FairWork Commission

18 March 2015

Mr Michael Donovan
Secretary/Treasurer
Shop, Distributive and Allied Employees Association-Victorian Branch
secretary@sdavic.org

CC: Grant Thornton Audit Pty Ltd, Attn: Sandra Lawson info.vic@au.gt.com

Dear Mr Donovan,

Shop, Distributive and Allied Employees Association-Victorian Branch
Financial Report for the year ended 30 June 2014 - [FR2014/322]

I acknowledge receipt of further information concerning the financial report of the Shop, Distributive and Allied Employees Association, Victorian Branch. The documents were lodged with the Fair Work Commission on 17 March 2015.

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

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.

Thank you for the further information supplied. Please ensure that next year's report has the requisite line items, as required by the Reporting Guidelines, including any necessary NIL line items. In particular:

- Compulsory levies paid to the branch (item 14);
- Donations or grants received by the branch (item 14);
- Fees/expenses for meetings or conferences (item 16);
- Legal costs (item 16);
- Penalties under the RO Act (item 16);
- Payables or receivables to other reporting units (item 18);
- Payables concerning payroll deductions or legal costs (item 20).

A set of Model Statements is available from the Commission website that may assist the organisation in complying with the requirements of the Reporting Guidelines.

Further, please ensure that the report's cash flow statement identifies all payments made to another reporting unit within the organisation in accordance with the requirements of the Reporting Guidelines.

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
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catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000
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web www.sdavic.org

State Secretary: Michael Donovan

13 March 2015

Catherine Bebbington
Fair Work Commission
catherine.bebbington@fwc.gov.au

Dear Ms. Bebbington,

Shop, Distributive and Allied Employees' Association Victorian Branch
Financial Report for the year ended June 2014 – [FR2014/322]

In response to your letter dated 27 February 2015:

Nil statements:

See Consolidated Statement of Profit or Loss and Other Comprehensive Income:

Line item Other expenses $880,546.
Includes $159,940 (Fees/expenses for meetings or conferences)

Line item Other expenses $880,546.
Includes $22,936 (Legal Costs)

See Consolidated Statement of Financial Position:

Line item Trade and other receivables $816,968
Includes $6,104 (Receivables from other reporting units). See note 6 which includes $6,104 in Other receivables $160,933.

Loans, Grants and Donations:

See Consolidated Statement of Cash Flows:

The payment of $56,851 to the National Office is included in this statement.
Line item Cash payments to employees and suppliers $11,356,621 includes $56,851 paid to National Office.
If you have any queries, please contact me on (03) 9698 1400.

Yours sincerely,

Michael Donovan

Michael Donovan
State Secretary

27 February 2015

Mr Michael Donovan
Secretary/Treasurer
Victorian Branch
Shop, Distributive and Allied Employees Association
secretary@sdavic.org
CC: Sandra Lawson, Grant Thornton, by email: info.vic@au.gt.com

Dear Mr Donovan,

Shop, Distributive and Allied Employees Association Victorian Branch
Financial Report for the year ended 30 June 2014 - [FR2014/322]

I acknowledge receipt of correspondence from the Shop, Distributive and Allied Employees Association, Victorian Branch. The documents were lodged with the Fair Work Commission on 6 February 2015. They provided some further information concerning the financial return however some issues remain outstanding as such the financial report has not been filed. Further information is required before the report can be filed.

NIL statements

Confirmation was sought that certain NIL statements had been left out of the report. It appears from the correspondence that not all of these categories were NIL. Please provide information concerning which line items within the current report incorporate these amounts:

- Fees/expenses for meetings or conferences $159,940
- Legal Costs $22,936
- Receivables from other reporting units $6,104.

Loans, Grants and Donations

Thank you for the explanation of the inconsistency between the two documents. Please confirm that the payment to the national office appears on the cash flow sheet as money paid to another reporting unit.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely

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CATHERINE BEBBINGTON
Regulatory Compliance Branch

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State Secretary: Michael Donovan

6 February 2015

Catherine Bebbington
Fair Work Commission
catherine.bebbington@fwc.gov.au

Dear Ms. Bebbington,

Shop, Distributive and Allied Employees' Association
Financial Report for the year ended June 2014 – [FR2014/322]

In response to your letter dated 6 January 2015:

Designated Officer's Certificate

I confirm that the correct date of the Committee of Management meeting where the financial report was presented (in accordance with section 266) is 19 November 2014.

