FairWork Commission

1 May 2014

Mr Michael Donovan,
Secretary-Treasurer, Victorian Branch
Shop, Distributive and Allied Employees Association

Sent by email: cespino@sdavic.org

Dear Mr Donovan,

Shop, Distributive and Allied Employees' Association - Financial Report for year ended 30 June 2013 - (FR2013/287)

I refer to the financial report of the Shop, Distributive and Allied Employees' Association, Victorian Branch, (the reporting unit). The documents were lodged with the Fair Work Commission on 26 November 2013. The report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2014 may be subject to an advanced compliance review.

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 for 2013. The Fair Work Commission will confirm these matters have been addressed prior to filing next year's report.

Auditor's report: declaration regarding going concern

Paragraph 45 of the reporting guidelines requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statement.[1]

Disclosure of employee expenses/benefits to office holders and other employees

The financial statements, at Note 4, have disclosed separate amounts for wages, superannuation, annual leave, and long service leave for officers, and inclusive amounts with respect to wages, superannuation, annual leave, and long service leave and other expenses. No separate balance with respect to separation/redundancies, a prescribed category, for either officers or other employees was disclosed.

The Reporting Guidelines require that all employee and officer benefits, as prescribed, are reported separately (refer paragraphs 17(f) and 17(g)).

[1] paragraph 44 of the Reporting guidelines should also be brought to the auditor's attention

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The same comment applies to the separate disclosure of employee provisions (liabilities) for both officers and other employees at Note 14. I refer you to paragraphs 21(c) and 21(d) of the Reporting Guidelines.

Activities under Reporting Guidelines not disclosed

Item(s) 14, 16, 18, 20, 22, 24, 26, 33 and 38 of the Reporting Guidelines state that if any activities identified in the items to which they relate have not occurred in the reporting period, a statement to this effect (or nil/zero balances)[2] must be included in the notes to the GPFR.

I attach a copy of the Reporting Guidelines for your reference. If you have any queries regarding this letter, I may be contacted on (02) 6723 7237 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely

Stephen Kellett

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

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[2] See model financial statements at https://www.fwc.gov.au/documents/documents/organisations/reporting_guidelines/Model-financial-statements.pdf

SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION VICTORIAN BRANCH

Designated Officer's Certificate

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, lodged with Australia Post on the 13th September 2013; and

- that the full report was presented to a meeting of the committee of management of the reporting unit on 20th November 2013; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: Michael John Donovan

Michael John Donovan

Date: 26 November 2013

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

Financial Statements
For the Year Ended 30 June 2013

Contents

Operating Report

The members of State Council present their report together with the financial report of the Victorian Branch of the Shop, Distributive and Allied Employees' Association for the financial year ended 30 June 2013 and the auditor's report thereon.

1. Membership
Membership of the Victorian Branch of the Association as at 30 June 2013 was 51,397.

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. See also attached Section 174 of the Fair Work (Registered Organisations) Act 2009.

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

		Appointed / Ceased
Branch Secretary – Treasurer	-	Michael Donovan
Branch Assistant Secretary	-	Patricia Connelly
Branch President	-	Elizabeth Shaw
Branch Vice President	-	Sue Nance
Branch Vice President	-	Ada Scibilia
Committee of Management		
	-	Jennifer Siwek
	-	Antony Burke
	-	Denis Parker
	-	Suzanne Hollingsworth
	-	Bernadette Kerford
	-	Simon Preest
	-	Tammy Trimble
	-	Debra Becker
	-	Ian Macpherson
	-	Nicole Lafranchi
	-	Michelle Wilton

3. Affiliations
The Association is affiliated to the Australian Council of Trade Unions.

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

4. Principal Activities
The Association maintained its industrial awards and agreements at a high, up-to-date standard, and produced a range of publications for its members.

New enterprise agreements were negotiated with a wide range of employers including Target, Big W, Dan Murphys, Woolworths Petrol, McDonalds, Bunnings, BWS, Best & Less, Betts, Pretty Girl Fashion Group, Sanity, BBQ Galore, Ikea and Aldi Derrimut. The agreements all resulted in improved wages and working conditions for the employees covered by them.

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

Operating Report

4. Principal Activities (continued)
There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2013, there were 54.8 effective full time equivalent employees of the Branch.

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.

5. Superannuation Trustees
Joe de Bruyn, National Secretary, and Ian Blandthorn, Assistant National Secretary, are Employee Directors of the trustee company of the Retail Employees Superannuation Trust (REST).

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

Michael Donovan

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

Dated this 14th day of August 2013

Section 174 of the Fair Work (Registered Organisations) Act 2009

(1) A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

(2) A notice of resignation from membership of an organisation takes effect:

(a) where the member ceases to be eligible to become a member of the organisation:

(i) on the day on which the notice is received by the organisation; or

(ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

(b) in any other case:

(i) at the end of 2 weeks, or such shorter period as is specified in the rules of the organisation, after the notice is received by the organisation; or

(ii) on the day specified in the notice;

whichever is later.

