



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7785
Fax: (03) 9654 6672

Mr M Donovan
Victorian Branch Secretary
Shop, Distributive and Allied Employees' Association
65 Southbank Boulevard
Southbank VIC 3006

Dear Mr Donovan,

Re: Financial Documents for year ended 30 June 2004 - FR2004/268
Schedule 1B of the *Workplace Relations Act 1996* (the RAO Schedule)

I acknowledge receipt of the financial documents of the Victorian Branch of the Shop, Distributive and Allied Employees' Association for financial year ended 30 June 2004. The documents were lodged in the Industrial Registry on 31 January 2005.

The documents have been filed.

I direct your attention to the following comments concerning the reports and the financial reporting obligations under the RAO Schedule of the *Workplace Relations Act 1996*. Please note that these matters are generally advised for assistance in the future preparation of financial reports.

The Committee of Management Statement at paragraph (e) omits from its opinion whether the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation.

The Operating Report should be dated.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, please contact Shane Ellard of this office on 03-8661 3811.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A O'Brien', with a large flourish extending upwards and to the right.

Andrew O'Brien
Manager
Statutory Services Branch

3 May 2005



65 Southbank Boulevard
Southbank Vic 3006

tel	(03) 9698 1400
freecall	1800 133 048
fax	(03) 9698 1401
email	info@sdavic.org
web	www.sdavic.org

State Secretary: Michael Donovan

27 January 2005

FR2004/268

Rec'd 31/1/05
Australian Industrial Registry
Statutory Services Branch
GPO Box 1994S
MELBOURNE VIC 3001

Dear Sir/Madam

**Re: Shop, Distributive & Allied Employees' Association, Victorian Branch
Financial Accounts for the year ended 30 June 2004**

I attach a copy of the following documents of the Victorian Branch of the Shop, Distributive and Allied Employees' Association:

- the Financial Report for year ending 30 June 2004;
- the Auditor's report in relation to the inspection and audit of the Branch's financial records; and
- the Operating Report to which the Financial Report relates.

I certify that these documents were presented to and adopted by the State Council of the Branch at a meeting on 27 January 2005 subsequent to their presentation to members of the organisation via the Summer 2004 edition of our Journal, *The Shop Assistant*, in December 2004.

Yours sincerely

Michael Donovan
State Secretary

Attachs.

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004**

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

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**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Economic Entity		Controlling Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenue from ordinary activities	2	10,033,881	14,951,378	12,689,114	8,986,838
Employee benefits expense	3	(4,714,638)	(4,622,228)	(4,714,638)	(4,587,122)
Depreciation and amortisation expenses	3	(597,509)	(361,427)	(323,787)	(239,048)
Cost of property disposed		-	(4,813,077)	-	-
Property expenses		(216,635)	(137,848)	-	-
Affiliation fees	3	(1,197,755)	(1,191,688)	(1,197,755)	(1,191,688)
Member services		(505,195)	(471,201)	(505,195)	(471,201)
Office administration expenses		(1,050,977)	(1,139,826)	(1,050,977)	(1,139,826)
Delegate expenses		(145,613)	(129,374)	(145,613)	(129,374)
Legal expenses		(51,350)	(171,894)	(48,219)	(168,270)
Travel expenses		(159,855)	(170,368)	(159,855)	(170,368)
Other expenses from ordinary activities		(949,476)	(1,357,909)	(870,396)	(893,344)
Correction of fundamental error	17	<u>1,450,161</u>	-	<u>1,450,161</u>	-
Profit (Loss) from ordinary activities		<u>1,895,039</u>	<u>384,538</u>	<u>5,122,840</u>	<u>(3,403)</u>
Total changes in equity other than those resulting from transactions with members as members	11	<u>1,895,039</u>	<u>384,538</u>	<u>5,122,840</u>	<u>(3,403)</u>

The accompanying notes form part of these financial statements.

