviewed regularly, including unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the branch assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASBs, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reviewed by the branch's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the branch uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

The branch recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes: Note 20: Property, Plant & Equipment and Note 21: Investment property.

New Australian Accounting Standards

The branch has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the branch from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the branch.

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

Adoption of New Australian Accounting Standard Requirements

The accounting policies adopted are consistent with those of the previous financial year except as follows:

AASB 119 Employee benefits (2011) revised the definition of short-term employee benefits to benefits that are 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 a result of the change, the annual leave liability for the entities employees is now considered to be another long-term employee benefit, when previously it was a short-term benefit.

AASB 13 Fair Value Measurement (2011) establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by others AASBs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the branch has included additional disclosures in this regard (see Note 20 and Note 21).

In accordance with the transitional provisions of AASB 13, the Association has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the changes had no significant impact on the measurements of the Association's assets and liabilities

Future Australian Accounting Standards Requirements

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date that are applicable to the future reporting period and are expected to have a future financial impact on the branch.

Accounting Policies

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

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

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Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

(b) 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, plus related on-costs.

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.

(c) 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.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(d) Cash and Cash Equivalents

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 consolidated statement of financial position.

(e) Tickets on hand

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

(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) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the branch becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are

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recognised immediately in profit or loss.

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

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(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.

(v) Financial liabilities at fair value through profit or loss

Financial liabilities 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 liabilities is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(vi) Other Financial Liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

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

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 branch 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

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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.

(h) 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.

(i) 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

Following initial recognition at cost, land and buildings are carried at fair value (being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) less subsequent accumulated depreciation and accumulated impairment losses. Revaluations by external valuers are performed with periodically, but at least triennial, 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.

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.

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.

Revaluations

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.

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 commencing from the time the asset is held ready for use. Leasehold improvements are amortised over

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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	25%	Diminishing value
Computer Equipment	50% - 66.67%	Diminishing value
Computer Software	25% - 40%	Straight line
Furniture, Fixtures & Fittings	6.67% - 50%	Diminishing value
Office Equipment	20% - 40%	Diminishing value
Land & Buildings	2.5%	Straight line

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.

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.

When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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

(j) 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.

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.

A portion of land & buildings are investment properties that are held by the Branch for the abovementioned purposes, and they are not occupied by or for the operations of the Branch. The investment properties were revalued at 30 June 2014. Investment properties are not depreciated.

(k) 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.

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

The income of the 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.

(m) Acquisition of assets and or liabilities that do not constitute a business combination

The branch has not acquired any assets or liabilities transferred to the branch for no consideration for the purposes of amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009; a restructure of the branches of the Queensland branch; a determination by the General Manager under subsections 245(1) of the Fair Work (Registered Organisations) Act 2009; or a revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisations) Act 2009.

If any assets and liabilities were acquired for no consideration they are recognised at the date of transfer.

NOTE 2: 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 reads as follows:

Information to be provided to members or General Manager:

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

NOTE 3: OTHER INCOME

	2014 \$	2013 \$
Wage Entitlement	61,488	102,337
Special Event Income	-	2,000
Government Paid Parental Leave	11,197	11,026
	72,685	115,363