(3) Any dues payable but not paid by a former member of an organisation, in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the organisation, in a court of competent jurisdiction, as a debt due to the organisation.

(4) A notice delivered to the person mentioned in subsection (1) is taken to have been received by the organisation when it was delivered.

(5) A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered in accordance with subsection (1).

(6) A resignation from membership of an organisation is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted.

Committee of Management Statement

On 14 August 2013 the Committee of Management of the Shop, Distributive & Allied Employees' Association (Victorian Branch) passed the following resolution in relation to the general purpose financial statements of the Association for the financial year ended 30 June 2013:

The Committee of Management declares in relation to the general purpose financial statements 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 General Manager of Fair Work Australia;
(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
(d) there are reasonable grounds to believe 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 statements 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 the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
   (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 the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager; and
   (vi) no orders for inspection of financial records have been made by Fair Work Australia under Section 273 of the Fair Work (Registered Organisations) Act 2009; and
(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 14th day of August 2013
Melbourne, Victoria

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 $	2012 $
Gross revenue from membership subscriptions		**13,007,361**	13,004,177
Other revenue	3	**918,830**	1,051,446
Other income	3	**299,144**	324,555
Share of net surplus of associates accounted for using the equity method		**9,438**	25,952
Affiliation expenses	4	**(1,599,545)**	(1,509,746)
Delegate expenses		**(168,319)**	(185,332)
Depreciation, amortisation and impairments	4	**(711,447)**	(778,428)
Employee costs	4	**(5,841,795)**	(6,058,201)
Employer commission expenses		**(1,212,859)**	(1,235,520)
Loss on disposal of property, plant and equipment		**(12,511)**	(28,642)
Member service expenses		**(1,059,626)**	(931,753)
Office administration expenses		**(1,125,639)**	(1,174,885)
Property expenses		**(382,594)**	(369,094)
Other expenses		**(819,700)**	(825,091)
Surplus attributable to members		**1,300,738**	1,309,438
Other comprehensive income			
Actuarial gain/(loss) on retirement benefit asset/liability recognised directly in other comprehensive income		**244,435**	(1,063,931)
Other comprehensive gain/(loss) for the year		**244,435**	(1,063,931)
Total comprehensive income attributable to members		**1,545,173**	245,507

Statement of Financial Position

As at 30 June 2013

	Note	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**3,688,969**	3,478,337
Trade and other receivables	6	**1,658,013**	1,555,040
Financial assets	8	**10,854,540**	9,860,884
Other current assets	9	**27,867**	21,884
Total current assets		**16,229,389**	14,916,145
Non-current assets			
Investments accounted for using the equity method	7	**549,265**	539,827
Property, plant and equipment	10	**10,451,750**	10,861,999
Intangible assets	11	**1,825,985**	1,388,757
Other non-current assets	9	**19,211**	28,604
Total non-current assets		**12,846,211**	12,819,187
TOTAL ASSETS		**29,075,600**	27,735,332
LIABILITIES			
Current liabilities			
Trade and other payables	13	**701,886**	714,401
Provisions	14	**1,594,601**	1,463,791
Total current liabilities		**2,296,487**	2,178,192
Non-current liabilities			
Retirement benefit liability	12	**205,100**	500,548
Provisions	14	**27,972**	55,724
Total non-current liabilities		**233,072**	556,272
TOTAL LIABILITIES		**2,529,559**	2,734,464
NET ASSETS		**26,546,041**	25,000,868
EQUITY			
Members' funds		**26,546,041**	25,000,868
TOTAL EQUITY		**26,546,041**	25,000,868

Statement of Changes in Equity

For the year ended 30 June 2013

	Note	$
2013		
Equity as at the beginning of the year		**25,000,868**
Surplus attributable to members		**1,300,738**
Other comprehensive gain for the year		**244,435**
Total comprehensive income for the year		**1,545,173**
Equity as at the end of the year		**26,546,041**
2012		
Equity as reported in the 2012 financial statements		25,421,648
Restatement due to change in accounting policy	1(m)	(666,287)
Restated equity as at the beginning of the year		24,755,361
Surplus as reported in the 2012 financial statements		1,295,198
Restatement due to change in accounting policy	1(m)	14,240
Restated surplus attributable to members		1,309,438
Other comprehensive loss for the year		(1,063,931)
Total comprehensive income for the year		245,507
Equity as at the end of the year		25,000,868

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Cash receipts from members and tenants		**13,336,452**	14,066,661
Cash payments to employees and suppliers		**(10,387,852)**	(11,441,957)
Affiliation fees paid to Shop, Distributive & Allied Employees Association (National Office)		**(1,529,926)**	(1,434,503)
Interest received		**536,551**	640,080
Net cash provided by operating activities	18	**1,955,225**	1,830,281
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**35,437**	65,130
Purchases of investments		**(993,656)**	(2,000,000)
Payments for property, plant and equipment		**(87,788)**	(179,252)
Acquisition of intangible assets		**(698,586)**	(768,058)
Net cash used in investing activities		**(1,744,593)**	(2,882,180)
Net increase/(decrease) in cash and cash equivalents		**210,632**	(1,051,899)
Cash and cash equivalents at the beginning of the year		**3,478,337**	4,530,236
Cash and cash equivalents at the end of year	5	**3,688,969**	3,478,337

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies

(a) General information

These general purpose financial statements cover the consolidated entity of The Shop, Distributive and Allied Employees' Association (Victorian Branch) and controlled entity. The financial statements were authorised for issue in accordance with a resolution of the State Council on 14 August 2013.