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004**

	Note	Economic Entity		Controlling Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CURRENT ASSETS					
Cash assets	4	2,687,172	4,865,534	2,540,980	3,694,590
Receivables	5	956,255	46,242	919,818	21,417
Other financial assets	6	2,485,327	4,964,946	-	2,030,852
Other	7	766,036	12,819	748,137	-
TOTAL CURRENT ASSETS		6,894,790	9,889,541	4,208,935	5,746,859
NON-CURRENT ASSETS					
Receivables	5	-	-	12,481,883	9,837,864
Other financial assets	6	5,442,432	1,440,783	6,414,932	2,413,283
Property, plant and equipment	8	12,566,845	12,195,058	2,035,162	1,927,592
TOTAL NON-CURRENT ASSETS		18,009,277	13,635,841	20,931,977	14,178,739
TOTAL ASSETS		24,904,067	23,525,382	25,140,912	19,925,598
CURRENT LIABILITIES					
Payables	9	287,061	810,689	201,971	116,771
Provisions	10	786,937	863,627	786,937	863,627
Other		12,595	12,595	-	-
TOTAL CURRENT LIABILITIES		1,086,593	1,686,911	988,908	980,398
NON-CURRENT LIABILITIES					
Provisions	10	83,964	-	83,964	-
TOTAL NON-CURRENT LIABILITIES		83,964	-	83,964	-
TOTAL LIABILITIES		1,170,557	1,686,911	1,072,872	980,398
NET ASSETS		23,733,510	21,838,471	24,068,040	18,945,200
EQUITY					
Members funds	11	23,733,510	21,838,471	24,068,040	18,945,200
TOTAL EQUITY		23,733,510	21,838,471	24,068,040	18,945,200

The accompanying notes form part of these financial statements.

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Economic Entity		Controlling Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members		10,612,271	9,857,456	10,244,394	9,566,982
Payments to suppliers and employees		(9,925,921)	(10,651,298)	(9,577,810)	(10,042,435)
Interest received		500,804	550,245	360,714	314,914
Net cash provided by/(used in) operating activities	13 (b)	<u>1,187,154</u>	<u>(243,597)</u>	<u>1,027,298</u>	<u>(160,539)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		71,619	5,500,000	71,619	-
Proceeds from realisation of investments		448,767	2,006,133	-	2,006,133
Payment for property, plant and equipment		(1,915,105)	(2,774,793)	(530,982)	(1,280,693)
Contributions to investments		(1,970,797)	(1,791,435)	(1,970,797)	-
Net cash provided by/(used in) investing activities		<u>(3,365,516)</u>	<u>2,939,905</u>	<u>(2,430,160)</u>	<u>725,440</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	249,252	1,037,151
Net cash provided by financing activities		-	-	249,252	1,037,151
Net increase/(decrease) in cash held		(2,178,362)	2,696,308	(1,153,610)	1,602,052
Cash at beginning of financial year		4,865,534	2,169,226	3,694,590	2,092,538
Cash at end of financial year	13 (a)	<u>2,687,172</u>	<u>4,865,534</u>	<u>2,540,980</u>	<u>3,694,590</u>

The accompanying notes form part of these financial statements.

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Workplace Relations Act 1996.

The financial report covers The Shop, Distributive & Allied Employees' Association as an individual entity and The Shop, Distributive & Allied Employees' Association and controlled entity as an economic entity. The Shop, Distributive & Allied Employees' Association is a Trade Union governed by the Workplace Relations Act 1996.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(a) Principles of Consolidations

A controlled entity is any entity controlled by The Shop, Distributive & Allied Employees' Association. Control exists where The Shop, Distributive & Allied Employees' Association has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with The Shop, Distributive & Allied Employees' Association to achieve the objectives of The Shop, Distributive & Allied Employees' Association. Details of the controlled entity are contained in Note 15.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Income Tax

No provision for income tax has been raised as the association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Property, Plant and Equipment

Each class of property plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the cost basis. The carrying amount of freehold land and buildings is reviewed annually by the Association to ensure it is not in excess of the anticipated recoverable amount which is based on the anticipated future cashflows to be received upon disposal. These cashflows have not been discounted to their present values in determining recoverable amounts.

A current independent valuation valued the land and building at \$11,100,000 based on gross proceeds from sale assuming a sale date of July 2014. The discounted cashflow equivalent as at balance date is \$8,300,000. Due to the "not-for-profit" nature of the organisation the current valuation is not brought to account in the financial report. The Association's purpose in relation to this investment is not commercial in nature and there are no foreseeable plans to dispose of the investment in the future.

