



Australian Government

Australian Industrial Registry

Level 36, 80 Collins Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672
Email: melbourne@air.gov.au

Mr Michael Donovan
State Secretary
Victorian Branch
Shop, Distributive & Allied Employees' Association
65 Southbank Boulevard
SOUTHBANK VIC 3006

Dear Mr Donovan,

**Shop, Distributive & Allied Employees' Association – Victorian Branch
Financial Report for the Year Ended 30th June 2005 - FR2005/238
Schedule 1B of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for the financial report of the Victorian Branch of the Shop, Distributive & Allied Employees' Association for the year ended 30th June 2005. The documents were lodged in the Industrial Registry on 17th March 2006. Please excuse the delay in responding to you, our attention in recent months has been diverted to the new 'Workchoices' legislation.

The documents have been filed.

I make the following comments to assist you in preparing financial documents in the future. You do not need to take any further action in respect of the documents which have been lodged.

Statement of Loans, Grants and Donations

I note that Donations of \$60,191 are disclosed on page 8 of the Notes.

While a Statement was lodged with the Registry with respect to the financial year ended 30th June 2004, our records do not show that a Statement of Loans, Grants and Donations has been lodged with respect to the year ended 30th June 2005.

Section 237(1) of the RAO Schedule provides that, *where the amount of the loan, grant or donation exceeds \$1,000*, a statement of relevant particulars must be lodged in the Registry within 90 days of the end of the financial year. If any of the donations which make up the \$60,191 disclosed on page 8 of the Notes exceeded \$1,000 then you are requested to lodge a statement under section 237(1) as soon as possible.

Timing of Presentation of Documents to a Meeting

Your Secretary's certificate states that the financial documents were presented to a meeting of the Committee of Management on 7th March 2006.

Section 266(3) of the RAO Schedule requires the financial report to be presented to a meeting of the Committee of Management within the period of 6 months starting at the end of the financial year (that is, by 31st December 2005), and then lodged in the Industrial Registry within 14 days of its presentation.

You are requested in future financial years to present documents within the timeframes that are set out in the RAO Schedule.

Please do not hesitate to contact me by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

A copy of the financial report has been placed on the website maintained by the Industrial Registry at <http://www.e-airc.gov.au/006nvic>.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Pfeiffer', written in a cursive style.

Robert Pfeiffer
Statutory Services Branch

17 July 2006

FR 2005/238



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Southbank Vic 3006

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9 March 2006

Ref: FR2005/238

State Secretary: Michael Donovan

Industrial Registrar
Australian Industrial Registry
Statutory Services Branch
GPO Box 1994S
MELBOURNE VIC 3001

Attention: Robert Pfeiffer

Dear Sir

**Re: Shop, Distributive & Allied Employees' Association, Victorian Branch
Financial Accounts for the year ended 30 June 2005**

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 2005;
- 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 SDA Victorian Branch at a meeting on 7 March 2006 subsequent to being presented to all members of the organisation via the Spring 2005 edition of our Journal, *The Shop Assistant*, in October 2005.

Yours sincerely

A handwritten signature in cursive script that reads 'Michael Donovan'.

Michael Donovan
State Secretary

Attachs.

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005**

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

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

OPERATING REPORT

Membership of the Victorian Branch of the Association as at 30 June 2005 was 49,856.

At the end of the financial year there were 66.75 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 Secretary-Treasurer	-	Michael Donovan	
Branch Assistant Secretary	-	Gary Ward	
Branch President	-	Elizabeth Shaw	
Branch Vice President	-	Thelma Sheean (from 28 July 2004)	
Branch Vice President	-	Lorraine Vallaro	
Committee of Management	-	John Whateley	- Suzanne Hollingsworth
	-	Jennifer Siwek	- Maria Rowe
	-	Valerie Bolitho	- Antony Burke
	-	Patricia Smith (to 6 August 2004)	- Trudy Woodward
	-	Sue Nance (from 28 July 2004)	- Denis Parker
	-	Ewan (Jock) Hastie (from 6 October 2004)	

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

New Enterprise Agreements and Awards were negotiated with a wide range of employers including Coles Myer, Woolworths, Priceline, Reject Shop, Harris Scarfe, Pizza Hut, McDonald's and many 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.