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

(b) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisation) Act 2009.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the Consolidated Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Judgements

- Classification of held to maturity investments – Note 8

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 and not amortised cost.

Estimates

- Defined benefit obligation – Note 12

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 and an apportionment of the assets and liabilities of the defined benefit fund between the Association and The Shop, Distributive and Allied Employees' Association (National Office), an entity which contributes to the fund on behalf of its employees. Any changes in these assumptions will impact the carrying amount of define benefit obligations.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

Estimates (continued)

- Defined benefit obligation – Note 12 (continued)

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 yield of long term government bonds that are denominated in Australian dollars and that have terms to maturity approximating the terms of the related defined benefit obligation. These discount rates are utilised net of tax.

Other key assumptions for defined benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 12.

Reporting basis and conventions

The financial statements have been prepared on an accrual basis and are 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.

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 Association. Control exists where the Association has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Association to achieve the objectives of the Association. 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.

Investment in subsidiaries are accounted for at cost and forms part of the total assets as shown at note 21.

(ii) Associates - note 7

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 (forms part of total assets as shown at note 21) 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.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(c) Principles of consolidation (continued)

(ii) Associates - note 7 (continued)

The Association's share of its associates' post-acquisition profits or losses is recognised in the profit or loss. 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 profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

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.

(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 profit or loss during the financial period in which they are incurred.

(iii) Depreciation
The depreciable amount of all fixed assets including buildings, but excluding land, is depreciated on a straight-line 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.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(iii) 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*
Building structure and improvements	2% - 20%	Straight line
Motor vehicles	25%	Straight line
Office equipment	0% - 33.30%	Straight line

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

(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 10 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 recognised as an impairment loss in profit or loss in the statement of comprehensive income.

(h) Financial instruments

(i) Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(h) Financial instruments (continued)

(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 the end of the reporting period, 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 profit or loss in the statement of comprehensive income.

(iii) Investments and other financial assets
All investments and other financial assets are initially stated at cost, being the fair value of consideration given. Purchases and sales of investments are recognised on trade date which is the date on which the Association commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below:

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated Entity has the positive intention and ability to hold-to-maturity and are measured at amortised cost subsequent to initial recognition using the effective interest method. If the Consolidated Entity were to sell other than an insignificant amount of held-to-maturity investments, the whole category is then 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. Held-to-maturity investments include term deposits and floating rate notes.

(iv) Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Economic Entity prior to the year end and which are unpaid. These amounts are unsecured and usually have 30 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(i) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to reporting 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.

All full time 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.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(i) Employee benefits (continued)

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation at the reporting date 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. Actuarial gains and losses are recognised in other comprehensive income 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 gross of expenses incurred as consideration for employers making payroll deductions of membership subscriptions. Commissions vary from 0-10% (2012: 0-10%).

Commissions for the year ended 30 June 2013 were $1,212,859 (2012: $1,235,520). Employer commissions are required to be disclosed as per section 253 of the Fair Work (Registered Organisations) Act 2009.

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

Rental income is recognised in the statement of comprehensive income 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) Parent entity financial information

The financial information for the parent entity, The Shop, Distributive and Allied Employees' Association (Victorian Branch), included in note 21, has been prepared on the same basis as the consolidated financial statements, except as follows:

Investments in subsidiaries and associates
Investments in subsidiaries and associates are accounted for at cost. Dividends received from associates are recognised as revenue in the parent entity's profit or loss in the statement of comprehensive income, rather than being deducted from the carrying amount of the investment.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(l) Information provided to members and the General Manager of FWA - Section 272(5)

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 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 Fair Work (Registered Organisations) Act 2009 which states:

272 Information to be provided to members and the General Manager

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

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

(m) Change in accounting policy

In the financial statements for the years ended 30 June 2012 and earlier, the Association had accounted for affiliation fees paid to Shop, Distributive & Allied Employees Association (National Office) as being in exchange for services rendered to the Association.

A policy change has been made to align the accounting treatment of this payment with the policies of Shop, Distributive & Allied Employees Association (National Office) which defines the affiliation fees as contributions rather than in exchange for services delivered by the affiliate. While payments made to these affiliates are in exchange for services provided, the determination as to whether reciprocal value exists is judgemental. The change in policy changes the recognition of a prepayment at the time of payment to an immediate expense. If the previous policy had been applied in the current period, trade and other receivables would have been reported as $2,453,166, affiliation fees as $1,556,171 and surplus attributable to members of $1,401,455, being increases/(decreases) of $695,421, ($43,374) and ($43,374) respectively The impact on retained earnings would have been an increase of $652,047. Applying the new policy retrospectively to the 2012 period resulted in a decrease in trade receivables of $652,047 from $2,859,134, accumulated surplus of $666,287 from $26,304,962 and affiliation fees expense $14,240 from $1,523,986. Surplus attributable to members was increased $14,240 from $1,295,198.

