FAIR WORK AUSTRALIA

4 December 2009

Mr Michael Donovan
State Secretary-Treasurer
Shop, Distributive & Allied Employees Association, Victorian Branch
By email: secretary@sdavic.org

Cc: Ms Sandra Lawson
Director
BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd
By email: aa.melbourne@bdo.com.au

Dear Mr Donovan,

Re: Financial Report for year ended 30 June 2009 – FR2009/10059 - Shop, Distributive & Allied Employees Association, Victorian Branch

I acknowledge receipt of the financial report of the Victorian Branch of the Shop, Distributive and Allied Employees Association for the year ended 30 June 2009. The documents were lodged with Fair Work Australia on 25 November 2009.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

1. Auditor's Qualifications

Regulation 4 of the *Fair Work (Registered Organisations)Regulations 2009* defines an approved auditor as a person who is a member of CPA Australia, the Institute of Chartered Accountants in Australia or the National Institute of Accountants, and holds a current Public Practice Certificate. In all likelihood the auditor is such a person however it is our preference that this is made explicit in future auditor's reports.

2. Disclosures in Income Statement

Expenses incurred as consideration for employers making payroll deductions

Reporting Guideline 11(a) requires separate disclosure of "expenses incurred as consideration for employers making payroll deductions of membership subscriptions". Note 1(j) to the Report states that "membership revenue…is net of expenses incurred as consideration for employers making payroll deductions of membership subscriptions". Please ensure in future years that these expenses are separately disclosed in the income statement or notes to the income statement.

Conference and meeting fees and allowances

Reporting Guideline 11(i) requires separate disclosure of "fees or allowances… to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings". If any such fees or allowances were paid they must be clearly disclosed in the income statement or notes.

Finance costs

AASB 101(81)(b) requires that “as a minimum, the face of the income statement shall include line items that present” the finance costs for the period. Please ensure in future reports that finance costs are disclosed in the income statement.

3. Disclosures in Statement of Cash Flows

Reporting Guideline 15 states that “where another reporting unit of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the name of the other reporting unit concerned”.

Fees paid to the SDAEA National Office are disclosed in the notes to the Income Statements but not the Statements of Cash Flows. In future years please ensure that cash flow between reporting units are disclosed either in the cash flow statement or the notes to the cash flow statement.

Please call on 03 8661 7882 if you have any queries or wish to discuss the matter further. I have provided your auditor with a copy of this letter.

Yours sincerely,

Rebecca Lee
Tribunal Services and Organisations
Fair Work Australia
Tel: 03 8661 7882
Email: rebecca.lee@fwa.gov.au

SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION
VICTORIAN BRANCH

<u>Designated Officer's Certificate</u>

s268 Fair Work (Registered Organisations) Act 2009

I, Michael John Donovan, being the State Secretary-Treasurer of the Shop, Distributive & Allied Employees' Association, Victorian Branch certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members via our union journal, The Shop Assistant, Spring edition, during the week of 21st September 2009; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 19th November 2009; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: Michael John Donovan
Michael John Donovan

Date: 21 November 2009

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Financial Report
For the Year Ended 30 June 2009

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Financial Report

For the Year Ended 30 June 2009

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The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Financial Report

For the Year Ended 30 June 2009

Membership of the Victorian Branch of the Association as at 30 June 2009 was 49,175.

At the end of the financial year there were 67.9 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	-	Patricia Connelly
Branch President	-	Elizabeth Shaw
Branch Vice President	-	Thelma Sheean
Branch Vice President	-	Lorraine Vallaro
Committee of Management	-	John Whateley
	-	Jennifer Siwek
	-	Valerie Bolitho
	-	Antony Burke
	-	Denis Parker
	-	Suzanne Hollingsworth
	-	Sue Nance
	-	Ewan (Jock) Hastie
	-	Bernadette Kerford
	-	Simon Preest
	-	Ada Scibilia
	-	Tammy Trimble

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 David Jones, KFC, Dan Murphy's, Officeworks, Kmart, Target, Woolworths Petrol and Spotlight.

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, National Secretary, and Ian Blandthorn, Assistant National Secretary, 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).

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

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Michael Donovan, State Secretary
On behalf of State Council, SDA Victorian Branch
Dated this 18th day of August 2009

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Committee of Management Statement

On 18 August 2009 the Committee of Management of the 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 2009:

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 Branch 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 1 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) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
- (vi) no orders for inspection of financial records have been made by the Commission under Section 273 of the RAO Schedule.

(f) the Branch has not derived revenues for the financial year in respect of recovery of wages activity.

Signed on behalf of the Committee of Management by:

Michael Donovan

Michael Donovan
Branch Secretary-Treasurer

Dated this 18th day of August 2009

Melbourne, Victoria

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Income Statements

For the year ended 30 June 2009

		Consolidated Entity		Parent Entity	
		2009	**2008**	**2009**	**2008**
	Notes	**$**	**$**	**$**	**$**
Revenue	4	**11,680,032**	11,551,846	**11,200,433**	11,072,301
Share of net profit of associates accounted for using the equity method		**212,230**	-	-	-
Employee costs	5	**(5,917,130)**	(5,735,656)	**(5,917,130)**	(5,735,656)
Depreciation, amortisation and impairments	5	**(620,340)**	(533,004)	**(439,408)**	(334,897)
Advertising expenses		**(126,633)**	(253,265)	**(126,633)**	(253,265)
Affiliation expenses	5	**(1,380,864)**	(1,357,242)	**(1,380,864)**	(1,357,242)
Change in fair value of embedded derivative	3, 17	**(243,200)**	(745,400)	**(243,200)**	(745,400)
Delegate expenses		**(166,341)**	(166,854)	**(166,341)**	(166,854)
Legal expenses		**(36,996)**	(7,421)	**(36,996)**	(7,421)
Loss on disposal of asset		**(123,993)**	(33,046)	**(65,513)**	(33,046)
Member service expenses		**(772,503)**	(862,133)	**(772,503)**	(862,133)
Office administration expenses		**(1,191,613)**	(1,295,411)	**(1,168,456)**	(1,250,332)
Property expenses		**(326,985)**	(349,801)	-	-
Travel expenses		**(242,244)**	(136,140)	**(242,244)**	(136,140)
Other expenses		**(1,113,582)**	(963,447)	**(1,113,584)**	(963,447)
Deficiency attributable to members		**(370,162)**	(886,974)	**(472,439)**	(773,532)

Statements of Recognised Income and Expense

For the Year Ended 30 June 2009

		Consolidated Entity		Parent Entity	
		2009	**2008**	**2009**	**2008**
	Notes	**$**	**$**	**$**	**$**
Equity as at the beginning of period as previously stated		**26,136,617**	26,609,191	**27,187,013**	27,546,145
Correction of error	3	**(745,400)**	-	**(745,400)**	-
Restated balance at beginning of period	3	**25,391,217**	26,609,191	**26,441,613**	27,546,145
Deficiency attributable to members as previously stated		-	(141,574)	-	(28,132)
Correction of error	3	-	(745,400)	-	(745,400)
Deficiency attributable to members		**(370,162)**	(886,974)	**(472,439)**	(773,532)
Actuarial losses on retirement benefit asset recognised directly in equity	14(e)	**(1,446,780)**	(331,000)	**(1,446,780)**	(331,000)
Total recognised income and expense for the period		**(1,816,942)**	(1,217,974)	**(1,919,219)**	(1,104,532)
Equity as at 30 June		**23,574,275**	25,391,217	**24,522,394**	26,441,613