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

Dated this 24th day of August 2005.

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

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenue from ordinary activities	2	10,616,239	10,033,881	10,231,282	12,689,114
Employee benefits expense	3	(4,793,855)	(4,714,638)	(4,793,855)	(4,714,638)
Depreciation and amortisation expenses	3	(527,133)	(597,509)	(327,681)	(323,787)
Property expenses		(279,287)	(216,635)	-	-
Affiliation expense		(1,256,849)	(1,197,755)	(1,256,849)	(1,197,755)
Delegate expenses		(156,136)	(145,613)	(156,136)	(145,613)
Legal expenses		(101,991)	(51,350)	(91,699)	(48,219)
Member services expense		(507,309)	(505,195)	(507,309)	(505,195)
Office administration expense		(1,161,944)	(1,050,977)	(1,205,489)	(1,050,977)
Roll tax expense		(222,329)	(236,612)	(222,329)	(236,612)
Secretarial & accounting expense		(76,901)	(106,710)	-	-
Travel expenses		(180,626)	(159,855)	(180,626)	(159,855)
Other expenses from ordinary activities		(951,426)	(606,154)	(946,861)	(633,784)
Correction of fundamental error	15	-	1,450,161	-	1,450,161
Profit from ordinary activities	3	400,453	1,895,039	542,448	5,122,840
Total changes in equity other than those resulting from transactions with members as members		400,453	1,895,039	542,448	5,122,840

The accompanying notes form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	4	2,977,221	2,687,172	2,755,484	2,540,980
Receivables	5	993,522	956,255	980,784	919,818
Other financial assets	6	2,343,392	2,485,327	-	-
Other	8	888,004	766,036	842,489	748,137
TOTAL CURRENT ASSETS		<u>7,202,139</u>	<u>6,894,790</u>	<u>4,578,757</u>	<u>4,208,935</u>
NON-CURRENT ASSETS					
Receivables	5	-	-	12,504,542	12,481,883
Other financial assets	6	5,845,862	5,442,432	6,818,362	6,414,932
Other	8	49,850	-	-	-
Property, plant and equipment	9	12,560,736	12,566,845	2,179,719	2,035,162
TOTAL NON-CURRENT ASSETS		<u>18,456,448</u>	<u>18,009,277</u>	<u>21,502,623</u>	<u>20,931,977</u>
TOTAL ASSETS		<u>25,658,587</u>	<u>24,904,067</u>	<u>26,081,380</u>	<u>25,140,912</u>
CURRENT LIABILITIES					
Payables	10	624,058	287,061	570,326	201,971
Provisions	11	821,958	786,937	821,958	786,937
Other		-	12,595	-	-
TOTAL CURRENT LIABILITIES		<u>1,446,016</u>	<u>1,086,593</u>	<u>1,392,284</u>	<u>988,908</u>
NON-CURRENT LIABILITIES					
Provisions	11	78,608	83,964	78,608	83,964
TOTAL NON-CURRENT LIABILITIES		<u>78,608</u>	<u>83,964</u>	<u>78,608</u>	<u>83,964</u>
TOTAL LIABILITIES		<u>1,524,624</u>	<u>1,170,557</u>	<u>1,470,892</u>	<u>1,072,872</u>
NET ASSETS		<u>24,133,963</u>	<u>23,733,510</u>	<u>24,610,488</u>	<u>24,068,040</u>
EQUITY					
Members funds	12	24,133,963	23,733,510	24,610,488	24,068,040
TOTAL EQUITY		<u>24,133,963</u>	<u>23,733,510</u>	<u>24,610,488</u>	<u>24,068,040</u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members		10,797,001	10,612,271	10,573,799	10,244,394
Payments to suppliers and employees		(10,268,436)	(9,925,921)	(9,871,382)	(9,577,810)
Interest received		575,091	500,804	441,502	360,714
Net cash provided by (used in) operating activities	14(b)	<u>1,103,656</u>	<u>1,187,154</u>	<u>1,143,919</u>	<u>1,027,298</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		138,615	71,619	138,615	71,619
Proceeds from sale of investments		141,935	448,767	-	-
Payment for property, plant and equipment		(690,727)	(1,915,105)	(641,941)	(530,982)
Payment for investments		(403,430)	(1,970,797)	(403,430)	(1,970,797)
Net cash provided by (used in) investing activities		<u>(813,607)</u>	<u>(3,365,516)</u>	<u>(906,756)</u>	<u>(2,430,160)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from related party borrowings		-	-	-	249,252
Repayment of related party borrowings		-	-	(22,659)	-
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>	<u>(22,659)</u>	<u>249,252</u>
Net increase/(decrease) in cash held		290,049	(2,178,362)	214,504	(1,153,610)
Cash at beginning of financial year		<u>2,687,172</u>	<u>4,865,534</u>	<u>2,540,980</u>	<u>3,694,590</u>
Cash at end of financial year	14 (a)	<u>2,977,221</u>	<u>2,687,172</u>	<u>2,755,484</u>	<u>2,540,980</u>