A third balance sheet as at 1 July 2011 has not been prepared due to the immateriality of the change in net assets.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

(n) Early adoption of accounting standards issued but not yet effective

In the current year, the Association has elected to apply the revised AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) from 1 July 2012, because the new accounting policies required by the revised standards provide more relevant and reliable information for users to assess the financial performance and position of the Association and the amounts, timing, and uncertainty of future cash flows. In accordance with the transitional provisions, comparative figures have been considered for restatement, however no restatement was required due to there being no impact on the face of the statement of comprehensive income. All changes required as a result of the adoption of these standards are reflected in the notes to the financial statements and are purely disclosure in nature. No changes were required to the statement of comprehensive income.

Refer to note 12 for further details and/or information on the accounting for the defined benefit plan. There have been no other changes to the Association's financial statements as a consequence of the early adoption of these standards.

(o) 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 2013. 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 these financial statements:

(i) AASB 9 *Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015)*
AASB 9 'Financial Instruments' amends the requirements for classification and measurement of financial assets and derecognition requirements for financial assets and liabilities. The standard is applicable for annual reporting periods commencing on or after 1 January 2015 but is available for early adoption. As the standard primarily impacts financial assets classified as available for sale, the Association does not expect a material impact on its financial statements.

(ii) AASB 10 *Consolidated Financial Statements (effective from 1 January 2014)*
AASB 10 *Consolidated Financial Statements* establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities, broadening situations where the control is deemed to be held. The Association does not expect any material changes to its financial statements.

(iii) AASB 12 *Disclosure of Interest in Other Parties (effective from 1 January 2014)*
AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Association does not expect a material impact on its financial statements as the standard primarily affects disclosure.

Notes to the financial statements

For the year ended 30 June 2013

1. Statement of significant accounting policies (continued)

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

(iv) AASB 13 *Fair Value Measurement (effective from 1 January 2013)*
AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. No change is made as to when an entity is required to use fair value but rather provides guidance on how to determine fair value when required or permitted by other standards. When this standard is adopted for the first time for the year ended 30 June 2015, additional disclosures regarding fair values will be required.

(v) AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (effective from 1 January 2013)*
AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including simplification of the disclosures required by AASB 7 Financial Instruments: Disclosures. No impact is expected to amounts recognised in the financial statements on initial adoption as the amendments result in fewer disclosures only.

2. Financial risk management

The 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 consolidated entity. The committee is responsible for monitoring and managing the financial risks of 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.

In the current year, the consolidated entity has not used any derivative financial instruments to manage financial risk.

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

The consolidated entity has both short term and long term investments which enable sufficient cash to be available to settle obligations as they fall due. The branch accountant monitors the 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.

The trade and other payables are due within 3 months.

Notes to the financial statements

For the year ended 30 June 2013

2. Financial risk management (continued)

Credit risk
Credit risk is the risk of financial loss to the consolidated entity if a member or counterparty to a financial instrument fails to meet its contractual obligations. The entity has exposure to credit risk through its receivables, investments in floating rate interest securities, and deposits with banks. Credit risk for the consolidated entity is $1,573,882 (2012: $1,218,594) arising from total receivables (see note 6), $10,854,540 (2012: $9,860,884) arising from term deposits and floating rate notes (see note 8), and $3,688,069 (2012: $3,477,437) arising from cash and deposits with banks (see note 5).

The unique characteristic of receipt of income by the entity dictates credit risk management on two levels. Employers collect the majority of membership fees on behalf of union members and forward the net amount (i.e. after deduction of commissions) 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 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.

Interest rate risk
The Association's interest rate risk arises from 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 5, and term deposits and floating rate notes can be found in note 8.

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. Revenue and Other Income

	Note	2013 $	2012 $
Revenue and Other Income			
Other revenue:			
Interest revenue	(a)	**536,551**	640,080
Other revenue		**382,279**	411,366
		918,830	1,051,446
(a) Interest received			
Interest on cash balances and short term deposits		**99,538**	113,612
Interest on financial assets		**437,013**	526,468
Total interest received		**536,551**	640,080
Other income:			
Rental revenue for property		**299,144**	324,555

Notes to the financial statements

For the year ended 30 June 2013

4. Expenses

		2013 $	2012 $
Surplus includes the following specific expenses:			
Depreciation:			
Land and buildings		**207,794**	206,599
Motor vehicles		**164,180**	206,595
Office equipment		**78,115**	88,988
	10(a)	**450,089**	502,182
Amortisation:			
Software development	11(a)	**261,358**	276,246
Total depreciation and amortisation		**711,447**	778,428
Affiliation fees:			
Shop, Distributive & Allied Employees Association (National Office)		**1,390,842**	1,304,094
Australian Labor Party		**208,703**	205,652
		1,599,545	1,509,746
Donations		**25,271**	75,045
Employee benefits expense:			
Salaries & wages		**4,577,376**	4,806,135
Annual leave		**23,129**	10,474
Long service leave		**113,662**	131,690
Superannuation		**479,095**	287,478
Other		**648,533**	822,424
		5,841,795	6,058,201

Executive officers' remuneration is included in the above disclosure and includes salaries and wages of $328,544 (2012: $317,362), annual leave reduction of $6,326 (2012: reduction of $69), long service leave of $14,125 (2012: $13,737) and superannuation of $39,425 (2012: $38,083).