The accompanying notes form part of the financial statements

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Balance Sheets

As at 30 June 2009

		Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
	Notes	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	**1,397,261**	1,397,878	**1,207,571**	1,274,332
Trade and other receivables	7	**1,794,430**	1,957,312	**13,691,956**	13,908,558
Financial assets	9	**3,247,028**	3,452,650	**2,019,201**	2,223,086
Other current assets	11	**6,674**	12,616	**-**	-
Total current assets		**6,445,393**	6,820,456	**16,918,728**	17,405,976
Non-current assets					
Investments accounted for using the equity method	8	**440,379**	228,149	**-**	-
Financial assets	9	**7,094,638**	6,853,215	**7,577,474**	7,336,051
Property, plant and equipment	12	**11,569,330**	11,896,890	**1,949,489**	2,063,905
Intangible assets	13	**449,126**	257,250	**449,126**	257,250
Retirement benefit asset	14	**451,852**	1,908,597	**451,852**	1,908,597
Other non-current assets	11	**6,839**	2,115	**-**	-
Total non-current assets		**20,012,164**	21,146,216	**10,427,941**	11,565,803
TOTAL ASSETS		**26,457,557**	27,966,672	**27,346,669**	28,971,779
LIABILITIES					
Current liabilities					
Trade and other payables	15	**596,109**	670,813	**537,102**	625,524
Provisions	16	**1,219,062**	1,072,391	**1,219,062**	1,072,391
Total current liabilities		**1,815,171**	1,743,204	**1,756,164**	1,697,915
Non-current liabilities					
Provisions	16	**79,511**	86,851	**79,511**	86,851
Derivative financial instruments	17	**988,600**	745,400	**988,600**	745,400
Total non-current liabilities		**1,068,111**	832,251	**1,068,111**	832,251
TOTAL LIABILITIES		**2,883,282**	2,575,455	**2,824,275**	2,530,166
NET ASSETS		**23,574,275**	25,391,217	**24,522,394**	26,441,613
EQUITY					
Members funds		**23,574,275**	25,391,217	**24,522,394**	26,441,613
TOTAL EQUITY		**23,574,275**	25,391,217	**24,522,394**	26,441,613

The accompanying notes form part of the financial statements

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Statements of Cash Flows

For the Year Ended 30 June 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash from operating activities:					
Cash receipts from members		**12,078,662**	13,360,547	**13,042,439**	11,910,063
Cash payments to employees and suppliers		**(12,084,911)**	(12,955,793)	**(13,013,840)**	(11,464,355)
Interest received		**650,080**	778,930	**524,557**	612,714
Net cash provided by operating activities	22	**643,831**	1,183,684	**553,156**	1,058,422
Cash flows from investing activities:					
Proceeds from sale of plant and equipment		**153,614**	42,344	**153,614**	42,346
Proceeds from investments		**205,624**	2,389,568	**203,887**	2,000,000
Acquisition of property, plant and equipment		**(460,489)**	(329,683)	**(434,221)**	(327,423)
Acquisition of intangible assets		**(301,774)**	(257,250)	**(301,774)**	(257,250)
Acquisition of investments		**(241,423)**	(4,172,125)	**(241,423)**	(4,172,124)
Net cash used in investing activities		**(644,448)**	(2,327,146)	**(619,917)**	(2,714,451)
Cash flows from financing activities:					
Proceeds from related party borrowings		-	-	-	504,542
Net cash used in financing activities		-	-	-	504,542
Net decrease in cash held		**(617)**	(1,143,462)	**(66,761)**	(1,151,487)
Cash at beginning of financial year		**1,397,878**	2,541,340	**1,274,332**	2,425,819
Cash at end of financial year	6	**1,397,261**	1,397,878	**1,207,571**	1,274,332

The accompanying notes form part of the financial statements

1 Statement of significant accounting policies

(a) General information

This general purpose financial report covers the consolidated entity of The Shop, Distributive and Allied Employees' Association (Victorian Branch) and controlled entity and the Shop, Distributive & Allied Employees' Association (Victorian Branch) as an individual entity.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report.

(b) Basis of preparation

The financial statements have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Workplace Relations Act 1996.*

Early adoption of accounting standards
The Association has elected to early adopt the accounting standard AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 to the annual financial period commencing 1 July 2006. These standards are applicable for annual reporting periods commencing on or after 1 January 2009. The impact of early adoption of AASB 8 has been to remove the disclosures previously presented under AASB 114: Segment Reporting as the standard only applies to listed and similar entities. AASB 2007-3 makes minor consequential amendments to other accounting standards arising from the adoption of AASB 8 that have no effect on the Association.

Critical accounting estimates and significant judgements
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The following areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed:

Judgements

- Classification of held to maturity investments – Note 9

The Consolidated Entity follows the AASB 139 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Consolidated Entity evaluates its intention and ability to hold such investments to maturity.

If the Consolidated Entity fails to keep these investments to maturity, other than for specific circumstances explained in AASB 139, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

Estimates

- Defined Benefit obligation – Note 14

The present value of defined benefit obligations depends upon a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of define benefit obligations.

The Consolidated Entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Consolidated Entity considers the interest rates of high quality corporate bonds that are denominated in Australian dollars, and that have terms to maturity approximating the terms of the related defined benefit obligation. Market yields on government bonds are used in countries where there is no deep market for corporate bonds.

Other key assumptions for defined benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 14.

1 Statement of significant accounting policies (continued)

Critical accounting estimates and significant judgements (continued)

Estimates (continued)

- Valuation of embedded derivative – Note 17

The Collateralised Debt Obligation ("CDO") is a $2,000,000 investment in Australia Plus+ Sector Cap Portfolio Notes ("ASC"). The ASC investment is secured by floating rates notes issued by HBOS and includes financial obligations in respect of a reference portfolio of 98 US, UK, European and Australian corporations. These obligations are recognised in these financial statements as an embedded derivative liability. At present, the Consolidated Entity has not lost any of its invested monies in the CDO and is still receiving the quarterly coupons set at the 3 Month BBSW + 1.00%. The embedded derivative liability of $988,600 is the best estimate at 30 June 2009 ($765,400 at 30 June 2008) of the risk tied to the host contract for the remaining life of the CDO to 20 December 2010, its maturity date, and does not include any actual losses.

The CDO is a synthetic CDO and contains the embedded derivative that is not closely related to the host contract. The CDO represents a securitised interest in high-grade collateral and cash flow premiums from a portfolio of credit default swaps (credit derivatives, basically credit insurance).

The CDO investment is classified as a held to maturity investment and recognized at amortised cost (refer to note 9). As per AASB 139, the Consolidated Entity is required to separate the embedded derivate and recognise this at fair value (refer to note 1(v) and note 17).

Accounting advice received from BDO Kendalls Financial Reporting and Accounting Consulting Division clarified the appropriate treatment of the CDO under AASB139: Financial Instruments: Recognition & Measurement.