NOTE 4: CAPITATION FEES

Capitation Fees Received	-	-
	-	-

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	2014 \$	2013 \$
NOTE 5: LEVIES RECEIVED		
Compulsory Levies / Voluntary Levy / Appeals	-	-
	-	-
NOTE 6: GRANTS OR DONATIONS RECEIVED		
Grants	-	-
Donations	-	-
	-	-
NOTE 7: ADMINISTRATION EXPENSES		
Advertising Costs	39,243	81,000
Bank Charges	12,052	10,462
Building Expenses - Head office	206,956	175,007
Compulsory levies	-	-
Donations	(a) 43,827	2,150
General Expenses	189,273	172,887
Information Technology costs	185,038	181,788
Interest Expense	31	1,240
Conference & Meeting Expenses	36,438	32,812
Photocopier Expenses	129,633	104,511
Telephone	131,070	172,541
Total administration expenses	973,561	934,398
NOTE 7(a): DONATIONS PAID		
- Total paid that were \$1,000 or less	500	200
- Total Paid that exceeded \$1,000	43,327	1,950
	43,827	2,150
NOTE 8: FEDERAL EXPENSES		
- Conference & Meeting Expenses	54,590	65,329
- Fees & Allowances - Meeting & Conferences	33,851	25,754
	88,441	91,083
NOTE 9: AFFILIATION FEES		
Shop Distributive & Allied Employees National Fund	838,087	836,445
Shop Distributive & Allied Employees International Fund	188,415	250,934
The Australian Labor Party	148,450	190,487
The Union Shopper Inc	87,669	50,218
Total Affiliation Fees	1,262,621	1,328,084

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	2014	2013
	\$	\$
NOTE 10: AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	35,000	33,000
- Other accounting and taxation services provided by related practice of auditor	164,772	160,073
	199,772	193,073
NOTE 11: LEGAL COSTS		
- Litigation	26,150	-
- Other Legal Matters	193,806	224,636
	219,956	224,636
NOTE 12: CAPITATION FEES		
Capitation Fees Paid	-	-
	-	-
NOTE 13: EMPLOYEE EXPENSES		
Holders of Office:		
- Wages and Salaries	495,186	535,932
- Leave and Other Entitlements	192,645	-
- Separation and Redundancies	-	-
- Other Employee Expenses	-	-
	687,831	535,932
Employees other than Office Holders:		
- Wages and Salaries	2,461,152	3,382,919
- Leave and Other Entitlements	211,133	-
- Separation and Redundancies	-	-
- Other Employee Expenses	-	-
	2,672,285	3,382,919
Total Employee Expenses	3,360,116	3,918,851
Superannuation - Holders of Office		
	69,297	51,674
Superannuation - Employees other than Office Holders		
	336,758	373,538
Total Superannuation Expenses	406,055	425,212
NOTE 14: OTHER EXPENSES		
Penalties - via RO Act or RO Regulations	-	-
	-	-

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	2014	2013
	\$	\$
NOTE 15: CASH AND CASH EQUIVALENTS		
Cash on hand	345,673	417,501
Members Equity Bank Account	60,212	58,349
Cash - other	500	500
	406,385	476,350
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	406,385	476,350
 NOTE 16: TRADE AND OTHER RECEIVABLES		
CURRENT		
Membership fee receivables	(a) 500,946	599,410
Receivables from other reporting units	-	-
Less Provision for Doubtful Debts	-	-
	500,946	599,410
 <i>(a) Membership fee receivables represents the net amount after the amount payable to employers as commissions for payroll deductions of membership subscriptions estimated to be \$55,661</i>		
 NOTE 17: TICKETS ON HAND		
CURRENT		
Tickets	6,290	4,643
 NOTE 18: CASH MANAGEMENT ACCOUNTS		
CURRENT		
Queensland Credit Union - Action	813	813
Queensland Credit Union - Moneymaker	1,917,609	423,436
	1,918,422	424,249
 NOTE 19: OTHER ASSETS		
CURRENT		
Rental Property Debtors	51,966	33,032
Prepayments	926,843	928,214
	978,809	961,246
 NOTE 20: PROPERTY, PLANT AND EQUIPMENT		
LAND & BUILDING (385 ST PAULS TERRACE)		
At Fair Value	9,015,943	9,000,000
Less accumulated depreciation	(77,730)	-
Total land and buildings	8,938,213	9,000,000