The accompanying notes form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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 Shop, Distributive & Allied Employees' Association as an individual entity and Shop, Distributive & Allied Employees' Association and controlled entity as an economic entity. Shop, Distributive & Allied Employees' Association is an Association 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 Shop, Distributive & Allied Employees' Association. Control exists where 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 Shop, Distributive & Allied Employees' Association to achieve the objectives of Shop, Distributive & Allied Employees' Association. Details of the controlled entity are contained in Note 7.

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 cash flows to be received upon disposal. These cash flows have not been discounted to their present values in determining recoverable amounts.

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.

A current independent valuation valued the land and building at \$11,100,000. The discounted cash flow 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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	2.5-15 %	Straight Line
Leasehold improvements	2.5-7.5 %	Straight Line
Motor Vehicles	22.5 %	Diminishing Value
Office Equipment	33.33 %	Diminishing Value

(d) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments are reviewed annually by the Association 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 unpaid 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 is 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) Adoption of International Australian Equivalents to International Financial Reporting Standards

The Association is preparing for and managing the transition from current Australian Accounting Standards (AGAAP) to Australian Equivalents of International Financial Reporting Standards (AIFRS) effective for financial reporting periods commencing on or after 1 January 2005. The adoption of AIFRS will be reflected in the Association's financial report for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. Some of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Association's management with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, has been considered where applicable.

The Association is of the opinion that the key material differences in the Association's accounting policies on conversion to AIFRS where known are as follows. Users of the financial statements should, however, note that the information disclosed could change if interpretation of the AIFRS requirements changes due to the continuing transition work of the Association, possible amendments to AIFRS Standards and UIG Interpretations thereof, and developments in practice relating to the interpretation and application of those Standards and Interpretations.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Adoption of International Australian Equivalents to International Financial Reporting Standards (Continued)

Impairment of Assets:

The Association, both as an economic entity and parent entity, 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.

Rental income & Leases:

In accordance with AASB 117: Leases, operating lease rental income must be recognised on a straight line basis over the term of the lease. Where a lease has fixed annual increases, the impact of such increases is spread on a straight line basis over the whole of the lease term. Under AGAAP such increases are recognised in the year of increase and subsequent years. The Directors believe that the financial effect of accounting for rental income under AASB117 on the economic entity only, will be as follows:

- (a) An adjustment to retained earnings at 1 July 2004 of an amount no more than \$2,000, representative of rental income that is currently unrecorded; and
- (b) An adjustment to increase rental income in the financial year ended 30 June 2005 of an amount no more than \$15,000.