Plant and Equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount of 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 not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the Association commencing from the time the asset was 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 SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2.5-13 %	Straight Line
Leasehold improvements	2.5 %	Straight Line
Motor Vehicles	22.5 %	Diminishing Value
Office Equipment	5-25 %	Diminishing Value

(d) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments are reviewed annually by directors' to ensure they are not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets for non-listed entities or the expected net cash flows expected to be realised from these investments.

(e) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

(f) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

(g) Revenue

Membership revenue is recognised when the right to receive the subscription has been established and net of expenses incurred as consideration for employers making payroll deductions of membership subscriptions.

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

Distribution revenue is recognised when the right to receive a distribution has been established.

Rental and 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).

(h) Goods and Services Tax (GST)

Revenues, 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(i) Comparative Figures

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

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Adoption of International Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005. This requires production of accounting data for future comparative purposes at the end of the current financial year.

The Association is assessing the significance of these changes and preparing for their implementation. The Association is of the opinion that the key difference in the Association's accounting policies which will arise from the adoption of IFRS is:

Impairment of Assets:

The Association currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. Under AASB136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use.

(k) Information to be provided to Members or Registrar

In accordance with the requirements of the Workplace Relations Act 1996 the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 272 of the Workplace Relations Act 1996 which states:

- (1) A member of a reporting unit, or a Registrar, 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; and
- (3) A reporting unit must comply with an application made under subsection (1).

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Economic Entity		Controlling Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
NOTE 2: REVENUE					
Operating activities					
- distributions		-	-	2,893,271	-
- interest	2(a)	500,493	550,246	360,403	314,914
- rent		97,948	195,208	-	-
- member subscriptions		9,236,116	8,570,328	9,236,116	8,570,328
- other revenue		<u>127,705</u>	<u>135,596</u>	<u>127,705</u>	<u>101,598</u>
		<u>9,962,262</u>	<u>9,451,378</u>	<u>12,617,495</u>	<u>8,986,838</u>
Non - operating activities					
- proceeds on disposal of property, plant and equipment		<u>71,619</u>	<u>5,500,000</u>	<u>71,619</u>	-
Total Revenue		<u>10,033,881</u>	<u>14,951,378</u>	<u>12,689,114</u>	<u>8,986,838</u>
 (a) Interest from:					
- other persons		<u>500,493</u>	<u>550,246</u>	<u>360,403</u>	<u>314,914</u>
 NOTE 3: PROFIT (LOSS) FROM ORDINARY ACTIVITIES					
Profit (losses) from ordinary activities has been determined after:					
(a) Expenses:					
Depreciation of non-current assets					
- Buildings	8	273,722	122,379	-	-
- Plant and equipment	8	<u>323,787</u>	<u>239,048</u>	<u>323,787</u>	<u>239,048</u>
Total Depreciation		<u>597,509</u>	<u>361,427</u>	<u>323,787</u>	<u>239,048</u>
Bad and doubtful debts:					
- trade debtors		<u>5,080</u>	<u>18,498</u>	<u>5,080</u>	<u>18,498</u>
Remuneration of the auditors for:					
- audit or review services		<u>32,569</u>	<u>18,000</u>	<u>22,139</u>	<u>11,000</u>
Rental expense on operating leases					
- minimum lease payments		<u>26,482</u>	-	<u>26,482</u>	-
Rental expense on operating leases		<u>26,482</u>	-	<u>26,482</u>	-
Affiliation fees - Shop, Distributive & Allied Employees' Association (National Branch)		1,002,701	992,546	1,002,701	992,546
Affiliation fees - Australian Labour Party		195,054	199,142	195,054	199,142
Donations		<u>21,697</u>	<u>62,382</u>	<u>16,697</u>	<u>62,382</u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

Note	Economic Entity		Controlling Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 3: PROFIT (LOSS) FROM ORDINARY ACTIVITIES (Continued)				
(b) Revenue and Net Gains				
Net gain (loss) on disposal of non-current assets				
- property, plant and equipment	(38,050)	337,146	(28,006)	(24,080)
(c) Employee benefits expense:				
Salaries & wages	3,309,039	3,256,636	3,309,039	3,256,636
Annual leave	271,278	257,517	271,278	257,517
Long service leave	69,128	105,629	69,128	105,629
Superannuation	628,236	466,696	628,236	466,696
Other employee costs	436,957	535,750	436,957	500,644
	<u>4,714,638</u>	<u>4,622,228</u>	<u>4,714,638</u>	<u>4,587,122</u>

Officeholders' remuneration is included in the above disclosure and includes salaries & wages of \$501,984 (2003: \$475,52), annual leave of \$1,088 (2003: \$4,079), long service leave of \$8,264 (2003: (\$16,067)) and superannuation of \$75,298 (2003: \$71,328).