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	2014	2013
	\$	\$
NOTE 20: PROPERTY, PLANT AND EQUIPMENT (CONT.)		
PLANT AND EQUIPMENT		
Air conditioners		
At cost	194,771	194,771
Less accumulated depreciation	(51,446)	(35,521)
	143,325	159,250
Computer equipment		
At cost	168,188	139,323
Less accumulated depreciation	(130,332)	(102,689)
	37,856	36,634
Furniture, fixtures and fittings		
At cost	1,010,650	1,010,651
Less accumulated depreciation	(420,525)	(307,239)
	590,125	703,412
Office equipment		
At cost	277,168	273,875
Less accumulated depreciation	(132,094)	(95,393)
	145,074	178,482
Motor vehicles		
At cost	930,678	1,100,266
Less accumulated depreciation	(393,925)	(477,563)
	536,753	622,703
Total plant and equipment	1,453,133	1,700,481
Total property, plant and equipment	10,391,346	10,700,481

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

	Land & Building	Plant & Equipment	Total
	\$	\$	\$
Balance at the beginning of the year	9,000,000	1,700,481	10,700,481
Additions	15,943	214,132	230,075
Disposals	-	(111,848)	(111,848)
Revaluation increment/(decrement)	-	-	-
Depreciation expenses	(77,730)	(349,632)	(427,362)
Carrying amount at the end of the year	8,938,213	1,453,133	10,391,346

Measurement of fair value

	Level 1	Level 2	Level 3
Assets Measured at Fair Value			
385 St Pauls Terrace, Fortitude Valley	-	-	9,000,000
			9,000,000

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NOTE 20: PROPERTY, PLANT AND EQUIPMENT (CONT.)

Measurement of fair value

(i) Fair value hierarchy

The fair value of land and buildings was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the branch's head office property at least every three years.

The fair value measurement for the investment properties of \$9,000,000 was determined at 30 June 2013 by T Gasiewski, Director and certified practicing valuer of CBRE, a registered independent appraiser having an appropriate recognised professional qualification in Australian Property Institute and recent experience in the location and category of the property being valued. The fair value measurements have been categorized as follows based on the inputs to the valuation technique used (see Note 1).

(iii) Level 3 fair value - valuation techniques and significant unobservable inputs

The following shows the valuation technique used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used.

Primary Valuation technique

Capitalisation approach

The valuation model involves estimating the potential sustainable Gross Rental Income at passing and market rates and other income (e.g. car parking) of a similar property from which annual outgoings are deducted to derive the Net Income on a fully leased basis. This Net Income is then capitalised at an appropriate rate derived from analysis of comparable sales evidence. Adjustments to the capitalised value are then made for items including profit rent/shortfall derived from passing rents which are above or below market, letting up allowance over vacant areas including foregone rental and outgoings over the assumed letting up period and outstanding lease incentives including rent free periods and capital expenditure and refurbishments and make good allowances.

Secondary Valuation technique

Discount Cash Flow approach

The valuation model involves estimating the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. Assumptions used include a target or pre-selected internal rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure, costs associate with the initial purchase of the property, and also its disposal at the end of the investment period.

(a) Significant unobservable inputs

Full tenancy area - 1,767m²

Tenancy terms - 2 years

Passing rent/m² - \$450

Market rent/m² - \$450

Other income/m² - \$81

Outgoings/m² - \$114

Capitalised value - 8.25%

Passing capital adjustments - \$15

Market capital adjustments - \$15

(b) Inter-relationship between key unobservable inputs and fair value measurement

The higher the discount rate, yield and expected vacancy rate, the lower the fair value.

The higher the rental growth rate, the higher the fair value.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2014 \$	2013 \$
Cost	9,015,943	9,000,000
Less accumulated depreciation	(77,730)	-
Net Carrying amount	8,938,213	9,000,000

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NOTE 20: PROPERTY, PLANT AND EQUIPMENT (CONT.)

The revalued land and buildings consist of 1,474 sqm of land, Multi Purpose Building, and 40 car parking bays. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property. Management have also reviewed the valuation conducted on 30 June 2013, and have determined that the valuation is true and fair for the financial year ended 30 June 2014.