(j) Information to be provided to Members or Registrar

In accordance with the requirements of the Workplace Relations Act 1996 and specifically subsection 272(5) of the RAO Schedule the attention of members is drawn to the provisions of sub-sections (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).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
NOTE 2: REVENUE					
Operating activities					
- member subscriptions		9,551,728	9,236,116	9,551,728	9,236,116
- dividends		-	-	-	2,893,271
- interest	2(a)	575,091	500,493	441,502	360,403
- rent		249,534	97,948	-	-
- other revenue		<u>101,271</u>	<u>127,705</u>	<u>99,437</u>	<u>127,705</u>
		<u>10,477,624</u>	<u>9,962,262</u>	<u>10,092,667</u>	<u>12,617,495</u>
n - operating activities					
- proceeds on disposal of property, plant and equipment		<u>138,615</u>	<u>71,619</u>	<u>138,615</u>	<u>71,619</u>
Total Revenue		<u>10,616,239</u>	<u>10,033,881</u>	<u>10,231,282</u>	<u>12,689,114</u>
 (a) Interest from:					
- other persons		<u>575,091</u>	<u>500,493</u>	<u>441,502</u>	<u>360,403</u>
 NOTE 3: PROFIT FROM ORDINARY ACTIVITIES					
Profit from ordinary activities has been determined after:					
(a) Expenses					
Depreciation of non-current assets					
- Buildings		199,452	273,722	-	-
- Plant and equipment		<u>327,681</u>	<u>323,787</u>	<u>327,681</u>	<u>323,787</u>
Total Depreciation		<u>527,133</u>	<u>597,509</u>	<u>327,681</u>	<u>323,787</u>
Bad and doubtful debts:					
- trade debtors		-	<u>5,080</u>	-	<u>5,080</u>
Remuneration of the auditors for:					
- audit or review services		<u>30,039</u>	<u>32,569</u>	<u>25,918</u>	<u>22,139</u>
Rental expense on operating leases					
- minimum lease payments		<u>37,176</u>	<u>26,482</u>	<u>37,176</u>	<u>26,482</u>
Rental expense on operating leases		<u>37,176</u>	<u>26,482</u>	<u>37,176</u>	<u>26,482</u>
Net loss on disposal of non-current assets					
- Property, plant and equipment		31,088	38,050	31,088	28,006
Affiliation fees - Shop, Distributive & Allied Employees' Association (National Branch)					
		1,052,199	1,002,701	1,052,199	1,002,701
Affiliation fees - Australian Labor Party					
		204,650	195,054	204,650	195,054
Donations					
		60,191	21,697	60,191	16,697

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (Continued)					
(b) Employee benefits expenses					
Salaries & wages		3,415,696	3,309,039	3,415,696	3,309,039
Annual leave		253,112	271,278	253,112	271,278
Long service leave		82,604	69,128	82,604	69,128
Superannuation		576,223	628,236	576,223	628,236
Other employee cost		<u>466,220</u>	<u>436,957</u>	<u>466,220</u>	<u>436,957</u>
		<u>4,793,855</u>	<u>4,714,368</u>	<u>4,793,855</u>	<u>4,714,368</u>

Officers' remuneration is included in the above disclosure and includes salaries and wages of \$278,201 (2004: \$501,984), annual leave of \$5,980 (2004: \$1,088), long service leave of \$10,375 (2004: \$8,264) and superannuation of \$33,384 (2004: \$75,298).

For further information on Officers' remuneration, please refer to Note 13.

NOTE 4: CASH ASSETS

Cash on hand		900	900	850	850
Cash at bank		<u>2,976,321</u>	<u>2,686,272</u>	<u>2,754,634</u>	<u>2,540,130</u>
		<u>2,977,221</u>	<u>2,687,172</u>	<u>2,755,484</u>	<u>2,540,980</u>

NOTE 5: RECEIVABLES

CURRENT

Trade debtors		1,194,294	1,148,908	929,127	874,307
Less provision for doubtful debts		<u>(256,887)</u>	<u>(256,887)</u>	-	-
		<u>937,407</u>	<u>892,021</u>	<u>929,127</u>	<u>874,307</u>

Other debtors		<u>56,115</u>	<u>64,234</u>	<u>51,657</u>	<u>45,511</u>
		<u>993,522</u>	<u>956,255</u>	<u>980,784</u>	<u>919,818</u>

NON-CURRENT

Amounts receivable from:					
- controlled entity		<u>-</u>	<u>-</u>	<u>12,504,542</u>	<u>12,481,883</u>

NOTE 6: OTHER FINANCIAL ASSETS

CURRENT

Bank bills and floating rate notes		<u>2,343,392</u>	<u>2,485,327</u>	<u>-</u>	<u>-</u>
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NON-CURRENT