For further information on Officeholders' remuneration, please refer Note 18.

NOTE 4: CASH ASSETS

Cash on hand	900	900	850	850
Cash at bank	<u>2,686,272</u>	<u>4,864,634</u>	<u>2,540,130</u>	<u>3,693,740</u>
	<u>2,687,172</u>	<u>4,865,534</u>	<u>2,540,980</u>	<u>3,694,590</u>

NOTE 5: RECEIVABLES

CURRENT

Trade debtors	1,148,908	281,712	874,307	-
Less provision for doubtful debts	<u>(256,887)</u>	<u>(256,887)</u>	<u>-</u>	<u>-</u>
	<u>892,021</u>	<u>24,825</u>	<u>874,307</u>	<u>-</u>
Other debtors	<u>64,234</u>	<u>21,417</u>	<u>45,511</u>	<u>21,417</u>
	<u>956,255</u>	<u>46,242</u>	<u>919,818</u>	<u>21,417</u>

NON-CURRENT

Amounts receivable from:

- controlled entity	<u>-</u>	<u>-</u>	<u>12,481,883</u>	<u>9,837,864</u>
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**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

Note	Economic Entity		Controlling Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 6: OTHER FINANCIAL ASSETS				
CURRENT				
Bank bills and floating rate notes	<u>2,485,327</u>	<u>4,964,946</u>	<u>-</u>	<u>2,030,852</u>
NON-CURRENT				
Shares in other related body corporates				
- at cost	<u>600,002</u>	<u>600,002</u>	<u>600,002</u>	<u>600,002</u>
Shares in controlled entities				
- at cost	<u>-</u>	<u>-</u>	<u>972,500</u>	<u>972,500</u>
Floating rate notes	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>
Term deposits	<u>842,430</u>	<u>840,781</u>	<u>842,430</u>	<u>840,781</u>
	<u>5,442,432</u>	<u>1,440,783</u>	<u>6,414,932</u>	<u>2,413,283</u>
NOTE 7: OTHER ASSETS				
CURRENT				
Prepayments	<u>766,036</u>	<u>12,819</u>	<u>748,137</u>	<u>-</u>
NOTE 8: PROPERTY, PLANT AND EQUIPMENT				
LAND				
Freehold land:				
At cost	<u>5,371,801</u>	<u>5,371,801</u>	<u>-</u>	<u>-</u>
BUILDINGS				
At cost	<u>5,537,244</u>	<u>4,999,305</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation	<u>(377,362)</u>	<u>(103,640)</u>	<u>-</u>	<u>-</u>
	<u>5,159,882</u>	<u>4,895,665</u>	<u>-</u>	<u>-</u>
LEASEHOLD IMPROVEMENTS				
At cost	<u>815,330</u>	<u>682,252</u>	<u>815,330</u>	<u>682,252</u>
Less accumulated amortisation	<u>(21,805)</u>	<u>(1,421)</u>	<u>(21,805)</u>	<u>(1,421)</u>
Total leasehold improvements at cost	<u>793,525</u>	<u>680,831</u>	<u>793,525</u>	<u>680,831</u>
Total Land and buildings	<u>11,325,208</u>	<u>10,948,297</u>	<u>793,525</u>	<u>680,831</u>
PLANT AND EQUIPMENT				
Motor vehicles				
At cost	<u>1,277,009</u>	<u>1,220,862</u>	<u>1,277,009</u>	<u>1,220,862</u>
Less accumulated depreciation	<u>(494,035)</u>	<u>(420,577)</u>	<u>(494,035)</u>	<u>(420,577)</u>
	<u>782,974</u>	<u>800,285</u>	<u>782,974</u>	<u>800,285</u>
Office equipment				
At cost	<u>644,382</u>	<u>593,301</u>	<u>644,382</u>	<u>593,301</u>
Less accumulated depreciation	<u>(185,719)</u>	<u>(146,825)</u>	<u>(185,719)</u>	<u>(146,825)</u>
	<u>458,663</u>	<u>446,476</u>	<u>458,663</u>	<u>446,476</u>
Total plant and equipment	<u>1,241,637</u>	<u>1,246,761</u>	<u>1,241,637</u>	<u>1,246,761</u>
Total property, plant and equipment	<u>12,566,845</u>	<u>12,195,058</u>	<u>2,035,162</u>	<u>1,927,592</u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