Reporting Guidelines Items 14, 16, 18 and 20

I confirm that the following is the correct information for items 14, 16, 18 and 20 of the Reporting Guidelines:

Item 14
- Compulsory levies paid to the branch – NIL
- Donations or grants received by the branch – NIL

Item 16
- Fees/expenses for meetings or conferences - $159,940
- Legal costs - $22,936
- Penalties under the RO Act – NIL

Item 18
- Payables to other reporting units - NIL
- Receivables from other reporting units - $6,104

Item 20
- Payables concerning payroll deductions or legal costs – NIL

Loans, Grants and Donations

You ask about the apparent discrepancy in loans, grants and donations exceeding $1,000 between Note 4 of the Financial Statement for the year ended 30 June 2014 and the Loans, Grants and Donations statement filed in the Fair Work Commission.

In Note 4 of the Financial Statement for the year ended 30 June 2014 of the SDA Victorian Branch, we have stated the total amount of $92,765 as money donated exceeding the amount of $1,000. This amount includes the amount of $56,851 which was a part reimbursement of the SDA National Office for a donation made by the SDA National Office. The SDA National Office is declaring that donation in it's Fair Work Commission Loans, Grants and Donations return. Also included in the $92,765 amount are four donations of $1,000 each which we have not included in the FWC return for Loans, Grants and Donations exceeding $1,000 because it did not exceed the $1,000 threshold. The SDA Victorian Branch's Loans, Grants and Donations return to the FWC did not include the amount reimbursed to the SDA National Office and the four donations of $1,000 each.

$92,765	=	$ 56,852	Reimbursement to SDA National Office
		$ 4,000	Four donations of $1,000 each
		$ 31,913	Reported amount in Loans, Grants and Donations return to FWC

If you have any queries, please contact me on (03) 9698 1400.

Yours sincerely,

Michael Donovan

Michael Donovan
State Secretary

FairWork Commission

6 January 2015

Mr Michael Donovan
Secretary/Treasurer
Shop, Distributive and Allied Employees Association-Victorian Branch
secretary@sdavic.org

CC: Sandra Lawson, Grant Thornton, by email: info.vic@au.gt.com

Dear Mr Donovan,

Shop, Distributive and Allied Employees Association Victorian Branch
Financial Report for the year ended 30 June 2014 - [FR2014/322]

I acknowledge receipt of the financial report of the Shop, Distributive and Allied Employees Association-Victorian Branch. The documents were lodged with the Fair Work Commission on 26 November 2014.

The financial report has not been filed. Further information is required before the report can be filed.

Designated Officer's Certificate

I note that the designated officer's certificate supplied with the report states that the final meeting occurred on 19 November 2013. This is likely a typographical error. However, please confirm in writing the correct date of the Committee of Management meeting at which the report was presented in accordance with section 266.

NIL statements

In last year's correspondence the branch was informed that the report needed to show as either a statement or a NIL line item when certain actions did not occur during the year in accordance with the Reporting Guidelines items 14, 16, 18 and 20 (among others).

The report does not seem to include any reference to:

- Compulsory levies paid to the branch (item 14);
- Donations or grants received by the branch (item 14);
- Fees/expenses for meetings or conferences (item 16);
- Legal costs (item 16);
- Penalties under the RO Act (item 16);
- Payables or receivables to other reporting units (item 18);
- Payables concerning payroll deductions or legal costs (item 20).

Please confirm that these events are NIL line items and ensure that they appear within the next financial report.

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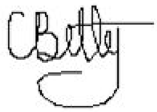
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Loans, Grants and Donations

Note 4 demonstrates that the organisation paid $92,765 in donations in excess of $1000. This figure does not match the amount disclosed in the Loans, Grants and Donations statement required to be filed with the Fair Work Commission. Please explain the disparity in the two figures or provide an amended Loans, Grants and Donations statement.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely



CATHERINE BEBBINGTON
Regulatory Compliance Branch

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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 16th September 2014; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 19th 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 2014

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

Financial Statements
For the Year Ended 30 June 2014

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 2014 and the auditor's report thereon.