The CDO was purchased in November 2005 through its Distributor, the Commonwealth Bank of Australia, and the issue was co-ordinated by J.P.Morgan Australia Limited. At that time, Standard & Poor's rated the investment as AA; at 30 June 2009 they rated the investment as B+ (2008: A).

The Consolidated Entity has determined an estimated value of the embedded derivative including consideration of:
- The fair value of the instrument as obtained from the issuer of the instrument, the Commonwealth Bank of Australia, who sourced the valuation from the original arranger of the transaction, JP Morgan.
- Independent comment sought from Structured Credit Research & Advisory Pty Ltd ('SCRAPL'), an independent investment research & advisory firm, to corroborate CBA's assessment.

The Commonwealth Bank when providing their indicative capital valuations of the CDO, representing the host investment contract and the embedded derivative combined, from the Co-Ordinator, J.P.Morgan highlighted the methodology and exact assumptions used in the indicative capital valuations are proprietary information of J.P.Morgan, but provided the following information on 4 August 2009 in respect of the valuation of the CDO:

Mathematical model based valuations, using recognised financial principals, have taken the place of valuations based upon market traded prices. Key inputs to these mathematical model based valuation equation include:

1. Credit spreads on the underlying names in the portfolio:
- *These reflect expected default probabilities for each reference entity and, in turn, expected loss probabilities within the reference portfolio*
- *observable from the CDS market, or based upon best reasonable estimates.*

2. Default correlation between the underlying reference entities:
- *reflect the risk that the underlying names in the portfolio will default together can be implied from pricing of standardised index tranches, similar transactions, or based upon best reasonable expectation*

3. Recovery rates on the underlying reference entities:
- *fixed at 40% in the case of Australia Plus*

4. The number of underlying names in the portfolio, plus their relative sizes:
- *there are presently 98 names in the reference portfolio, 96 equally weighted at 1% and 2 equally weighted at 0.5%.*

5. Time to maturity
- *on 20 December 2010*

1 Statement of significant accounting policies (continued)

Critical accounting estimates and significant judgements (continued)

Estimates (continued)

- Valuation of embedded derivative – Note 17 (continued)

6. Attachment and detachment points:

- erosion of subordination stemming from defaults makes CDOs more sensitive to widening credit spreads, falling default correlation and shortening of the time to maturity.

The task of valuing Australia Plus is made more complex by virtue of the sector cap feature. The sector cap limits the number of defaults for non-Australian names across 9 pre-defined sectors to 2.

The structured credit market is illiquid and as such, the valuation determined by the Consolidated Entity does not correlate to any bid price for the security. The valuations obtained have been volatile, often changing significantly from one month to the next. The valuations are very dependent on the probability of loss of the principal invested, and these arise in respect of the financial obligations towards the reference portfolio.

The investment offers protection to investors of up to 6 defaults by the reference portfolio organisations, with recognition of defaults being limited to 2 per sector of Non-Australian organisations. Capital losses in the principal invested in the CDO will be incurred if recognised defaults exceed 6 by maturity date. During the last financial year ending 30 June 2009, 3 defaults have occurred, and the CDO will mature 16 months from the date of this financial report.

As previously indicated independent comment has been obtained on the probability of loss of the principal invested from Structured Credit Research & Advisory Pty Ltd ('SCRAPL'), an independent investment research & advisory firm, based in Sydney. They reported on 31 July 2009 that current market valuations, using mathematical models similar to that of Commonwealth Bank mentioned above, indicate that the CDO is a distressed security based on the implied likelihood of loss. They summarised the main factors influencing the decline in the valuation as general market movements (9%), weakened collateral securities (4%), and fundamental deterioration in the reference portfolio (40%), to balance date. Their report was consistent with the indicative capital valuation of the Commonwealth Bank. They reviewed each of the 19 reference portfolio organisations identified by them as being higher risk, and concluded that there was a High risk of some form of principal loss (between 25 to 50% probability of some principal loss) before maturity.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs except for certain financial assets and financial liabilities that are measured at fair value.

The accounting policies set out below have been consistently applied to all years presented, except as noted above.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Association's functional and presentational currency.

(c) Principles of consolidation

(i) Subsidiaries

A controlled entity is any entity controlled by the Shop, Distributive & Allied Employees' Association (Victorian Branch). Control exists where the Shop, Distributive & Allied Employees' Association (Victorian Branch) 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 (Victorian Branch) to achieve the objectives of the Shop, Distributive & Allied Employees' Association (Victorian Branch). Details of the controlled entity are contained in Note 10. Subsidiaries are fully consolidated from the date on which control is transferred to the Association. They are de-consolidated from the date that control ceases. All inter-entity balances and transactions between entities in the Association, including any unrealised profits or losses, have been eliminated on consolidation.

Investments in subsidiaries are carried at cost under AASB 127 'Consolidated and Separate Financial Statements', less any impairment in the investment value.

1 Statement of significant accounting policies (continued)

(c) Principles of consolidation

(ii) Associates – note 8

An associate is an entity over which the Association has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The investment in associate includes goodwill which originated from the acquisition of a subsidiary by the associate.

The Association's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions/dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Association's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Association does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Association and its associates are eliminated to the extent of the Association's interest in the associates.

(d) 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.*

(e) Property, plant and equipment

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

(i) 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 depreciated replacement cost. The most recent independent valuation at 16 July 2009 assessing the current market price between a willing buyer and seller assessed the value of land and buildings at $7,800,000.

(ii) 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 committee members for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

The cost of fixed assets constructed includes the cost of materials, direct labour 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 future economic benefits associated with the item will flow to the Association 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 are incurred.

(i) Depreciation

The depreciable amount of all fixed assets including buildings, but excluding land, is depreciated on a straight-line or diminishing value basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

1 Statement of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(ii) Depreciation

Property, plant and equipment are measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management, and an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

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

Class of Fixed Asset	*Depreciation Rate*	*Basis*
Buildings	2% - 20%	Straight line
Leasehold improvements	2.5%	Straight line
Motor vehicles	22.5%	Straight line/Diminshing value
Office equipment	0% - 33.3%	Straight line/Diminshing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(f) Intangibles

Costs incurred in developing computer software that will contribute to future period benefits through efficiencies are capitalised to software. Costs capitalised include external direct costs of material and service costs of IT consultants spent on the project. Amortisation is calculated on a straight-line basis over a period of 3 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Consolidated Entity has an intention and ability to use the asset.

(g) Impairment

At each reporting date, the Association reviews the carrying values of its 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 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.

Value in use is determined by the Association to be the depreciated replacement cost.

(h) Financial instruments

Recognition and derecognition

Regular purchases and sales of financial assets and liabilities are recognised on trade date – the date on which the Consolidated Entity commits to the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) Trade and other receivables

All receivables are categorised as 'Loans and Receivables' under the requirements of AASB 139 "Financial Instruments: Recognition and Measurement" and are recognised initially at fair value, and subsequently at amortised cost. All trade and other receivables are current and non-interest bearing. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

An allowance for doubtful debts is based on a review of outstanding balances at balance sheet date, and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 90 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all other cases, bad debts have been written off as an expense directly in the income statement.