Note	Economic Entity		Controlling Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)				
(a) Movements in Carrying Amounts				
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year.				
	Freehold land		Buildings	
	Economic Entity	Controlling Entity	Economic Entity	Controlling Entity
	\$	\$	\$	\$
2004				
Balance at the beginning of the year	5,371,801	-	4,895,665	-
Additions	-	-	547,983	-
Disposals	-	-	(10,044)	-
Depreciation expense	-	-	(273,722)	-
Carrying amount at end of year	<u>5,371,801</u>	<u>-</u>	<u>5,159,882</u>	<u>-</u>
	Leasehold improvements		Motor vehicles	
	Economic Entity	Controlling Entity	Economic Entity	Controlling Entity
	\$	\$	\$	\$
2004				
Balance at the beginning of the year	680,831	680,831	800,285	800,285
Additions	133,076	133,076	253,435	253,435
Disposals	-	-	(81,624)	(81,624)
Depreciation expense	(20,382)	(20,382)	(189,122)	(189,122)
Carrying amount at the end of the year	<u>793,525</u>	<u>793,525</u>	<u>782,974</u>	<u>782,974</u>
			Office equipment	
			Economic Entity	Controlling Entity
			\$	\$
2004				
Balance at the beginning of the year			446,476	446,476
Additions			144,471	144,471
Disposals			(18,001)	(18,001)
Depreciation expense			(114,283)	(114,283)
Carrying amount at the end of the year			<u>458,663</u>	<u>458,663</u>

NOTE 9: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	61,925	-	-	-
Sundry creditors and accruals	<u>225,136</u>	<u>810,689</u>	<u>201,971</u>	<u>116,771</u>
	<u>287,061</u>	<u>810,689</u>	<u>201,971</u>	<u>116,771</u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Economic Entity		Controlling Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
NOTE 10: PROVISIONS					
CURRENT					
Employee benefits	(a)	<u>786,937</u>	<u>863,627</u>	<u>786,937</u>	<u>863,627</u>
NON-CURRENT					
Employee benefits	(a)	<u>83,964</u>	<u>-</u>	<u>83,964</u>	<u>-</u>
(a) Aggregate employee benefit liability		<u>870,901</u>	<u>863,627</u>	<u>870,901</u>	<u>863,627</u>
(b) Number of employees at year end		<u>77</u>	<u>92</u>	<u>77</u>	<u>91</u>

Annual leave in the current year totals \$342,906 (2003: \$328,214) and all liabilities are current. The remainder of employee benefits relate to long service leave.

Officeholder annual leave owing as at 30 June 2004 was \$73,311 (2003: \$74,261). Officeholder long service leave owing as at 30 June 2004 was \$207,816 (2003: \$214,926).

NOTE 11: MEMBERS FUNDS

Retained profits at the beginning of the financial year	21,838,471	21,453,933	18,945,200	18,948,603
Net profit (loss) attributable to members of the entity	<u>1,895,039</u>	<u>384,538</u>	<u>5,122,840</u>	<u>(3,403)</u>
Retained profits at the end of the financial year	<u>23,733,510</u>	<u>21,838,471</u>	<u>24,068,040</u>	<u>18,945,200</u>

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to balance date, which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial periods.