1. Membership
Membership of the Victorian Branch of the Association as at 30 June 2014 was 49,702.

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 (until 22 June 2014)
	-	Ada Scibilia (from 23 June 2014)
Branch Vice President	-	Sue Nance
Branch Vice President	-	Ada Scibilia (until 22 June 2014)
	-	Debra Becker (from 23 June 2014)
Committee of Management	-	Jennifer Siwek
	-	Antony Burke
	-	Denis Parker (until 22 June 2014)
	-	Suzanne Hollingsworth
	-	Bernadette Kerford
	-	Simon Preest
	-	Tammy Trimble
	-	Debra Becker
	-	Ian Macpherson
	-	Nicole Lafranchi (until 30 January 2014)
	-	Michelle Wilton
	-	Bernadette Arathoon (from 23 June 2014)
	-	Patricia Ryan (from 30 January 2014)
	-	Debra Tanner (from 23 June 2014)

3. Affiliations
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.

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 agreements were negotiated with a wide range of employers including Hungry Jacks, the Just group, Villeroy and Boch, Domino's Pizza, Myer, Priceline, Noni B, Dulux, Red Rooster, Bras and Things, Lovisa, Masters, Coles Liquor, Specialty Fashion Group, Master Grocer Association, Freedom, Brotherhood of St. Laurence, IGA distribution and Australian Liquor Marketers . These agreements all resulted in improved wages and working conditions for the employees covered by them.

Operating Report

4. Principal Activities (continued)
The Association continues its defence of penalty rates in its major awards and also protects other entitlements from attack by employers. The Association also ran a major test case in support of the principle of the adult rate of pay at 18 years of age, and was successful in achieving the adult rate at 20 years in the General Retail Industry Award.

The Association has also actively opposed legislation by the Abbott Government to take away basic entitlements of workers since its election to office on 7 September 2013 and, particularly, various regressive provisions aimed against low paid workers in the 2014/2015 Federal Budget.

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

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2014, there were 56 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/Treasurer, Michael Donovan, is an Alternate Employee Director of the trustee company of the Retail Employees Superannuation Trust (REST).

6. Information to be provided to Members or General Manager
In accordance with the requirements of subsection 272 (5) of the FairWork (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

1. A member of the reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

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

7. Resignation from Membership

Section 174 of the FairWork (Registered Organisations) Act 2009 provides as follows:

Section 174 Resignation from membership

174 (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.

Note: The notice of resignation can be given electronically if the organisation's rules allow for this (see section 9 of the Electronic Transactions Act 1999).

Operating Report

7. Resignation from Membership (continued)

174 (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.

174 (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.

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

174 (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).

175 (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.

Michael Donovan

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

Dated this 13th day of August 2014

Committee of Management Statement

On 13 August 2014 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 2014:

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 including the rules of the Victorian Branch; and

  (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the Association including the rules of the Victorian Branch; and

  (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and

  (iv) the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other branches of the Association; and

  (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009, that information has been provided to the member or 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.

(f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

Signed on behalf of the Committee of Management by:

Michael Donovan

Michael Donovan
Branch Secretary/Treasurer
Dated this 13th day of August 2014
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $	2013 $
Gross revenue from membership subscriptions		**13,685,120**	13,007,361
Other revenue	3	**988,474**	918,831
Other income	3	**313,676**	299,144
Share of net surplus/(loss) of associates accounted for using the equity method		**(134,494)**	9,438
Affiliation expenses	4	**(1,449,081)**	(1,599,545)
Delegate expenses		**(179,674)**	(168,319)
Depreciation, amortisation and impairments	4	**(713,956)**	(711,447)
Employee costs	4	**(6,198,526)**	(5,841,794)
Employer commission expenses		**(1,275,708)**	(1,212,859)
Loss on disposal of property, plant and equipment		**(40,743)**	(12,511)
Member service expenses		**(1,084,762)**	(1,059,624)
Office administration expenses		**(1,415,180)**	(1,125,639)
Property expenses		**(424,126)**	(382,599)
Other expenses		**(880,546)**	(819,700)
Surplus attributable to members		**1,190,474**	1,300,737
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on retirement benefit asset/liability recognised directly in other comprehensive income		**1,178,683**	244,435
Other comprehensive income for the year		**1,178,683**	244,435
Total comprehensive income attributable to members		**2,369,157**	1,545,172