1 Statement of significant accounting policies (continued)

(h) Financial instruments (continued)

(iii) Other financial assets

Investments in bank bills, collateralised debt obligation ("CDO") and, floating rate notes are designated as held to maturity. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the Consolidated Entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Impairment of other financial assets
At each reporting date, the consolidated entity assesses whether there is objective evidence that any of the investments are impaired.

(iv) Trade and other payables

Trade and other payables, including accruals, are recorded initially at fair value, and subsequently at amortised cost. Trade and other payables are non-interest bearing.

(v) Embedded derivative

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement (refer to note 17).

(i) Employee benefits

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

Most employees belong to the Association's superannuation scheme (the "Plan"), which is of the defined benefit type. The defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The Plan is open to new members.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains less the fair value of the super fund's assets at that date and any unrecognised service costs. The present value of the obligation is based on expected future payments which arise from membership of the fund to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as close as possible, the estimated future cashflows. Future taxes, such as taxes on investment income and employer contributions are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset. Actuarial gains and losses are recognised in the Statement of Recognised Income and Expenses in the year in which they occur.

Contributions to other defined contribution superannuation schemes are recognised as an expense in the period that it is payable.

(j) Revenue recognition

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

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. (Commissions vary with from 0-10% (2008: 0-10%)).

Interest revenue is recognised on an effective interest rate method in relation to the outstanding financial asset.

1 Statement of significant accounting policies (continued)

(j) Revenue recognition (continued)

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives provided to tenants under lease agreements are recognised as lease incentive assets and amortised over the life of the tenant lease.

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

(k) Information to be provided to members or registrar – Section 272(5)

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:

272 Information to be provided to members or Registrar

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. 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: This subsection is a civil penalty provision (see section 305).

(l) Fair values

Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price and the quoted market price. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(m) Accounting standards and interpretations issued, not yet effective, and not early adopted

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting years ended on 30 June 2009. They are expected to impact the Association in the period of initial application. All of the following are available for early adoption, but have not been applied in preparing this financial report:

AASB 101: Presentation of Financial Statements (reissued September 2007)

The reissued AASB 101 makes amendments to the presentation and naming of the financial statements. The reissued standard is applicable for annual reporting periods commencing on or after 1 January 2009. Application is not expected to affect amounts disclosed in the financial statements, however there will be various changes to the presentation of financial statements and the names of the individual statements.

AASB 127 (reissued March 2008): Consolidated and Separate Financial Statements

The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale. This standard is effective for periods commencing on or after 1 July 2009. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

1 Statement of significant accounting policies (continued)

(m) Accounting standards and interpretations issued, not yet effective, and not early adopted (continued)

AASB 2008-5 (issued July 2008): Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Previously, all investments in subsidiaries, associates or jointly controlled entities in the separate financial statements of the investor, that were classified as held for sale were to be measured under AASB 5, i.e. at the lower of carrying amount and fair value less costs to sell. The change now only permits such investments measured using the "cost" method under AASB 127 to be measured under AASB 5. Investments measured using the "fair value" method continue to be measured under AASB 139, even if they become classified as held for sale. This amendment will have no impact when this amendment is first adopted because the entity uses the cost method under AASB 127 to account for its investments in subsidiaries, associates and jointly controlled entities which will continue to be measured under AASB 5.

AASB 2008-3 (issued March 2008) Amendments to Australian Accounting Standards arising from the Annual Improvements Project

This amendment makes consequential changes to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, in future, if the Association loses significant influence over associates which are equity accounted, at that date such investments are recognised at fair value rather than at the carrying value of the equity accounted investment. Where the fair value of such investments exceeds the equity accounted carrying amounts, this could result in a significant increase in earnings in the period when significant influence is lost.

There will also be a number of additional/amended disclosures. The application date is for periods commencing on or after 1 July 2009.

AASB 2008-7 (issued July 2008) Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

This amendment removed the definition of the "cost method" in AASB 127, meaning that pre and post-acquisition dividends no longer need to be differentiated and all dividends are to be recognised as revenue. However, whenever a dividend is received from a subsidiary, associate or jointly controlled entity, an impairment test will be required under AASB 136 where there is an indicator for impairment, i.e. where:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the net assets (including goodwill) of the investee in the consolidated financial statements,
- the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period that the dividend is declared.

There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 July 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities. This is because such amounts would previously have been written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.

AASB 128 Investments in Associates

Impairment losses recognised on equity accounted investments that include goodwill are not allocated to specific assets making up the investment. Accordingly, any reversals of impairment losses are recognised in the profit and loss, rather than being prohibited (as is the case for goodwill) or being credited to equity (as is the case for available-for-sale investments). There will be no impact as these requirements are only required to be applied prospectively to impairment reversals occurring in periods commencing on or after 1 July 2009.

None of the other standards, amendments to standards or interpretations issued but not yet effective are expected to impact the Association.

2 Financial risk management

The parent's and consolidated entity's activities expose it to the primary financial risks of liquidity, credit risk and changes in interest rates. The parent and consolidated entity's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on the financial performance of the parent and consolidated entity. The committee is responsible for monitoring and managing the financial risks of the parent and the consolidated entity. They monitor these risks through bi-monthly committee meetings where management accounts are presented and analysed in terms of the consolidated entity's documented risk management policies. Any changes identified are communicated to the branch accountant who implements the changes.

Neither the parent entity nor the consolidated entity uses any derivative financial instruments to manage financial risk.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due.

The consolidated entity has both short term and long term facilities which enable sufficient cash to be available to settle obligations as they fall due. The branch accountant monitors the parent entity's cash position. A cash management account, returning bank bill interest, is used to manage cash on a daily basis. Action is dictated by the results of monitoring the cash position on line. Surplus funds are transferred from the operating account to the cash management account and any anticipated shortfall is prepared for by transferring sufficient funds to the operating account.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The parent and consolidated entity have exposure to credit risk through its receivables, investments in floating rate interest securities, and deposits with banks. Credit risk for the consolidated entity is $1,139,243 (2008: $1,186,669) arising from total receivables (see note 7), $10,341,666 (2008: $10,305,865) arising from bank bills, CDO's and floating rate notes (see note 9), and $1,396,361 (2008: $1,396,978) arising from cash and deposits with banks (see note 6). The parent has exposure to credit risk through its receivables of $13,057,371 (2008: $13,151,151) (see note 7), $8,107,494 (2008: $8,069,956) arising from bank bills, CDO's and floating rate notes (see note 9) and cash and deposits with banks of $1,206,721 (2008: $1,273,482) (see note 6).

The unique characteristic of receipt of income by the parent entity dictates credit risk management on two levels. Employers collect the majority of membership fees on behalf of union members and forward the collective amount to the union on regular basis, generally monthly. Timing of receipt of fees is regularly monitored and followed up if not received when expected. The status of individual union members is also regularly monitored on the internal database to ensure continuity of membership. Under this system, trust and co-operation between the parent entity and employer is crucial.

All investments are managed through one financial institution, with all investment decisions based on a minimum independent rating of "AA" at the time of investment.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value. Embedded derivatives may be designated into hedge relationships and are accounted for in accordance with the Group's accounting policy set out in note 1(g). Credit risk factors in relation to the CDO are discussed in Note 1(b) and 9(e).