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

Note	Economic Entity		Controlling Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 13: CASH FLOW INFORMATION				
(a) Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	900	900	850	850
Cash at bank	<u>2,686,272</u>	<u>4,864,634</u>	<u>2,540,130</u>	<u>3,693,740</u>
	<u>2,687,172</u>	<u>4,865,534</u>	<u>2,540,980</u>	<u>3,694,590</u>
(b) Reconciliation of cash flow from operations with profit (loss) from ordinary activities after income tax				
Profit (Loss) from ordinary activities after income tax	1,895,039	384,538	5,122,840	(3,403)
Non-cash flows in profit from ordinary activities				
Depreciation	597,509	361,427	323,787	239,048
Net (gain) / loss on disposal of property, plant and equipment	38,050	(337,146)	28,006	24,080
Distributions not received in cash	-	-	(2,893,271)	-
Changes in assets and liabilities				
Increase in receivables	(910,013)	(11,637)	(898,401)	11,988
(Increase)/decrease in other assets	(753,217)	13,413	(748,137)	-
Increase/(decrease) in payables	312,512	(626,247)	85,200	(424,818)
Increase/(decrease) in provisions	<u>7,274</u>	<u>(27,945)</u>	<u>7,274</u>	<u>(7,434)</u>
Cash flows from operations	<u>1,187,154</u>	<u>(243,597)</u>	<u>1,027,298</u>	<u>(160,539)</u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 14: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average		Fixed Interest Rate Maturing					
	Effective Interest Rate		Floating Interest Rate		Within 1 Year		1 to 5 Years	
	2004	2003	2004	2003	2004	2003	2004	2003
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash	2.60	2.10	2,686,272	4,864,634	-	-	-	-
Investments	4.85	4.30	<u>4,000,000</u>	<u>2,030,852</u>	<u>2,485,327</u>	<u>2,934,094</u>	<u>842,430</u>	<u>840,781</u>
Total Financial Assets:			<u>6,686,272</u>	<u>6,895,486</u>	<u>2,485,327</u>	<u>2,934,094</u>	<u>842,430</u>	<u>840,781</u>

	Fixed Interest Rate Maturing					
	Over 5 Years		Non-Interest Bearing		Total	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	900	900	2,687,172	4,865,534
Receivables	-	-	956,255	46,242	956,255	46,242
Investments	-	-	-	-	<u>7,327,757</u>	<u>5,805,727</u>
Total Financial Assets:	<u>-</u>	<u>-</u>	<u>957,155</u>	<u>47,142</u>	<u>10,971,184</u>	<u>10,717,503</u>
Financial Liabilities:						
Trade and Sundry Creditors	-	-	<u>287,061</u>	<u>810,689</u>	<u>287,061</u>	<u>810,689</u>
Total Financial Liabilities:	<u>-</u>	<u>-</u>	<u>287,061</u>	<u>810,689</u>	<u>287,061</u>	<u>810,689</u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 14: FINANCIAL INSTRUMENTS (Continued)

(b) 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 of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the association.

(c) Net Fair Values

The aggregate net fair values and carrying amount of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

Note	Economic Entity		Controlling Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$

NOTE 15: CONTROLLED ENTITIES

Subsidiary:	FEDSDA Unit Trust
Country of incorporation:	Australia
Percentage owned:	100% (2003 100%)

NOTE 16: SEGMENT REPORTING

The Association operates in one business and geographical segment, this being the trade union sector providing union services to members of the Association throughout Victoria, Australia.

NOTE 17: FUNDAMENTAL ERROR IN PRIOR YEARS

The Shop, Distributive & Allied Employees' Association (Victorian branch) prepares its financial report on an accruals basis. Two account balances in the Statement of Financial Position in the year ended 30 June 2003 were recognised on a cash basis and not an accruals basis. The Workplace Relations Act 1996 permits an organisation to keep its financial records on a cash basis or accruals basis. However Australian Accounting Standards require financial records to be kept on an accruals basis. Therefore the two account balances kept on a cash basis are not in accordance with Australian Accounting Standards. These accounts were membership subscriptions which should have been presented as trade debtors and insurance and affiliation fees which should have been presented as prepayments.

Restated financial information is presented below to show the information that would have been disclosed had the error not been made.