5. Cash and cash equivalents

	2013 $	2012 $
Cash on hand	**900**	900
Cash at bank	**3,688,069**	3,477,437
	3,688,969	3,478,337

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

Cash at bank is subject to interest rate risks as it earns interest at floating rates. For cash at bank in 2013, the average floating rates were 2.50% (2012: 2.90%).

The fair value of cash and cash equivalents is equal to the amounts disclosed above.

(a) Sensitivity analysis

A 100 point (2012: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $36,890 (2012: $34,780), and an equal change in the opposite direction would have decreased the surplus by $36,890 (2012: $34,780).

Notes to the financial statements

For the year ended 30 June 2013

6. Trade and other receivables

	Note	2013 $	2012 $
CURRENT			
Trade receivables		**970,689**	545,292
Prepayments		**84,131**	336,446
Other receivables		**62,843**	132,952
Amounts receivable from associates	17(a)	**540,350**	540,350
		1,658,013	1,555,040

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

	Gross 2013 $	Impairment 2013 $	Gross 2012 $	Impairment 2012 $
Not past due	**948,086**	**-**	537,618	-
Past due 0 – 30 days	**16,988**	**-**	-	-
Past due 31 – 60 days	**5,465**	**-**	-	-
Past due over 60 days	**150**	**-**	7,674	-
	970,689	**-**	545,292	-

(b) Other receivables

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

(c) Receivables from 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 is the carrying amount of all receivables less impairment, if any (excluding prepayments).

The entity's most significant receivable from an employer of the members, a retailer, accounts for $436,164 (2012: $339,624) of receivables at the reporting date.

(e) Interest rate risk

All current receivables are non-interest bearing.

(f) Foreign currency risk

The entity is 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.

Notes to the financial statements

For the year ended 30 June 2013

	Note	2013 $	2012 $
7. Non-current assets - Investments accounted for use the equity method			
Shares in associates	7(a)	**549,265**	539,827

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (note 7) and are carried at cost by the parent entity in note 21.

	2013	2012
(a) Movements in Carrying amounts		
Carrying amount at the beginning of the financial year	**539,827**	513,875
Share of profits after income tax	**9,438**	25,952
Carrying amount at the end of the financial year	**549,265**	539,827

(b) Summarised financial information of associates

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

	Ownership Interest %	Group's share of: Assets $	Liabilities $	Revenues $	Profit $
2013					
Industrial Printing and Publishing Pty Ltd and controlled entities	**23.9**	**1,562,389**	**1,013,124**	**989,049**	**9,438**
2012					
Industrial Printing and Publishing Pty Ltd and controlled entities	23.9	1,651,928	1,112,101	1,064,859	25,952

All of the above associates are incorporated in Australia.

(c) Contingent liabilities of associates

There are no contingent liabilities incurred jointly with other investors.

	Note	2013 $	2012 $
8. Other financial assets			
CURRENT			
Held to maturity investments			
- Floating rate notes	(a)	**-**	1,006,344
- Term deposits	(b)	**10,854,540**	8,854,540
Held to maturity investments - current		**10,854,540**	9,860,884

(a) Floating rate notes

Floating rate notes classified as current mature within 12 months. Floating rate notes bore an interest rate of 5.18% prior to their redemption in the year ended 30 June 2013 (2012: between 3.69% and 5.18%).

(b) Term deposits

Term deposits bear a floating interest rate of 3.75% (2012: between 5.25% and 5.28%).

Notes to the financial statements

For the year ended 30 June 2013

8. Other financial assets (continued)

(c) Interest rate risk - Sensitivity analysis

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

The Association's floating rate notes 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 (2012: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $108,550 (2012: $98,610), and an equal change in the opposite direction would have decreased surplus by $108,550 (2012: $98,610).

(d) Credit risk

Concentrations of risk

The Association's investment in term deposits is in 7 term deposits issued by Commonwealth Bank of Australia Limited. All investments were issued by entities rated 'AA-'. None of the held-to-maturity investments are either past due or impaired.

Maximum exposure to credit risk

The maximum exposure to credit risk at reporting date is the total of floating rate notes and term deposits.