Shares in other related body corporates					
- at cost		<u>812,852</u>	<u>600,002</u>	<u>812,852</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>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Term deposits		<u>1,033,010</u>	<u>842,430</u>	<u>1,033,010</u>	<u>842,430</u>
		<u>5,845,862</u>	<u>5,442,432</u>	<u>6,818,362</u>	<u>6,414,932</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
NOTE 7: CONTROLLED ENTITIES					
Subsidiary:		FEDSDA Unit Trust			
Country of incorporation:		Australia			
Percentage owned:		100% (2004 100%)			
NOTE 8: OTHER ASSETS					
CURRENT					
Lease incentive asset		24,650	-	-	-
repayments		<u>863,354</u>	<u>766,036</u>	<u>842,489</u>	<u>748,137</u>
		<u>888,004</u>	<u>766,036</u>	<u>842,489</u>	<u>748,137</u>
NON-CURRENT					
Lease incentive asset		<u>49,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 9: 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>5,586,030</u>	<u>5,537,244</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation		<u>(576,814)</u>	<u>(377,362)</u>	<u>-</u>	<u>-</u>
		<u>5,009,216</u>	<u>5,159,882</u>	<u>-</u>	<u>-</u>
LEASEHOLD IMPROVEMENTS					
At cost		<u>1,051,615</u>	<u>815,330</u>	<u>1,051,615</u>	<u>815,330</u>
Less accumulated amortisation		<u>(42,786)</u>	<u>(21,805)</u>	<u>(42,786)</u>	<u>(21,805)</u>
Total leasehold improvements at cost		<u>1,008,829</u>	<u>793,525</u>	<u>1,008,829</u>	<u>793,525</u>
Total land and buildings		<u>11,389,846</u>	<u>11,325,208</u>	<u>1,008,829</u>	<u>793,525</u>
PLANT AND EQUIPMENT					
Motor vehicles					
At cost		<u>1,134,739</u>	<u>1,277,009</u>	<u>1,134,739</u>	<u>1,277,009</u>
Less accumulated depreciation		<u>(434,758)</u>	<u>(494,035)</u>	<u>(434,758)</u>	<u>(494,035)</u>
		<u>699,981</u>	<u>782,974</u>	<u>699,981</u>	<u>782,974</u>
Office equipment					
At cost		<u>771,353</u>	<u>644,382</u>	<u>771,353</u>	<u>644,382</u>
Less accumulated depreciation		<u>(300,444)</u>	<u>(185,719)</u>	<u>(300,444)</u>	<u>(185,719)</u>
		<u>470,909</u>	<u>458,663</u>	<u>470,909</u>	<u>458,663</u>
Total plant and equipment		<u>1,170,890</u>	<u>1,241,637</u>	<u>1,170,890</u>	<u>1,241,637</u>
Total property, plant and equipment		<u>12,560,736</u>	<u>12,566,845</u>	<u>2,179,719</u>	<u>2,035,162</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 9: 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	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2005				
Balance at the beginning of the year	5,371,801	-	5,159,882	-
Additions	-	-	48,786	-
Disposals	-	-	-	-
Depreciation expense	-	-	(199,452)	-
Carrying amount at the end of the year	<u>5,371,801</u>	<u>-</u>	<u>5,009,216</u>	<u>-</u>

	Leasehold improvements		Motor vehicles	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2005				
Balance at the beginning of the year	793,525	793,525	782,974	782,974
Additions	236,284	236,285	278,685	278,685
Disposals	-	-	(169,703)	(169,703)
Depreciation expense	(20,981)	(20,981)	(191,975)	(191,975)
Carrying amount at the end of the year	<u>1,008,829</u>	<u>1,008,829</u>	<u>699,981</u>	<u>699,981</u>