	2014 \$	2013 \$
NOTE 21: INVESTMENT PROPERTIES		
At Fair Value	17,020,614	16,528,434
Additions at cost	510	492,180
Disposals	-	-
Revaluation increment/(decrement)	271,566	-
Total investment properties	17,292,690	17,020,614

Movements in the investment properties during the financial year were as follows:

	67 St Pauls Tce \$	48-52 Jephson St \$	Total \$
Balance at the beginning of the year	9,662,049	7,358,565	17,020,614
Additions	-	510	510
Disposals	-	-	-
Fair Value Adjustment (see below)	(1,162,049)	1,433,615	271,566
Carrying amount at the end of the year	8,500,000	8,792,690	17,292,690

Measurement of fair value

	Level 1	Level 2	Level 3
Assets Measured at Fair Value			
67 St Pauls Terrace, Fortitude Valley	-	-	8,500,000
48 Jephson St, Toowong	-	3,900,000	-
52 Jephson St, Toowong	-	4,400,000	-
	-	8,300,000	8,500,000

(j) Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the branch's investment property at least every three years.

The fair value measurement for the investment properties of \$16,800,000 was determined at 30 June 2014 by T Gasiewski, Director and certified practicing valuer of CBRE, a registered independent appraiser having an appropriate recognised professional qualification in Australian Property Institute and recent experience in the location and category of the property being valued. The fair value measurements have been categorized as follows based on the inputs to the valuation technique used (see Note 1).

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NOTE 21: INVESTMENT PROPERTIES (CONT.)

Measurement of fair value (cont.)

(ii) Level 2 fair value - valuation techniques and significant observable inputs

The following shows the valuation technique used in measuring the fair value of investment properties, as well as the significant observable inputs used.

Valuation technique

Direct Comparison approach

The valuation model involves assessing the value based on a direct comparison of dollar rates per square meter of land area, against current market data of similar properties. This approach takes into account market evidence, nature and condition of the property, location and development potential.

(a) Significant unobservable inputs

Land Area - 2,077 m²

Adopted rate/m² range - \$3,500 - \$4,500 (weighted average \$4,000)

(b) Inter-relationship between key unobservable inputs and fair value measurement

The higher the discount rate, yield and expected vacancy rate, the lower the fair value.

The higher the rental growth rate, the higher the fair value.

(iii) Level 3 fair value - valuation techniques and significant unobservable inputs

The following shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Primary Valuation technique

Capitalisation approach

The valuation model involves estimating the potential sustainable Gross Rental Income at passing and market rates and other income (e.g. car parking) of a similar property from which annual outgoings as well as adjustments for vacancies are deducted to derive the Net Income. This Net Income is then capitalised at an appropriate rate derived from analysis of comparable sales evidence. Adjustments to the capitalised value are then made for items including profit rent/shortfall derived from passing rents which are above or below market, letting up allowance over vacant areas including foregone rental and outgoings over the assumed letting up period and outstanding lease incentives including rent free periods and capital expenditure and refurbishments and make good allowances.

Secondary Valuation technique

Discount Cash Flow approach

The valuation model involves estimating the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. Assumptions used include a target or pre-selected rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure, costs associate with the initial purchase of the property, and also its disposal at the end of the investment period.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 21: INVESTMENT PROPERTIES (CONT.)

Measurement of fair value (cont.)

(a) Significant unobservable inputs

- Full tenancy area - 2,612m²
- Vacancy area - 368m²
- Tenancy terms - 3 years
- Passing rent/m² - \$433
- Market rent/m² - \$424
- Other income/m² - \$51
- Outgoings/m² - \$161
- Vacancy/m² - \$448
- Capitalised value - 9%
- Passing capital adjustments - \$1,034
- Market capital adjustments - \$930

(b) Inter-relationship between key unobservable inputs and fair value measurement

- The higher the discount rate, yield and expected vacancy rate, the lower the fair value.
- The higher the rental growth rate, the higher the fair value.