Interest rate risk

The Association's interest rate risk arises from bank bills, CDO's, floating rate notes and cash at bank and deposits.

All financial liabilities and financial assets at floating rates expose the Association to cash flow interest rate risk.

The Association does not hedge any of its interest rate risk and is therefore subject to short term fluctuations in interest rates. Details of cash at bank and on deposit can be found in note 6, and bank bills, CDO's and floating rate notes can be found in note 9.

Foreign currency risk

All transactions are denominated in Australian Dollars. The Association is not subject to any foreign currency risk.

Other market price risks

No transactions give rise to any other market risk.

3 Correction of error

The Consolidated Entity purchased an investment in 'Australia Plus Sector Cap' Portfolio Notes, issued by Corsair (Jersey) No 2 Limited -Series 68 on 21 November 2005. This investment, or Collaterised Debt Obligation ("CDO") contains an embedded derivative that as per AASB 139: Financial Instruments: Recognition & Measurement is required to be separated and brought to account at fair value in the financial report of the Consolidated Entity.

This investment was historically and remains classified as a held to maturity investment at amortised cost of $2,000,000. The fair value of the embedded derivative was not brought to account for the year ended 30 June 2008 or 30 June 2007.

As such, valuations were obtained from the distributor the Commonwealth Bank of Australia, who obtained this valuation from the Co-ordinator, JP Morgan Australia Limited, and these have been brought to account in the form of a derivative liability as at 30 June 2008 of $745,400. The fair value determination of the derivative liability at 30 June 2007 was not material to the financial report.

This error had the effect of understating non-current and total liabilities by $745,400, understating the change in fair value of the embedded derivative and deficiency attributable to members by $745,400 and overstating the consolidated members funds and equity by $745,400. The error has been corrected by restating each of the affected financial statement line items for the prior year as stated above.

4 Revenue

		Consolidated Entity		Parent Entity	
		2009	**2008**	**2009**	**2008**
	Note	**$**	**$**	**$**	**$**
Revenue					
- membership subscriptions		**10,479,881**	10,313,387	**10,479,881**	10,313,387
- rental revenue for property		**354,076**	313,329	**-**	-
- interest received	(a)	**650,080**	778,930	**524,557**	612,714
- other revenue		**195,995**	146,200	**195,995**	146,200
		11,680,032	11,551,846	**11,200,433**	11,072,301

(a) Interest received

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Interest on cash balances and deposits	**93,937**	170,257	**74,849**	143,695
Interest on financial assets	**556,143**	608,673	**449,708**	469,019
Total interest received	**650,080**	778,930	**524,557**	612,714

5 Expenses

(a) Deficiency

Deficiency includes the following specific expenses:

		Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
	Note	$	$	$	$
Depreciation:					
Buildings		**180,932**	198,107	**-**	-
Leasehold improvements		**26,751**	26,825	**26,751**	26,825
Motor vehicles		**219,783**	198,669	**219,783**	198,669
Office equipment		**82,976**	109,403	**82,976**	109,403
	12(a)	**510,442**	533,004	**329,510**	334,897
Amortisation:					
Software development	13(a)	**109,898**	-	**109,898**	-
Affiliation fees:					
Shop, Distributive & Allied Employees Association (National Office)		**1,182,920**	1,163,463	**1,182,920**	1,163,463
Australian Labor Party		**197,944**	193,779	**197,944**	193,779
		1,380,864	1,357,242	**1,380,864**	1,357,242
Donations		**18,987**	82,451	**18,987**	82,451
Employee benefits expense:					
Salaries & wages		**4,655,606**	4,188,443	**4,655,606**	4,188,443
Annual leave		**81,958**	208,447	**81,958**	208,447
Long service leave		**148,103**	215,273	**148,103**	215,273
Superannuation		**586,518**	475,444	**586,518**	475,444
Other		**444,945**	648,049	**444,945**	648,049
		5,917,130	5,735,656	**5,917,130**	5,735,656

Officials' remuneration is included in the above disclosure and includes salaries and wages of $343,062 (2008: $323,468), annual leave of $1,855 (2008: $2,663), long service leave of $21,108 (2008: $10,797) and superannuation of $41,167 (2008: $38,817).

6 Cash and cash equivalents

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Cash on hand	**900**	900	**850**	850
Cash at bank	**1,396,361**	1,186,357	**1,206,721**	1,062,861
Cash on deposit	**-**	210,621	**-**	210,621
	1,397,261	1,397,878	**1,207,571**	1,274,332

6 Cash and cash equivalents (continued)

Cash on hand is non-interest bearing, and as such is not subject to interest rate risk.

Cash at bank and on deposit is subject to interest rate risks as it earns interest at floating rates. Cash at bank in 2009, the average floating rates for the consolidated entity were 4.87% (2008: 6.66%) and for the parent were 4.87% (2008: 7.00%).

The fair value of cash and cash equivalents is equal to the amounts disclosed in note 6. In respect to Cash on deposit, the average floating rates for 2009 for the consolidated entity were 2.75% (2008: 3.67%) and for the parent entity were 2.75% (2008: 3.90%).

(a) Sensitivity analysis
A 100 point (2008: 100 point) increase in the BBSW at the reporting date would have increased the consolidated entity surplus by $13,964 (2008: $13,970), and an equal change in the opposite direction would have decreased surplus by $13,964 (2008: $13,970). The same change would have increased the parent entity surplus by $12,067 (2008: $12,735) and an equal change in the opposite direction would have decreased the surplus by $12,067 (2008: $12,735).

7 Trade and other receivables

CURRENT	Note	Consolidated Entity		Parent Entity	
		2009	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
Trade receivables		**532,419**	537,318	**484,476**	519,278
Prepayments		**655,187**	770,643	**634,585**	757,407
Other receivables		**66,474**	109,001	**32,545**	91,523
Amounts receivable from associates	21(a)	**540,350**	540,350	**540,350**	540,350
Amounts receivable from controlled entity	21(a)		-	**12,000,000**	12,000,000
		1,794,430	1,957,312	**13,691,956**	13,908,558

The carrying amounts of all current trade and other receivables are equal to their fair values as they are short term receivables and non-interest bearing.

(a) Ageing and impairment losses of trade receivables

	Consolidated Entity			
	Gross 2009	**Impairment 2009**	**Gross 2008**	**Impairment 2008**
	$	**$**	**$**	**$**
Not past due	**484,477**	-	511,516	-
Past due 0 – 30 days	**32,721**	-	-	-
Past due 31 – 60 days	**14,749**	-	15,636	-
Past due over 60 days	**472**	-	10,166	-
	532,419	-	537,318	-

7 Trade and other receivables (continued)

(b) Ageing and impairment losses of trade receivables

	Parent Entity			
	Gross 2009 $	Impairment 2009 $	Gross 2008 $	Impairment 2008 $
Not past due	**484,476**	-	493,476	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 60 days	-	-	15,636	-
Past due over 60 days	-	-	10,166	-
	484,476	-	519,278	-

(b) Other receivables

Other receivables arise from interest due from cash at bank. None of the other current receivables are impaired or past due.