	Office equipment		Total	
	Economic Entity	Parent Entity	Economic Entity	Parent Entity
	\$	\$	\$	\$
2005				
Balance at the beginning of the year	458,663	458,663	12,566,845	2,035,162
Additions	126,971	126,971	690,727	641,941
Disposals	-	-	(169,703)	(169,703)
Depreciation expense	(114,725)	(114,725)	(527,133)	(327,681)
Carrying amount at the end of the year	<u>470,909</u>	<u>470,909</u>	<u>12,560,736</u>	<u>2,179,719</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
NOTE 10: PAYABLES					
CURRENT					
Unsecured liabilities					
Trade creditors		53,732	61,925	-	-
Sundry creditors and accruals		<u>570,326</u>	<u>225,136</u>	<u>570,326</u>	<u>201,971</u>
		<u>624,058</u>	<u>287,061</u>	<u>570,326</u>	<u>201,971</u>

NOTE 11: PROVISIONS

CURRENT					
Employee benefits	11(a)	<u>821,958</u>	<u>786,937</u>	<u>821,958</u>	<u>786,937</u>
NON-CURRENT					
Employee benefits	11(a)	<u>78,608</u>	<u>83,964</u>	<u>78,608</u>	<u>83,964</u>
(a) Aggregate employee benefit liability		<u>900,566</u>	<u>870,901</u>	<u>900,566</u>	<u>870,901</u>
(b) Number of employees at year end		<u>77</u>	<u>77</u>	<u>77</u>	<u>77</u>

Annual leave in the current year totals \$337,188 (2004: \$342,906) and all liabilities are current. The remainder of employee benefits relate to long service leave.

Officers' annual leave owing as at 30 June 2005 was \$63,392 (2004: \$57,412). Officers' long service leave owing as at 30 June 2005 was \$152,866 (2004: \$142,491).

NOTE 12: MEMBERS FUNDS

Retained profits at the beginning of the financial year	23,733,510	21,838,471	24,068,040	18,945,200
Net profit (loss) attributable to members of the entity	<u>400,453</u>	<u>1,895,039</u>	<u>542,448</u>	<u>5,122,840</u>
Retained profits at the end of the financial year	<u>24,133,963</u>	<u>23,733,510</u>	<u>24,610,488</u>	<u>24,068,040</u>

NOTE 13: REMUNERATION AND RETIREMENT BENEFITS

(a) Officers' remuneration

Income paid or payable to all officers of the Association by the Association and any related parties	378,288	351,700	378,288	351,700
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Number of officers whose income from the Association or any related parties was within the following bands:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

Note	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

NOTE 13: REMUNERATION AND RETIREMENT BENEFITS (Continued)

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

Michael Donovan
Gary Ward
Elizabeth Shaw
Thelma Sheean
Lorraine Vallaro

NOTE 14: 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>2,976,321</u>	<u>2,686,272</u>	<u>2,754,634</u>	<u>2,540,130</u>
	<u>2,977,221</u>	<u>2,687,172</u>	<u>2,755,484</u>	<u>2,540,980</u>

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	400,453	1,895,039	542,448	5,122,840
Non-cash flows in profit from ordinary activities				
Depreciation	527,133	597,509	327,681	323,787
Lease incentives	(74,500)	-	-	-
Net (gain) / loss on disposal of property, plant and equipment	31,088	38,050	31,088	28,006
Distributions not received in cash	-	-	-	(2,893,271)
Changes in assets and liabilities				
Increase/decrease in receivables	(37,267)	(910,013)	(60,966)	(898,401)
Increase/decrease in other assets	(97,318)	(753,217)	(94,352)	(748,137)
Increase/(decrease) in payables	336,997	312,512	368,355	85,200
Increase/(decrease) in other liabilities	(12,595)	-	-	-
Increase/(decrease) in provisions	29,665	7,274	29,665	7,274
Cash flows from operations	<u>1,103,656</u>	<u>1,187,154</u>	<u>1,143,919</u>	<u>1,027,298</u>

NOTE 15: FUNDAMENTAL ERRORS IN PRIOR YEARS

The Shop, Distributive & Allied Employees' Association (Victorian Branch) prepares its financial report on an accruals basis. Two balances in the Statement of Financial Position in the year ended 30 June 2003 were recognised on a cash basis and not an accrual basis. The Workplace Relations Act 1996 permits an organisation to keep its financial records on a cash basis or an 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 were 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. A correction of \$1,450,161 was recognised in the Statement of Financial Performance during the year ended 30 June 2004.