	2013 $	2012 $
9. Other assets		
CURRENT		
Lease incentive asset	**27,867**	21,884
NON-CURRENT		
Lease incentive asset	**19,211**	28,604

10. Property, plant and equipment

	2013 $	2012 $
Land & buildings at cost	**12,141,685**	12,141,685
less accumulated depreciation	**(2,306,601)**	(2,098,807)
Total land & buildings	**9,835,084**	10,042,878
Motor vehicles at cost	**1,104,203**	1,173,650
less accumulated depreciation	**(606,035)**	(534,308)
Total motor vehicles	**498,168**	639,342
Office equipment at cost	**1,154,709**	1,137,875
less accumulated depreciation	**(1,036,211)**	(958,096)
Total office equipment	**118,498**	179,779
Total property, plant and equipment	**10,451,750**	10,861,999

Notes to the financial statements

For the year ended 30 June 2013

10. Property, plant and equipment (continued)

(a) Movements in carrying amounts

2013	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	**10,042,878**	**639,342**	**179,779**	**10,861,999**
Additions	**-**	**70,954**	**16,834**	**87,788**
Depreciation expense	**(207,794)**	**(164,180)**	**(78,115)**	**(450,089)**
Disposals	**-**	**(47,948)**	**-**	**(47,948)**
Carrying amount at the end of year	**9,835,084**	**498,168**	**118,498**	**10,451,750**

2012	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	10,237,277	799,874	241,550	11,278,701
Additions	12,200	139,835	27,217	179,252
Depreciation expense	(206,599)	(206,595)	(88,988)	(502,182)
Disposals	-	(93,772)	-	(93,772)
Carrying amount at the end of year	10,042,878	639,342	179,779	10,861,999

	2013 $	2012 $
(b) Amounts recognised in profit and loss for property, plant and equipment		
Rental income	**299,144**	324,555
Direct operating expenses that generated rental income	**(382,594)**	(369,904)
Total	**(83,450)**	(45,349)

(c) Leasing arrangements for rental income

Excess space within the owner occupied 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:

Within 1 year	**296,762**	192,645
Later than 1 year but not later than 5 years	**736,657**	636,627
Total	**1,033,419**	829,272

11. Intangible assets

Software at cost	**2,908,267**	2,209,681
less accumulated amortisation	**(1,082,282)**	(820,924)
Net carrying value	**1,825,985**	1,388,757

(a) Movements in carrying amounts

Balance at the beginning of year	**1,388,757**	896,945
Additions	**698,586**	768,058
Amortisation expense	**(261,358)**	(276,246)
Carrying amount at the end of year	**1,825,985**	1,388,757

Notes to the financial statements

For the year ended 30 June 2013

	2013	2012
	$	$
12. Retirement benefit asset/liability		
NON-CURRENT LIABILITY		
Retirement benefit liability	**205,100**	500,548

(a) Superannuation plan

The Association sought Professional Financial Solutions to prepare a valuation report to assist with the measurement, recognition and disclosure requirements of AASB 119 Employee Benefits. The report covered the superannuation plan of The Shop, Distributive & Allied Employees' Association (Victorian Branch), but also included members that are employees of the National Office. Apportionment of the amounts included in the report (and as disclosed in Note 12) 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 liability. Apportionment percentage as at balance date was 70.24% (2012: 70.60%). This is based on membership data as at 30 June 2013.

(b) Plan characteristics and associated risks

The Plan is a defined benefit superannuation fund providing lump sum benefits to members on retirement, resignation, death and total and permanent disablement. The benefits are based on the member's annual salary near retirement and the length of their membership of the Plan. The Plan is open to new members. Members may also have a defined contribution component of their benefit but, given that for such benefits the assets and liabilities are matched, these disclosures only relate to the defined benefit component of members' benefits.

The Plan is a defined benefit sub-plan of the Retail Employees Superannuation Trust ("REST"), a regulated superannuation entity (RSE) subject to superannuation law, including the Superannuation Industry (Supervision) Act 2003 and certain sections of tax law, and the regulator is the Australian Prudential Regulation Authority (APRA). RSEs receive concessional tax treatment provided they comply with relevant law.

There is a minimum funding requirement such that a member's benefit must not be less than the Minimum Requisite Benefit (MRB) as defined in the Superannuation Guarantee Charge (Administration) Act 1992. An actuarial Benefit Certificate specifies how the MRB is calculated and an actuarial Funding and Solvency Certificate (FSC) specifies the minimum level of contribution to be paid by the Association. Further, a new APRA Prudential Standard (SPS 160), which took effect from 1 July 2013, requires vested benefit shortfalls to be funded over a period not exceeding three years, unless APRA agrees to vary this requirement.

Any net asset determined under AASB 119 may be used to reduce future contributions payable by the Association and therefore, such an asset may be recognised in the financial statements of the Association. Further, it is possible, under superannuation law, that the Association may receive a payment of any surplus assets from the Plan provided certain conditions are met, and, if this is the case, there is no asset ceiling as defined in paragraphs 64-65 of AASB 119.