(c) Receivables from controlled entities and associates

Based on the underlying net assets of these entities, no impairment losses have been recognised as it is expected that these amounts will be recovered in full.

(d) Credit risk

The maximum exposure to credit risk for both the economic and parent entity is the gross amount of all receivables (less prepayments).

The consolidated entity's most significant customer, a retailer, accounts for $258,466 (2008: $339,740) of receivables at the reporting date.

(e) Interest rate risk

All current receivables are non-interest bearing.

(f) Foreign Currency Risk

The parent and Consolidated Entity are not exposed to foreign currency risk as described in note 2.

(g) Renegotiation of Terms

No extension on credit terms have been given to customers during the year.

8 Non-current assets – Investments accounted for using the equity method

		Consolidated		Parent Entity	
	Note	2009 $	2008 $	2009 $	2008 $
Shares in associates	8(a)	**440,379**	228,149	-	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (note 8) and are carried at cost by the parent entity (note 9).

8 Non-current assets – Investments accounted for using the equity method (continued)

	Consolidated	
	2009	2008
Investment in Associates	$	$
(a) Movements in Carrying amounts		
Carrying amount at the beginning of the financial year	**228,149**	228,149
Share of profits after income tax	**212,230**	-
Carrying amount at the end of the financial year	**440,379**	228,149

(b) Summarised financial information of associates

The consolidated entity's share of the results of its principle associates and its aggregated assets (including goodwill) and liabilities are as follows:

		Group's share of:			
	Ownership Interest	Assets	Liabilities	Revenues	Profit
	%	$	$	$	$
2009					
IPP Property Trust	23.9	**768,497**	**540,348**	**-**	**-**
Industrial Printing and Publishing Pty Ltd	23.9	**1,067,127**	**854,897**	**1,114,051**	**212,230**
		1,835,624	**1,395,245**	**1,114,051**	**212,230**
2008					
IPP Property Trust	23.9	768,497	540,348	-	-
Industrial Printing and Publishing Pty Ltd	23.9	905,089	905,089	1,220,988	178,749
		1,673,586	1,445,437	1,220,988	178,749

All of the above associates are incorporated in Australia.

(c) Contingent liabilities of associates

There are no contingent liabilities incurred jointly with other investors.

9 Other financial assets

		Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
CURRENT	**Note**	**$**	**$**	**$**	**$**
Held to maturity investments					
- Term deposits	(b)	**3,247,028**	3,452,650	**2,019,201**	2,223,086

9 Other financial assets (continued)

		Consolidated Entity		Parent Entity	
NON-CURRENT					
At cost					
- Investments in subsidiaries		-	-	**972,500**	972,500
- Investments in associates		-	-	**516,681**	516,681
		-	-	**1,489,181**	1,489,181
Held to maturity investments					
- Bank bills and floating rate notes	(a)	**4,006,345**	4,006,345	**3,000,000**	3,000,000
- Term deposits	(b)	**1,088,293**	846,870	**1,088,293**	846,870
- Collateralised debt obligation	(c)	**2,000,000**	2,000,000	**2,000,000**	2,000,000
		7,094,638	6,853,215	**6,088,293**	5,846,870
Held to maturity investments - total		**7,094,638**	6,853,215	**7,577,474**	7,336,051

(a) Bank Bills and Floating Rate Notes

Bank bills and floating rate notes classified as current mature within 12 months. Floating rate notes and bank bills classified as non-current mature within 12 months - 2 years. Floating rate notes and bank bills are bearing floating interest rates between 2.75% and 3.5% (2008: 8.6% and 8.8%) for the consolidated entity and the parent entity.

(b) Term Deposits

Term deposits bear floating interest at rates between 2.75% and 3.5% (2008: 7.0% and 8%).

(c) Collateralised Debt Obligation ("CDO")

The CDO bears floating interest at rates between 4.25% and 8.82% (2008: 7.41% and 8.82%).

The embedded derivative is accounted for as a fair value through profit or loss financial instrument and is carried at fair value (refer to note 2).

(d) Interest Rate Risk - Sensitivity analysis

The Consolidated Entity's investments in floating rate interest securities are not quoted on the Australian Stock Exchange.

The Association's floating rate notes, bank bills, CDO'S and term deposits expose it to a risk of change in their fair value or future cash flows due to changes in interest rates. There are no financial assets where the fair value of the asset differs materially from the carrying value.

A 100 point (2008: 100 point) increase in the BBSW at the reporting date would have increased the Consolidated Entity surplus by $103,417 (2008: $103,059), and an equal change in the opposite direction would have decreased surplus by $103,417 (2008: $103,059). The same change would have increased the parent entity surplus by $81,075 (2008: $81,694) and an equal change in the opposite direction would have decreased the surplus by $81,075 (2008: $81,694).

(e) Credit Risk

Concentrations of risk

The Consolidated Entity's investment in bank bills, term deposits and floating rate notes is in a total of 2 securities and 5 term deposits issued by Commonwealth Bank and Transcomm Credit Union. All investments were issued by entities rated "A" or higher. None of the held-to-maturity investments are either past due or impaired.

The Collaterised Debt Obligation ("CDO") is a $2,000,000 investment in 'Australia Plus Sector Cap' Portfolio Notes, issued by Corsair (Jersey) No 2 Limited -Series 68. Please refer to Note 1(b) for further details.

Maximum exposure to credit risk

The maximum exposure to credit risk at reporting date is the total of bank bills, CDO's, floating rate notes and term deposits.

10 Controlled entity

Name	Country of Incorporation	Percentage Owned 2009	Percentage Owned 2008
Parent Entity:			
Shop, Distributive & Allied Employees' Association (Victorian Branch)	Australia		
Subsidiaries of parent entity:			
FEDSDA Unit Trust	Australia	100%	100%

11 Other assets

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
CURRENT				
Lease incentive asset	**6,674**	12,616	**-**	-
NON-CURRENT				
Lease incentive asset	**6,839**	2,115	**-**	-

12 Property, plant and equipment

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Land & Buildings – at cost	**10,966,484**	11,009,184	**-**	-
Less accumulated depreciation	**(1,346,643)**	(1,176,199)	**-**	-
Total land & buildings	**9,619,841**	9,832,985	**-**	-
Leasehold improvements – at cost	**1,070,047**	1,070,047	**1,070,047**	1,070,047
Less accumulated depreciation	**(149,728)**	(122,977)	**(149,728)**	(122,977)
Total leasehold improvements	**920,319**	947,070	**920,319**	947,070
Motor vehicles – at cost	**1,242,776**	1,371,357	**1,242,776**	1,371,357
Less accumulated depreciation	**(423,512)**	(526,654)	**(423,512)**	(526,654)
Total motor vehicles	**819,264**	844,703	**819,264**	844,703
Office equipment – at cost	**959,138**	938,387	**959,138**	938,387
Less accumulated depreciation	**(749,232)**	(666,255)	**(749,232)**	(666,255)
Total office equipment	**209,906**	272,132	**209,906**	272,132
Total property, plant and equipment	**11,569,330**	11,896,890	**1,949,489**	2,063,905