Fundamental Error:

Increase in revenue due to the correction of accounting for membership debtors	-	825,568	-	825,568
Decrease in expenses due to the correction of accounting for prepaid insurance and affiliation fees	-	624,593	-	624,593
Correction of fundamental error	<u>-</u>	<u>1,450,161</u>	<u>-</u>	<u>1,450,161</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 16: 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 Effective		Fixed Interest Rate Maturing				Floating Interest Rate	
	Interest Rate		Within 1 Year		1 to 5 Years			
	2005	2004	2005	2004	2005	2004	2005	2004
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash	4.00	2.60	-	-	-	-	2,976,321	2,686,272
Investments	6.50	4.85	2,343,392	2,485,327	1,033,010	842,430	4,000,000	4,000,000
Total Financial Assets			<u>2,343,392</u>	<u>2,485,327</u>	<u>1,033,010</u>	<u>842,430</u>	<u>6,976,321</u>	<u>6,686,272</u>
			Non Interest Bearing		Total			
			2005	2004	2005	2004		
			\$	\$	\$	\$		
Financial Assets:								
Cash			900	900	2,977,221	2,687,172		
Receivables			993,522	956,255	993,522	956,255		
Investments			<u>812,852</u>	<u>600,002</u>	<u>8,189,254</u>	<u>7,927,759</u>		
Total Financial Assets			<u>1,807,274</u>	<u>1,557,157</u>	<u>12,159,997</u>	<u>11,571,186</u>		
Financial Liabilities:								
Trade and sundry creditors			<u>624,058</u>	<u>287,061</u>	<u>624,058</u>	<u>287,061</u>		
Total Financial Liabilities			<u>624,058</u>	<u>287,061</u>	<u>624,058</u>	<u>287,061</u>		

(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.

NOTE 17: 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 18: 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.

NOTE 19: ASSOCIATION DETAILS

The principal place of business of the association is:

Shop, Distributive & Allied Employees' Association (Victorian Branch)
Level 3, 65 Southbank Boulevard
SOUTHBANK VIC 3006

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

COMMITTEE OF MANAGEMENT STATEMENT

On 24 AUG 05 the Committee of Management of Shop, Distributive & Allied Employees' Association passed the following resolution in relation to the general purpose financial report of the Association for the financial year ended 30 June 2005:

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 Association 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 rules of the Association
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the Association
 - (iii) the financial records of the Association have been kept and maintained in accordance with Schedule 1B of the Workplace Relations Act 1996 – Registration and Accountability of Organisations Schedule ("RAO Schedule) and the RAO Regulations
 - (iv) the financial records of the Association have been kept, as far as practicable, in a consistent manner to each of the other branches of the Association
 - (v) no information has been sought in any request of a member of the Association or a Registrar duly made under Section 272 of the RAO Schedule during the period; and
 - (vi) no orders for inspection of financial records have been made by the Commission under Section 273 of the RAO Schedule.

Signed on behalf of the Committee of Management by:


Michael Donovan

Dated this 24 day of AUGUST 20 05

HORWATH Melbourne*Chartered Accountants*

A member of Horwath International

525 Collins Street Melbourne 3000

PO Box 4736

Victoria 3001 Australia

**Independent audit report to members of the Shop, Distributive & Allied Employees' Association
(Victorian Branch)****Scope***The financial report and officers' 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 Committee of Management Statement for the Shop, Distributive and Allied Employees' Association (Victorian Branch) ("SDA"), for the year ended 30 June 2005.

The members of the Committee of Management of SDA are responsible for the preparation and true and fair presentation of the financial report in accordance with Schedule 1B of the Workplace Relations Act 1996 and the RAO Regulations. 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 Association'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 Committee of Management.

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 & Allied Employees' Association (Victorian Branch) is in accordance with:

- (a) Schedule 1B of the Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of the SDA's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory financial reporting requirements in Australia.

Dated the *2nd* day of *August* 2005.

Horwath Melbourne

HORWATH MELBOURNE
Chartered Accountants

Nicholas E. Burne

NICHOLAS E. BURNE
Partner