Notes to the financial statements

For the year ended 30 June 2013

12. Retirement benefit asset/liability (continued)

(b) Plan characteristics and associated risks (continued)

The major risk of the Plan for the Association is that there is insufficient money in the Plan to meet the benefit liabilities and there may be a call on the Association to make additional payments. This situation may occur if the experience of the Plan is unfavourable relative to the assumptions used by the Actuary to determine the contributions to be made by the Association. Examples of unfavourable experience are lower than expected investment returns and higher than expected increases in member salaries. There is also a risk, albeit relatively small, that the Plan may be overfunded by contributions in excess of those required to fund benefits and the Association is unable to recoup any benefit from those overpaid contributions.

The assets of the Plan are allocated across a number of asset classes and there is no particular concentration risk.

		2013	2012
		$	$
(c) Statement of Financial Position amounts			
The amounts recognised in the statement of financial position are determined as follows:			
Fair value of defined benefit plan assets	(d)	**6,303,340**	5,843,498
Present value of the defined benefit obligation	(d)	**(6,508,440)**	(6,344,046)
		(205,100)	(500,548)
(d) Reconciliations			
Reconciliation of the present value of the defined benefit obligation:			
Balance at the beginning of the year		**6,344,046**	5,551,353
Current service cost		**380,733**	506,766
Interest cost		**172,088**	230,859
Actuarial losses		**143,290**	719,408
Benefits paid		**(427,762)**	(565,500)
Taxes, premiums and expenses paid		**(103,955)**	(98,840)
Balance at the end of the year		**6,508,440**	6,344,046
Reconciliation of the fair value of plan assets:			
Balance at the beginning of the year		**5,843,498**	5,889,111
Return on plan assets		**134,631**	526,948
Actuarial gain/(loss)		**387,725**	(344,524)
Employer contributions		**469,203**	436,303
Benefits paid		**(427,762)**	(565,500)
Taxes, premiums and expenses paid		**(103,955)**	(98,840)
Balance at the end of the year		**6,303,340**	5,843,498

	2013	2012
	%	%
(e) Categories of plan assets		
The major categories of plan assets are as follows:		
Australian equity	**24%**	29%
International equity	**31%**	25%
Fixed income	**12%**	11%
Property	**9%**	9%
Cash	**6%**	9%
Other	**18%**	17%

Notes to the financial statements

For the year ended 30 June 2013

	2013	2012
	%	%
12. Retirement benefit asset/liability (continued)		

(f) Principal actuarial assumptions

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

	2013 %	2012 %
Discount rate	**3.75%**	3.00%
Future salary increases	**4.00%**	3.75%

(g) Employer contributions and funding arranagements

The Association contributes such amounts as are recommended by the actuary. Actuarial investigations are conducted at least every three years and the Association contribution rate is reviewed after allowing for the current financial status of the Plan and the value of benefits accruing in the future. The current contribution recommendations, as set out in the report of the most recent actuarial valuation of the plan as at 1 July 2012, are 15% of salaries of defined benefit members. The Association will continue to contribute at these rates.

	2014
	$
Estimated employer contributions	506,430

(h) Effect of the asset ceiling

As the Plan has a net liability, the asset ceiling has no effect at this time.

(i) Reimbursement rights

There are no explicit reimbursement rights in the rules governing the Plan. However, under superannuation law repayments from a defined benefit plan are possible provided certain conditions are met.

(j) In-house asset disclosure

The fair value of Plan assets includes no amounts relating to any of the Associations' financial instruments or any property occupied by, or other assets used by, the Association.

(k) Asset-liability matching

The Plan has no specific asset-liability matching. However, the asset allocation has been determined to provide protection from the risk of salary increases in that there is a significant component of the assets which are likely to increase with inflation. Investments in Australian and International shares and property are expected to increase, in the long term, in line with inflation.

(l) Sensitivity analysis

The defined benefit obligation, calculated under various assumptions, has been presented below and reflect different potential results arising from changes in discount rates applied.

	2013	2012
	$	$
Increase in net obligation for a 1% decrease in the discount rate	**531,014**	565,506
Reduction in net obligation for a 1% increase in the discount rate	**(519,776)**	(550,680)

Notes to the financial statements

For the year ended 30 June 2013

	2013 $	2012 $

13. Trade and other payables

	2013 $	2012 $
CURRENT		
Unsecured liabilities		
Trade payables	**279,932**	311,092
Other payables	**421,954**	403,309
	701,886	714,401

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 are 0-12 months.

14. Provisions

	2013 $	2012 $
Employee entitlements		
Current	**1,594,601**	1,463,791
Non-current	**27,972**	55,724
Aggregate employee entitlements liability	**1,622,573**	1,519,515

Annual leave in the current year totals $509,362 (2012: $513,362) and all liabilities are current. The remainder of employee benefits relate to long service leave. Executive officers' annual leave (including on costs) owing as at 30 June 2013 was $33,811 (2012: $46,338). Executive officers' long service leave owing (including on costs) as at 30 June 2013 was $181,415 (2012: $192,928).