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**3,017,894**	3,688,969
Trade and other receivables	6	**816,968**	1,658,014
Financial assets	8	**13,429,630**	10,854,540
Other current assets	10	**33,396**	27,867
Total current assets		**17,297,888**	16,229,390
Non-current assets			
Investments accounted for using the equity method	7	**414,771**	549,265
Trade and other receivables	6	**540,350**	-
Property, plant and equipment	11	**10,439,534**	10,451,750
Intangible assets	12	**1,835,647**	1,825,985
Retirement benefit asset	13	**1,094,091**	-
Other non-current assets	10	**12,907**	19,211
Total non-current assets		**14,337,300**	12,846,211
TOTAL ASSETS		**31,635,188**	29,075,601
LIABILITIES			
Current liabilities			
Trade and other payables	14	**840,024**	701,888
Provisions	15	**1,851,621**	1,594,601
Total current liabilities		**2,691,645**	2,296,489
Non-current liabilities			
Retirement benefit liability	13	**-**	205,100
Provisions	15	**28,346**	27,972
Total non-current liabilities		**28,346**	233,072
TOTAL LIABILITIES		**2,719,991**	2,529,561
NET ASSETS		**28,915,197**	26,546,040
EQUITY			
Members' funds		**28,915,197**	26,546,040
TOTAL EQUITY		**28,915,197**	26,546,040

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

2014	$
Equity as at the beginning of the year	**26,546,040**
Surplus attributable to members	**1,190,474**
Other comprehensive income for the year	**1,178,683**
Total comprehensive income for the year	**2,369,157**
Equity as at the end of the year	**28,915,197**

2013	
Equity as at the beginning of the year	25,000,868
Surplus attributable to members	1,300,737
Other comprehensive income for the year	244,435
Total comprehensive income for the year	1,545,172
Equity as at the end of the year	26,546,040

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Cash receipts from members and tenants		**14,820,631**	13,336,452
Cash payments to employees and suppliers		**(11,356,621)**	(10,387,852)
Affiliation fees paid to Shop, Distributive & Allied Employees' Association (National Office)		**(1,356,368)**	(1,529,926)
Interest received		**548,518**	536,551
Net cash provided by operating activities	19	**2,656,160**	1,955,225
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**88,340**	35,437
Purchases of investments		**(2,575,090)**	(993,656)
Payments for property, plant and equipment		**(523,897)**	(87,788)
Acquisition of intangible assets		**(316,588)**	(698,586)
Net cash used in investing activities		**(3,327,235)**	(1,744,593)
Net increase/(decrease) in cash and cash equivalents		**(671,075)**	210,632
Cash and cash equivalents at the beginning of the year		**3,688,969**	3,478,337
Cash and cash equivalents at the end of year	5	**3,017,894**	3,688,969

Notes to the financial statements

For the year ended 30 June 2014

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 13 August 2014.

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, the Fair Work (Registered Organisation) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Consolidated Entity applying Not-for-profit specific requirements contained in Australian Accounting Standards.

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 Financial Instruments: Recognition and Measurement 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 Financial Instruments: Recognition and Measurement, 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 13

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 defined benefit obligations.

Notes to the financial statements

For the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

Estimates (continued)

- Defined benefit obligation – Note 13 (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 gross of tax.

Other key assumptions for defined benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 13.

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 22.

(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 22) 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 2014

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 2014

1. Statement of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(iii) Depreciation (continued)
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	28.57%	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 profit or loss and other 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 profit or loss and other 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 2014

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 profit or loss and other 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 Consolidated 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.

The majority of 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.

Notes to the financial statements

For the year ended 30 June 2014

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% (2013: 0-10%).

Commissions for the year ended 30 June 2014 were $1,275,708 (2013: $1,212,859). 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 profit or loss 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 22, 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 profit or loss and other comprehensive income, rather than being deducted from the carrying amount of the investment.