Pro forma Statement of Financial Performance	Notes	2004	2003	2004	2003
		\$	\$	\$	\$
		(Restated)	(Restated)	(Restated)	(Restated)
Revenue from ordinary activities		10,033,881	15,776,946	12,689,114	9,812,406
Employee benefits expense		(4,714,638)	(4,622,228)	(4,714,638)	(4,587,122)
Depreciation and amortisation expenses		(597,509)	(361,427)	(323,787)	(239,048)
Other expenses from operating activities		<u>(4,276,856)</u>	<u>(8,958,592)</u>	<u>(3,978,010)</u>	<u>(3,539,478)</u>
Profits (loss) from ordinary activities before income tax expense (income tax revenue)		<u>444,878</u>	<u>1,834,699</u>	<u>3,672,679</u>	<u>1,446,758</u>
Income tax expense (income tax revenue) relating to ordinary activities		<u>444,878</u>	<u>1,834,699</u>	<u>3,672,679</u>	<u>1,446,758</u>
Net profit (loss) attributable to members of the entity		<u><u>444,878</u></u>	<u><u>1,834,699</u></u>	<u><u>3,672,679</u></u>	<u><u>1,446,758</u></u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Economic Entity		Controlling Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
NOTE 17: FUNDAMENTAL ERROR IN PRIOR YEARS (Continued)					
Restatement of retained profits	Notes	2004	2003	2004	2003
		\$	\$	\$	\$
Previously reported retained profits at the end of the previous financial year		21,838,471	21,453,933	18,945,200	18,948,603
Correction of fundamental error (net of income tax expense (revenue) of \$0)		<u>1,450,161</u>	<u>-</u>	<u>1,450,161</u>	<u>-</u>
Restated retained profits at the beginning of the financial year		23,288,632	21,453,933	20,395,361	18,948,603
Net profit (loss) attributable to members of the entity		<u>444,878</u>	<u>1,834,699</u>	<u>3,672,679</u>	<u>1,446,758</u>
Restated retained profits at reporting date		<u><u>23,733,510</u></u>	<u><u>23,288,632</u></u>	<u><u>24,068,040</u></u>	<u><u>20,395,361</u></u>
Restatement of Trade Debtors					
Trade debtors at the end of the financial year as previously reported		-	281,712	-	-
Correction of fundamental error		<u>-</u>	<u>825,568</u>	<u>-</u>	<u>825,568</u>
Restated Trade Debtors at the end of the financial year		<u><u>-</u></u>	<u><u>1,107,280</u></u>	<u><u>-</u></u>	<u><u>825,568</u></u>
Restatement of Prepayments					
Prepayments at the end of the financial year as previously reported		-	12,819	-	-
Correction of fundamental error		<u>-</u>	<u>624,593</u>	<u>-</u>	<u>624,593</u>
Restated Prepayments at the end of the financial year		<u><u>-</u></u>	<u><u>637,412</u></u>	<u><u>-</u></u>	<u><u>624,593</u></u>

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

Note	Economic Entity		Controlling Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
<hr/>				
NOTE 18: REMUNERATION AND RETIREMENT BENEFITS				
(a) Directors' remuneration				
Income paid or payable to all directors of the association by the association and any related parties	<u>675,005</u>	<u>654,233</u>	<u>675,005</u>	<u>654,233</u>

Number of directors whose income from the Association or any related parties was within the following bands:

	Number	Number	Number	Number
\$0 - \$9,999	9	10	9	10
\$40,000 - \$49,999	2	-	2	-
\$70,000 - \$79,999	1	2	1	2
\$80,000 - \$89,999	1	2	1	2
\$90,000 - \$99,999	3	2	3	2
\$110,000 - \$119,999	-	1	-	1
\$120,000 - \$129,999	1	-	1	-

The names of directors who have held office during the financial year are:

Michael Donovan
 Gary Ward
 Elizabeth Shaw (Appointed 28 January 2004)
 Antony Burke
 Maria Rowe
 Thelma Sheean
 Jennifer Siwek
 Lorraine Vallaro
 Denis Parker
 Valerie Bolitho
 Sue Hollingsworth
 Patricia Smith
 John Whateley
 Trudy Woodward
 Mary Lambert (Resigned 25 February 2004)
 Judy Cotter (Resigned 25 February 2004)
 Kay Marks (Resigned 31 May 2004)

NOTE 19: ASSOCIATION DETAILS

The principal place of business of the association is:
 The Shop, Distributive Allied Employees Association (Victorian Branch)
 Level 3, 65 Southbank Boulevard
 SOUTHBANK VIC 3006

**THE SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
(VICTORIAN BRANCH)
AND CONTROLLED ENTITY**

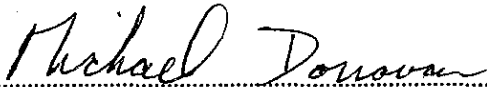
COMMITTEE OF MANAGEMENT STATEMENT

On *6 OCT 04* the Committee of Management of The Shop, Distributive & Allied Employees' Association passed the following resolution in relation to the general purposes financial report of the reporting unit for the financial year ended 30 June 2004:

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 Australian Accounting Standards;
- (b) the financial statements and notes comply with reporting guidelines of the Industrial Registrar;
- (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;
- (e) during the financial year to which the general purpose financial report relates and since the end of the 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 RAO Schedule and the RAO Regulations; and
 - (iv) no information has been sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule during the period; and
 - (v) no orders have been by the Commission under section 273 of the RAO Schedule during the period.