15. Executive officers and key management personnel

(a) Executive officers

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

Michael Donovan	Patricia Connelly	Elizabeth Shaw
Ada Scibilia	Sue Nance	

(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	Nick Mavrikis	Patricia Ryan
Suzanne Hollingsworth	Debra Becker	Trevor Libbis
Bernadette Kerford	Dianne Heslop	Monique Davis
Charles Fitzgerald	Korinea Hunter	Leanne Zsarik
Sharolynn Marshman	Gino Toppi	Roslyn Smith
Bernadette Arathoon	Antony Burke	Debra Tanner
Ian Macpherson	Jennifer Siwek	Simon Preest
Michelle Stevens	Kylie Hughes	Michelle Wilton
Debra-Anne Warfe	Tammy Trimble	Carolyn Hay
Nicole LaFranchi	Nola Jones	Peter Ericksen (appointed 8 May 2013)
Julie Holland	Gary Todd (resigned 3 May 2013)	

Notes to the financial statements

For the year ended 30 June 2013

15. Executive officers and key management personnel (continued)

	2013	2012
	$	$
(c) Compensation		
Short-term employment benefits	**785,616**	858,753
Post-employment benefits	**76,743**	81,222
	862,359	939,975

16. Auditor's remuneration

Remuneration of the auditor of the consolidated entity for:		
- Auditing the financial statements	**79,095**	61,100
- Financial report assistance	**4,000**	4,000
- Other audit services	**3,500**	3,750
	86,595	68,850

17. Related parties

(a) Interest free loans to related parties

The Shop, Distributive and Allied Employees' Association (Victorian Branch), the ultimate controlling entity, has granted interest free loans of $9,500,000 to the controlled entity, Fedsda Unit Trust, of which $9,500,000 is receivable as at 30 June 2013 (refer to parent entity current assets at note 21). These loans are without specific terms of repayment and are included in current receivables in the statement of financial position. An interest free receivable is also due from an associate, IPP Property Trust of $540,350 (2012: $540,350).

(b) Transactions with related parties

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	**13,860**	13,560
Amounts paid to Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, for consulting services	**37,313**	31,063

Notes to the financial statements

For the year ended 30 June 2013

18. Cash flow information

	2013 $	2012 $
Reconciliation of cash flow from operations with surplus		
Net surplus for the year	**1,300,738**	1,309,438
Cash flows excluded from surplus attributable to operating activities		
Depreciation & amortisation	**711,447**	778,428
Lease incentives	**3,410**	(44,433)
Net loss on disposal of plant and equipment	**12,511**	28,642
Share of profits of associates	**(9,438)**	(25,952)
Non-cash defined benefit adjustment	**(51,013)**	(225,625)
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(102,973)**	129,123
Increase in payables	**(12,515)**	(156,859)
Decrease in provisions	**103,058**	37,519
Net cash provided by operating activities	**1,955,225**	1,830,281

19. Lease commitments

The association leases various property, plant and equipment under long term operating leases. Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are payable as follows:

	2013 $	2012 $
Within 1 year	**114,414**	114,414
Later than 1 year but not later than 5 years	**86,912**	201,326
Total	**201,326**	315,740

20. After reporting period events

No matters or circumstances have arisen since the end of the financial year which significantly affect the operation of the Association, the results of those operations or the state of affairs of the Association in future financial years.

Notes to the financial statements

For the year ended 30 June 2013

21. Parent entity information

The following detailed information related to the parent entity, Shop, Distributive and Allied Employees' Association (Victorian Branch), at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 1, except as follows:

Investments in subsidiaries and associates
Investments in subsidiaries and associates are accounted for at cost. Dividends received from associates are recognised as revenue in the parent entity's profit or loss in the statement of comprehensive income, rather than being deducted from the carrying amount of the investment.

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Summary statement of financial position		
Current assets	**25,206,631**	24,066,361
Non-current assets	**4,745,073**	4,537,052
Total assets	**29,951,704**	28,603,413
Current liabilities	**2,251,604**	2,115,846
Non-current liabilities	**233,072**	556,272
Total liabilities	**2,484,676**	2,672,118
Members funds	**27,467,028**	25,931,295
Total equity	**27,467,028**	25,931,295
Summary statement of comprehensive income		
Surplus for the year	**1,291,298**	1,352,141
Other comprehensive loss for the year	**244,435**	(1,063,931)
Total comprehensive surplus for the year	**1,535,733**	288,210

22. 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

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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 consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Committee of Management 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.

Responsibility of the Committee of Management for the financial report

The Committee of Management of Shop, Distributive & Allied Employees' Association (Victorian Branch) is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Fair Work (Registered Organisations) Act 2009. This responsibility includes such internal controls as the Committee of Management determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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 which require us to 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.

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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 Shop, Distributive & Allied Employees' Association (Victorian Branch)'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 Shop, Distributive & Allied Employees' Association (Victorian Branch)'s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of Shop, Distributive & Allied Employees' Association (Victorian Branch):

i presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2013 and of its performance and cash flows for the year then ended; and

ii complies with Australian Accounting Standards and the relevant legislation.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Sandra Lawson
Partner - Audit & Assurance

Melbourne
14 August 2013