Notes to the financial statements

For the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

(l) Information provided to members and the General Manager of Fair Work Australia - 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) 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 2014. 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 2018)*

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 2018 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 for Not-for-profit entities)*

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 resulting changes to its financial statements.

(iii) AASB 12 *Disclosure of Interest in Other Parties (effective from 1 January 2014 for Not-for-profit entities)*

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 2014

1. Statement of significant accounting policies (continued)

(n) Going concern

The reporting unit's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit(s). The reporting unit has not agreed to provide financial support to ensure another reporting unit(s) has the ability to continue as a going concern.

The reporting unit has not acquired an asset or a liability during the financial year as a result of:
(a) an amalgamation under part 2 of chapter 3 of the FairWork (Registered Organisations) Act 2009 in which the organisation (of which the reporting unit forms part) was the amalgamated organisation; or
(b) a restructure of the branches of the organisation; or
(c) a determination by the General Manager under subsection 245(1) of the Fair Work (Registered Organsiations) Act 2009 of an alternative reporting structure for the organisation; or
(d) a revocation by the General Manager under subsection 249(1) of the FairWork (Registered Organisations) Act 2009 of a certificate issued to an organisation under subsection 245(1).

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.

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 $1,294,717 (2013: $1,573,883) arising from total receivables (see note 6), $13,429,630 (2013: $10,854,540) arising from term deposits (see note 8), and $3,016,994 (2013: $3,688,069) arising from cash and deposits with banks (see note 5).

Notes to the financial statements

For the year ended 30 June 2014

2. Financial risk management (continued)

Credit risk (continued)

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 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 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.

	Note	2014 $	2013 $
3. Revenue and Other Income			
Revenue and Other Income			
Other revenue:			
Interest revenue	(a)	**497,509**	536,551
Other revenue		**490,965**	382,280
		988,474	918,831
(a) Interest received			
Interest on cash balances and short term deposits		**59,459**	99,538
Interest on financial assets		**438,050**	437,013
Total interest received		**497,509**	536,551
Other income:			
Rental revenue for property		**313,676**	299,144

Notes to the financial statements

For the year ended 30 June 2014

4. Expenses

		2014	2013
		$	$
Surplus includes the following specific expenses:			
Depreciation:			
Buildings		**206,685**	207,794
Motor vehicles		**162,312**	164,180
Office equipment		**38,032**	78,115
	11(a)	**407,029**	450,089
Amortisation:			
Software development - membership system	12(a)	**306,927**	261,358
Total depreciation and amortisation		**713,956**	711,447
Affiliation fees:			
Shop, Distributive & Allied Employees Association (National Office)		**1,233,062**	1,390,842
Australian Labor Party		**216,019**	208,703
		1,449,081	1,599,545
Donations & Grants:			
the total amount paid in grants that were $1,000 or less.		**800**	400
the total amount paid in grants that exceeded $1,000.		**-**	-
the total amount paid in donations that were less than $1,000.		**2,876**	1,377
the total amount paid in donations that exceeded $1,000.		**92,765**	23,894
Total Donations & Grants		**96,441**	25,671
Employee benefits expense:			
Employee benefits expense related to holders of office*:			
Salaries & wages		**337,382**	328,544
Superannuation		**40,486**	39,425
Leave and other entitlements		**31,304**	20,451
Separation & redundancies		**-**	-
Other		**10,273**	-
		419,445	388,420

*The holders of office of the association are Michael Donovan, Patricia Connelly, Ada Scibilia, Sue Nance, Elizabeth Shaw (until 22 June 2014), and Debra Becker (from 23 June 2014).

	2014	2013
Employee benefits expense related to employees (other than holders of office).		
Salaries & wages	**4,390,111**	4,248,831
Superannuation	**452,973**	439,670
Leave and other entitlements	**277,213**	116,340
Separation & redundancies	**-**	-
Other	**658,784**	648,533
	5,779,081	5,453,374
Total employee benefits expense	**6,198,526**	5,841,794

Notes to the financial statements

For the year ended 30 June 2014

5. Cash and cash equivalents

	Note	2014 $	2013 $
Cash on hand		**900**	900
Cash at bank		**3,016,994**	3,688,069
		3,017,894	3,688,969

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 2014, the average floating rates were 2.25% (2013: 2.50%).