12 Property, plant and equipment (continued)

(a) Movements in carrying amounts

2009 – Consolidated Entity	Land & Buildings $	Leasehold improvements $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	9,832,985	947,070	844,703	272,132	11,896,890
Additions	26,268	-	413,471	20,750	460,489
Depreciation expense	(180,932)	(26,751)	(219,783)	(82,976)	(510,442)
Disposals	(58,480)	-	(219,127)	-	(277,607)
Carrying amount at the end of year	9,619,841	920,319	819,264	209,906	11,569,330

2009 – Parent Entity	Land & Buildings $	Leasehold improvements $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	-	947,070	844,703	272,132	2,063,905
Additions	-	-	413,471	20,750	434,221
Depreciation expense	-	(26,751)	(219,783)	(82,976)	(329,510)
Disposals	-	-	(219,127)	-	(219,127)
Carrying amount at the end of year	-	920,319	819,264	209,906	1,949,489

2008 – Consolidated Entity	Land & Buildings $	Leasehold improvements $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	10,028,832	973,895	807,710	365,166	12,175,603
Additions	2,260	-	311,054	16,369	329,683
Depreciation expense	(198,107)	(26,825)	(198,669)	(109,403)	(533,004)
Disposals	-	-	(75,392)	-	(75,392)
Carrying amount at the end of year	9,832,985	947,070	844,703	272,132	11,896,890

2008 – Parent Entity	Land & Buildings $	Leasehold improvements $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	-	973,895	807,710	365,166	2,146,771
Additions	-	-	311,054	16,369	327,423
Depreciation expense	-	(26,825)	(198,669)	(109,403)	(334,897)
Disposals	-	-	(75,392)	-	(75,392)
Carrying amount at the end of year	-	947,070	844,703	272,132	2,063,905

12 Property, plant and equipment (continued)

(b) Amounts recognised in profit and loss for property, plant and equipment

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Rental income	**354,076**	341,383	**-**	-
Direct operating expenses that generated rental income	**(326,985)**	(349,801)	**-**	-
Total	**27,091**	(8,418)	**-**	-

(c) Leasing arrangements

A small area within the property is leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are receivable as follows:

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Within 1 year	**186,650**	210,279	**-**	-
Later than 1 year but not later than 5 years	**166,295**	222,937	**-**	-
Total	**352,945**	433,216	**-**	-

13 Intangible assets

	Consolidated Entity		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Software – at cost	**559,024**	257,250	**559,024**	257,250
Accumulated amortisation	**(109,898)**	-	**(109,898)**	-
Net carrying value	**449,126**	257,250	**449,126**	257,250

The asset is expected to be amortised over a period of 3 years.

(a) Reconciliation of net book amount

2009 – Consolidated Entity and Parent Entity

	Software	Total
	$	**$**
Balance beginning of year	**257,250**	**257,250**
Additions	**301,774**	**301,774**
Amortisation	**(109,898)**	**(109,898)**
Balance end of year	**449,126**	**449,126**

14 Retirement benefit asset

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NON-CURRENT				
Retirement benefit asset	**451,852**	1,908,597	**451,852**	1,908,597

(a) Superannuation plan

The Association sought Professional Financial Solutions to prepare a valuation report to assist with the measurement, recognition and disclosure requirements of AASB119 "Employee Benefits". The report covered the superannuation plan of The Shop, Distributive & Allied Employees' Association (Victorian Branch), but included members that are employees of the National Office. Apportionment of the amounts included in the report (and as disclosed in Note 14) between the Victorian Branch and the National Office is based on the percentage of the superannuation asset attributed to each entity's members to the total superannuation asset. A different methodology in regards to the apportionment of the superannuation amounts could result in a change to the carrying value of the retirement benefit asset. Apportionment percentages as at balance date was 71.27% (2008: 70.09%).

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Fair value of defined benefit plan assets	(d)	**5,613,938**	5,864,477	**5,613,938**	5,864,477
Present value of the defined benefit obligation	(d)	**(5,162,086)**	(3,955,880)	**(5,162,086)**	(3,955,880)
		451,852	1,908,597	**451,852**	1,908,597

(c) Categories of plan assets

The major categories of plan assets are as follows:	2009 *	2008 **
Australian equity	**30%**	30%
International equity	**23%**	24%
Fixed income	**12%**	15%
Property	**10%**	9%
Cash	**6%**	8%
Other	**19%**	14%

* 2009 figures based on asset allocation at 30 June 2008 as actual asset allocation as at 30 June 2009 was not available.

** 2008 figures based on asset allocation at 30 June 2007 as actual asset allocation as at 30 June 2008 was not available.

14 Retirement benefit asset (continued)

(d) Reconciliations

	Consolidated Entity and Parent Entity	
	2009	**2008**
	$	**$**
Reconciliation of the present value of the defined benefit obligation:		
Balance at the beginning of the year	**3,955,880**	3,776,390
Current service cost	**566,915**	459,850
Interest cost	**213,810**	198,355
Actuarial (gains) and losses	**555,193**	(284,565)
Benefits paid	**(52,740)**	(142,984)
Taxes, premiums and expenses paid	**(76,972)**	(51,166)
Balance at the end of the year	**5,162,086**	3,955,880

	2009	2008
	$	**$**
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	**5,864,477**	6,145,987
Expected return on plan assets	**468,576**	253,627
Actuarial gains and (losses)	**(891,587)**	(615,565)
Employer contributions	**302,185**	274,578
Benefits paid	**(52,741)**	(142,984)
Taxes, premiums and expenses paid	**(76,972)**	(51,166)
Balance at the end of the year	**5,613,938**	5,864,477

(e) Amounts recognised in income statement

The amounts recognised in the income statement are as follows:

	2009	2008
	$	**$**
Current service cost	**566,915**	459,850
Interest cost	**213,810**	198,355
Expected loss on plan assets	**(468,576)**	(253,627)
Total included in employee benefits expense	**312,149**	404,578
Actual loss on plan assets	**(425,769)**	(361,938)
Actuarial gain (loss)	**(1,446,780)**	(331,000)
Cumulative amount of actuarial (loss) gain	**(312,412)**	1,134,368

14 Retirement benefit asset (continued)

(f) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

Discount rate	**4.70%**	5.50%
Expected return on plan assets (active members)	**6.50%**	6.50%
Future salary increases	**4.00%**	4.00%

The expected return on assets assumption is determined by weighting the expected long-term return for each class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of investment tax and investment fees.

(g) Employer contributions

The current contribution recommendations, as set out in the report of the most recent actuarial valuation of the plan as 30 June 2009, are 9% of salaries of defined benefit members up to 30 June 2009, then 9% of defined benefit members thereafter. The Association will continue to contribute at these rates.

The method used to determine the employer contribution recommendations at the last actuarial review was the "Entry Age Normal". This method adopted affects the timing of the cost to the Association. Under the 'Entry Age Normal' method, a "normal cost" is calculated which is the estimated employer contribution rate required to provide benefit in respect of a typical new entrant to the plan. The 'normal' cost is then adjusted to take into account any surplus (or deficiency) of the value of assets and future benefits for existing members. Any surplus or deficiency can be used to reduce or increase the 'normal' employer contribution rate over a suitable period of time.

Note that the figures stated above relate only to the defined benefit section of the plan and include other members of the fund who are employees of the related organisation, The Shop, Distributive & Allied Employees' Association (National).