NOTE 22: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities

	2014	2013
	\$	\$
Trade creditors	32,419	31,859
Payables to other reporting units	-	-
Accrued Expenses	146,371	189,932
PAYG tax withholding	78,469	66,055
GST payable/(refundable)	198,647	190,384
Legal Costs	-	-
Superannuation	-	203
Employee Deductions	(190)	(310)
	455,716	478,123

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	2014	2013
	\$	\$
NOTE 23: EMPLOYEE ENTITLEMENT PROVISIONS		
CURRENT		
Holders of Office:		
- Provision for Annual Leave	65,226	116,844
- Provision for Long Service Leave	126,539	241,725
- Provision for Separation & Redundancies	-	-
- Provision for Other Employee Provisions	-	-
	191,765	358,569
Employees other than Office Holders:		
- Provision for Annual Leave	433,322	461,551
- Provision for Long Service Leave	429,660	533,209
- Provision for Separation & Redundancies	-	-
- Provision for Other Employee Provisions	-	-
	862,983	994,760
Provision for wage increase	-	89,656
	1,054,747	1,442,985
NON-CURRENT		
Holders of Office:		
- Provision for Long Service Leave	-	-
Employees other than Office Holders:		
- Provision for Long Service Leave	108,466	87,170
- Provision for Separation & Redundancies	-	-
- Provision for Other Employee Provisions	-	-
	1,163,213	1,530,155
NOTE 24: OTHER CURRENT LIABILITIES		
Prepaid Rent	12,905	2,005
Credit Facility	(12)	300
	12,893	2,305
NOTE 25: MORTALITY FUND		
Total at the beginning of the financial year	160,536	196,136
Mortality Funds Paid	(32,000)	(35,600)
Total at reporting date	128,536	160,536
NOTE 26: GENERAL FUND		
Total at the beginning of the financial year	28,015,874	28,899,394
Net income/(loss) for the year	1,718,656	(883,520)
Total at the reporting date	29,734,530	28,015,874

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**NOTES TO THE FINANCIAL STATEMENTS
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	2014	2013
	\$	\$
NOTE 27: EQUITY		
Mortality fund	128,536	160,536
General fund	29,734,530	28,015,874
Asset revaluation reserve	-	-
Total at the reporting date	29,863,066	28,176,410

NOTE 28: CASH FLOW RECONCILIATION

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

Profit/(Loss) for the year	1,718,656	299,758
Non-cash flows in profit		
Depreciation	427,362	432,672
Loss/(gain) on disposal of property, plant & equipment	32,243	12,588
Loss/(gain) on investment properties	(271,566)	-
(Increase)/decrease in receivables	87,155	34,300
(Increase)/decrease in tickets on hand	(1,647)	(905)
(Increase)/decrease in other assets	1,371	162,331
Increase/(decrease) in payables	13,611	(162,751)
Increase/(decrease) in employee provisions	(367,024)	118,843
Increase/(decrease) in prepaid rent	(10,900)	(24,912)
Increase/(decrease) in other liabilities	(43,562)	-
Increase/(decrease) in line of credit	(312)	-
Increase/(decrease) in mortality fund	(32,000)	(35,600)
Cash flows from operations	(a) 1,575,189	836,324

NOTE 28 (a): CASH FLOW INFORMATION

Cash inflows

SDA National	52,249	-
Total Cash inflows	52,249	-

Cash outflows

SDA National	1,117,793	1,250,563
Total Cash outflows	1,117,793	1,250,063

NOTE 29: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Branch has a contingent liability of \$340,000 over its credit stand-by arrangements for autopay (2013: \$340,000).

The Branch has a \$1,500,000 Line of Credit with Commonwealth Bank. The facility was drawn down during the year and closing balance at 30 June 2014 is \$12.