Signed on behalf of the Committee of Management by:



Michael Donovan
State Secretary

Dated this *20th* day of *OCTOBER* 20*04*

HORWATH Melbourne*Chartered Accountants*

A member of Horwath International

600 St Kilda Road Melbourne 3004

PO Box 6095 Melbourne

Victoria 8008 Australia

**Independent audit report to members of The Shop, Distributive and Allied Employees' Association
(Victorian Branch)****Scope***The financial report and directors' responsibility*

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the Certificate by State Council for The Shop, Distributive and Allied Employees' Association (Victorian Branch) ("SDA"), for the year ended 30 June 2004.

The members of the State Council of SDA are responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of SDA. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Workplace Relations Act 1996, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit opinion

In our opinion, the financial report of The Shop, Distributive and Allied Employees' Association (Victorian Branch) is in accordance with:

- (a) the Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of the SDA's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Workplace Relations Act 1996; and
- (b) other mandatory financial reporting requirements in Australia.

Dated the 21st day of October, 2004.

Horwath Melbourne

HORWATH MELBOURNE
Chartered Accountants

N. Burne

NICHOLAS E. BURNE
Partner

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

2003-2004 OPERATING REPORT

Membership of the Victorian Branch of the Association as at 30 June 2004 was 49,045.

At the end of the financial year there were 70.15 full-time equivalent employees of the Branch.

The finances of the Branch are stable and there were no significant changes in the Branch's financial affairs during the year.

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Persons join or resign through the Victorian Branch of the Association in accordance with Branch Rules 23 and 24.

The members of the Committee of Management of the Branch for the relevant period were:

Branch President	-	Mary Lambert (to 25 February 2004)
	-	Elizabeth Shaw (from 25 February 2004)
Branch Vice President	-	Judith Cotter (to 31 May 2004)
Branch Vice President	-	Lorraine Vallaro
Branch Secretary-Treasurer	-	Michael Donovan
Branch Assistant Secretary	-	Gary Ward
Committee of Management	-	John Whateley
	-	Jennifer Siwek
	-	Maria Rowe
	-	Suzanne Hollingsworth
	-	Trudy Woodward
	-	Kay Marks (to 31 May 2004)
	-	Patricia Smith
	-	Valerie Bolitho
	-	Elizabeth Shaw
	-	Antony Burke
	-	Thelma Sheean
	-	Denis Parker

The Branch maintained its industrial awards and agreements at a high, up-to-date standard.

New Enterprise Agreements were negotiated with a wide range of employers including Kmart, Safeway, Bunnings, Just Jeans, Freedom Furniture, Burger King, Hungry Jacks, Wendys, Millers and others. These agreements all resulted in improved wages and working conditions for the employees that they covered.

Throughout the year the Branch has conducted periodic training courses for Delegates in respect of Occupational Health and Safety, Delegates Training Levels 1 and 2 and Agreement specific training.

During the relevant period the Branch represented and/or assisted its members in industrial matters at the workplace.

The Association is affiliated to the Australian Council of Trade Unions and Delegates from the Branch were credentialed to the 2003 ACTU Congress.

The Association is affiliated to the Australian Labor Party (Victorian Branch) and Delegates from the Branch were credentialed to the ALP State Conference.

Joe de Bruyn and Jim Maher are Employee Directors of the Retail Employees Superannuation Trust (REST).

The Branch Secretary, Michael Donovan, is an Alternate Employee Director of the Retail Employees Superannuation Trust (REST). Ian Blandthorn is an Alternate Employee Director of the Retail Employees Superannuation Trust (REST).

The Victorian Branch maintained its rules and reported according to statutory requirements.

A quarterly magazine is produced and posted to members of the Branch and periodic information and wages Bulletins are posted to Delegates and members.

The Branch produces a range of publications for its members including such matters as Occupational Health & Safety, Workers Compensation, Equal Opportunity, Superannuation and other matters.

Michael Donovan, State Secretary
On behalf of State Council, SDA Victorian Branch