(h) Historic summary

	2009	**2008**	**2007**	**2006**	**2005**
	$	**$**	**$**	**$**	**$**
Defined benefit obligation	**5,162,086**	3,955,880	3,776,390	3,744,453	3,491,147
Plan assets	**5,613,938**	5,864,477	6,145,987	5,152,054	4,426,635
Surplus/(deficit)	**451,852**	1,908,597	2,369,597	1,407,601	935,488
Experience adjustments arising on plan liabilities	**897,217**	615,565	509,676	293,736	234,028
Experience adjustments arising on plan assets	**542,203**	284,565	208,340	14,412	195,595

(i) Nature of asset

The Association has recognised an asset in the balance sheet in respect of its defined benefit superannuation arrangements. If a surplus exists in the plan, the Association may be able to take advantage of it in the form of a reduction in the required contribution rate depending on the advice of the plan's actuary.

The Association may at any time by notice to the Trustee terminate its contributions. The Association has a liability to pay the contributions prior to the effective date of notice, but there is no requirement for the employer to pay any further contributions, irrespective of the financial condition of the plan.

15 Trade and other payables

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
CURRENT	$	$	$	$
Unsecured liabilities				
Trade payables	**267,591**	389,113	**215,914**	343,824
Other payables	**328,518**	281,700	**321,188**	281,700
	596,109	670,813	**537,102**	625,524

Trade and other payables are non-interest bearing. Trade payables are current liabilities which results in their fair value being equal to the current carrying amount.

(a) Liquidity risk

The contractual maturities of all payables is 0-12 months.

16 Provisions

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Employee entitlements:				
Current	**1,219,062**	1,072,391	**1,219,062**	1,072,391
Non-current	**79,511**	86,851	**79,511**	86,851
Aggregate employee entitlements liability	**1,298,573**	1,159,242	**1,298,573**	1,159,242

Annual leave in the current year totals $460,098 (2008: $447,272) and all liabilities are current. The remainder of employee benefits relate to long service leave. Officers' annual leave (excluding on costs) owing as at 30 June 2009 was $67,985 (2008: $66,130). Officers' long service leave owing (excluding on costs) as at 30 June 2009 was $ 177,365 (2008: $156,257).

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
17 Derivative financial instrument				
Embedded Derivative	**988,600**	745,400	**988,600**	745,400

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

This embedded derivative is included in the "CDO" as disclosed and discussed in notes 1 and 9.

18 Officers and key management personnel

(a) Officers

The following persons were officers of the Association during the financial year:

Michael Donovan	Patricia Connelly	Elizabeth Shaw
Thelma Sheean	Lorraine Vallaro	

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly through the year.

Denis Parker	John Whateley	Antony Burke
Ada Scibilia	Suzanne Hollingsworth	Valerie Bolitho
Jennifer Siwek	Ewan (Jock) Hastie	Sue Nance
Bernadette Kerford	Tammy Trimble	Simon Preest

(c) Compensation

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Short-term employment benefits	**828,678**	731,865	**828,678**	731,865
Post-employment benefits	**77,278**	72,879	**77,278**	72,879
	905,956	804,744	**905,956**	804,744

19 Auditors' remuneration

	Consolidated Entity		Parent	
	2009	2008	2009	2008
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
- Auditing or reviewing the financial report	**84,869**	68,250	**71,665**	51,440

20 Events after the balance sheet 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.

21 Related parties

(a) Interest free loans from related parties

The Shop, Distributive and Allied Employees' Association (Victorian Branch), the ultimate controlling entity, has granted interest free loans of $12,000,000 to the controlled entity, Fedsda Unit Trust, of which $12,000,000 is receivable as at 30 June 2009 (refer Note 7). These loans are without specific terms of repayment and are included in current receivables in the balance sheet. An interest free receivable is also due from an associate, IPP Property Trust of $540,350 (2008: $540,350).

Trade amounts receivable and payable also exist with Publicity Works Pty Ltd, a 100% subsidiary of an associate. A trade receivable balance of $nil exists as at 30 June 2009 (2008:$3,063) and a trade payable balance of $nil exists as at 30 June 2009 (2008: $75,979).

21 Related parties (continued)

(b) Transactions with related parties

	Consolidated Entity		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Rent paid to the FEDSDA Unit Trust	-	-	**76,715**	52,064
Amounts received from Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, in relation to directorate and secretarial duties performed by SDA staff	**22,658**	16,830	**22,658**	16,830
Amounts paid to Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, for consulting services	**55,849**	107,666	**55,849**	107,666

22 Cash flow information

Reconciliation of cash flow from operations with surplus (deficiency) after income tax

	Consolidated Entity		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Net deficiency for the period	**(370,162)**	(886,974)	**(472,439)**	(773,532)
Cash flows excluded from surplus attributable to operating activities				
Depreciation & impairment	**620,340**	533,004	**439,408**	334,897
Lease incentives	**1,218**	35,406	-	-
Net loss on disposal of plant and equipment	**123,993**	33,046	**65,513**	33,046
Movement in embedded derivative	**243,200**	745,400	**243,200**	745,400
Share of profits of associates	**(212,230)**	-	-	-
Non-cash defined benefit adjustment	**9,963**	130,000	**9,963**	130,000
Changes in assets and liabilities:				
(Increase)/decrease in receivables	**162,882**	233,155	**216,602**	215,880
Increase/(decrease) in payables	**(74,704)**	86,198	**(88,422)**	98,282
Increase/(decrease) in provisions	**139,331**	274,449	**139,331**	274,449
Cash flows from operations	**643,831**	1,183,684	**553,156**	1,058,422

23 Association details

The registered office and principal place of business of the Association is:

The Shop, Distributive and Allied Employees' Association (Victorian Branch)

Level 3

65 Southbank Boulevard

Southbank VIC 3006

BDO Kendalls

BDO Kendalls Audit & Assurance
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ABN 17 114 673 540

INDEPENDENT AUDITOR'S REPORT

To the members of Shop, Distributive & Allied Employees' Association (Victorian Branch)

We have audited the accompanying financial report of Shop, Distributive & Allied Employees' Association (Victorian Branch), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the committee of management statement of the consolidated entity comprising the Shop, Distributive & Allied Employees' Association (Victorian Branch) and the entity it controlled at the year's end or from time to time during the financial year.

Committee of Management's Responsibility for the Financial Report

The committee of management of the Shop, Distributive & Allied Employees' Association (Victorian Branch) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Workplace Relations Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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, 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.

BDO Kendalls

Independence

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

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Shop, Distributive & Allied Employees' Association (Victorian Branch) and consolidated entity as of 30 June 2009 and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Accounting Interpretations) and the Workplace Relations Act 1996.

BDO Kendalls

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

Sandra Lawson
Director

Melbourne, Victoria

Dates this 18th day of August 2009.

BDO Kendalls

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www bdo com.au

ABN 17 114 673 540

INDEPENDENT AUDITOR'S REPORT

To the members of Shop, Distributive & Allied Employees' Association (Victorian Branch)

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BDO Kendalls

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

Sandra Lawson
Director

Melbourne, Victoria

Dates this 18th day of August 2009.