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**NOTES TO THE FINANCIAL STATEMENTS
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	<u>2014</u>	<u>2013</u>
	\$	\$
NOTE 30: COMMITMENTS		
Lease Commitments Receivable		
The Branch has commitments receivable related to tenancy agreements in its rental properties:		
Less than one year	1,117,627	1,441,164
Greater than one year but less than two years	663,182	803,836
Greater than two years but less than five years	571,212	850,542
Greater than five years	-	28,307
	<u>2,352,021</u>	<u>3,123,849</u>
Commitments Payable		
The Branch has commitments payable related to maintenance contracts for the head office:		
Less than one year	80,348	-
Greater than one year but less than five years	-	-
Greater than five years	-	-
	<u>80,348</u>	<u>51,598</u>

NOTE 31: RELATED PARTY TRANSACTIONS

SDA National

Affiliation Fees paid to	966,173	1,100,233
Revenue received from	(52,249)	
Expenses paid to		
- ACTU IR Campaign Levy	35,798	37,179
- ALP Election Donation	41,512	-
- 100% Pay Week of Action	13,284	-
- Intranet	5,829	4,413
Employment Expenses Incurred on behalf of	52,249	108,238
Expenses Reimbursed	2,948	-
	<u>1,065,544</u>	<u>1,250,063</u>

The branch has not received any other financial support from another reporting unit of the organization.

NOTE 32: NUMBER OF EMPLOYEES AT BALANCE DATE

	46	54
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NOTE 33: KEY MANAGEMENT PERSONNEL

Key management personnel compensation to the Officers comprised:

Short-term employee benefits	375,025	310,542
Post-employment benefits	48,860	32,013
Other long-term benefits	19,905	6,528
Total	<u>443,790</u>	<u>349,083</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 34: 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 2014.

i. Treasury Risk Management

A finance committee consisting of senior committee members meets 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

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments. 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 is no material amounts of collateral held as security at 30 June 2014.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 34: FINANCIAL RISK MANAGEMENT (CONT.)

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	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Cash at bank	-	-	60,212	58,349	345,672	417,501	405,884	475,850
Trade and other receivables	-	-	-	-	552,911	632,442	552,911	632,442
Investments	-	-	1,918,422	424,249	-	-	1,918,422	424,249
Other & Stock	-	-	-	-	933,133	932,857	933,133	932,857
Total financial assets	-	-	1,978,634	482,598	1,831,716	1,982,800	3,810,350	2,465,398
Financial liabilities								
Trade and sundry payables	-	-	-	-	455,905	478,231	455,905	478,231
Business Facility	-	-	(12)	299	-	-	(12)	299
Total financial liabilities	-	-	(12)	299	455,905	478,231	455,893	478,530

Sensitivity analysis:

Interest rate risk

The branch 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 2014, 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:

	2014 \$	2013 \$
Change in profit		
- Increase in interest rate by 2%	39,573	9,652
- Decrease in interest rate by 2%	(39,573)	(9,652)

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 branch is not exposed to fluctuations in foreign exchange.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 34: FINANCIAL RISK MANAGEMENT (CONT.)

c. Financing arrangements

The following financing facilities were available to the Branch at the end of the reporting period:

	2014	2013
	\$	\$
Bank Overdraft		
Total facilities:	1,500,000	1,500,000
Used at the end of the reporting period	-	299
Unused at the end of the reporting period	1,500,000	1,499,701

NOTE 35: BRANCH DETAILS

The registered office of the Branch is:

SDA House
385 St Pauls Terrace
Fortitude Valley, QLD 4006

NOTE 36: PARENT ENTITY

SDAEA National Office is this Branch's parent entity.

NOTE 37: EVENTS OCCURRING AFTER BALANCE DATE

The following events occurred after 30 June 2014 and prior to the signing of the financial statements;

A contract of sale for 48 Jephson Street and 52 Jephson Street, Toowong, was signed. The sale is subject to a Call Option agreement with Chiway Solutions Toowong Pty Ltd which safeguards the interest of the Union. The contract price is \$11million plus \$500,000 for any loss of rental income, and settlement will occur approximately July 2015. On 19 August a deposit of \$575,000 was received and is being held on trust by Norton Rose.

The event described above will significantly increase the cash funds held by Shop, Distributive and Allied Employees Association (Queensland Branch) pending the settlement in July 2015.

NOTE 38: GOING CONCERN

The branch's ability to operate as a going concern is not reliant on any agreed financial support of another reporting unit, nor has another reporting unit agreed to provide financial support.