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

(a) Sensitivity analysis

A 100 point (2013: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $30,170 (2013: $36,890), and an equal change in the opposite direction would have decreased the surplus by $30,170 (2013: $36,890).

6. Trade and other receivables

	Note	2014 $	2013 $
CURRENT			
Trade receivables	(a)	**593,434**	970,689
Prepayments		**62,601**	84,131
Amounts receivable from associates		**-**	540,350
Other receivables		**160,933**	62,844
		816,968	1,658,014
NON CURRENT			
Amounts receivable from associates	18(a)	**540,350**	-

The carrying amounts of all 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 2014 $	Impairment 2014 $	Gross 2013 $	Impairment 2013 $
Not past due	**100,529**	-	948,086	-
Past due 0 – 30 days	**479,277**	-	16,988	-
Past due 31 – 60 days	**3,207**	-	5,465	-
Past due over 60 days	**10,421**	-	150	-
	593,434	-	970,689	-

(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.

Notes to the financial statements
For the year ended 30 June 2014

6. Trade and other receivables (continued)

(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 $265,566 (2013: $436,164) 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.

7. Non-current assets - Investments accounted for using the equity method

	Note	2014 $	2013 $
Shares in associates	7(a)	**414,771**	549,265

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 22.

(a) Movements in Carrying amounts

	2014	2013
Carrying amount at the beginning of the financial year	**549,265**	539,827
Share of profits/(loss) after income tax	**(134,494)**	9,438
Carrying amount at the end of the financial year	**414,771**	549,265

(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 / (Loss) $
2014					
Industrial Printing and Publishing Pty Ltd and controlled entities	**23.9**	**1,427,366**	**1,014,757**	**935,213**	**(134,494)**
2013					
Industrial Printing and Publishing Pty Ltd and controlled entities	23.9	1,560,227	1,013,124	989,049	9,438

All of the above associates are incorporated in Australia.

(c) Contingent liabilities of associates
There are no contingent liabilities incurred jointly with other investors.

Notes to the financial statements

For the year ended 30 June 2014

	Note	2014 $	2013 $
8. Other financial assets			
CURRENT			
Held to maturity investments			
- Term deposits	(a)	**13,429,630**	10,854,540
Held to maturity investments - current		**13,429,630**	10,854,540

(a) Term deposits

Term deposits bear fixed interest rates of 3.50% (2013: 3.75%).

(b) 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 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 (2013: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $134,300 (2013: $108,550), and an equal change in the opposite direction would have decreased surplus by $134,300 (2013: $108,550).

(d) Credit risk

Concentrations of risk

The Association's investment in term deposits is in 8 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 term deposits.

9. Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

Valuation processes and fair values of other financial instruments

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts.

The fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles. Non-interest bearing related party receivables are repayable on demand, thus face value equates to fair value.

The carrying amounts of financial assets and liabilities equates to their fair values at balance date.

Notes to the financial statements

For the year ended 30 June 2014

	2014 $	2013 $

10. Other assets

	2014 $	2013 $
CURRENT		
Lease incentive asset	**33,396**	27,867
NON-CURRENT		
Lease incentive asset	**12,907**	19,211

11. Property, plant and equipment

	2014 $	2013 $
Land & buildings at cost	**12,155,255**	12,141,685
less accumulated depreciation	**(2,513,287)**	(2,306,601)
Total land & buildings	**9,641,968**	9,835,084
Motor vehicles at cost	**1,211,360**	1,104,203
less accumulated depreciation	**(502,427)**	(606,035)
Total motor vehicles	**708,933**	498,168
Office equipment at cost	**1,162,875**	1,154,709
less accumulated depreciation	**(1,074,242)**	(1,036,211)
Total office equipment	**88,633**	118,498
Total property, plant and equipment	**10,439,534**	10,451,750

(a) Movements in carrying amounts

2014	**Land & Buildings $**	**Motor Vehicles $**	**Office Equipment $**	**Total $**
Balance at the beginning of year	**9,835,084**	**498,168**	**118,498**	**10,451,750**
Additions	**13,569**	**502,161**	**8,167**	**523,897**
Depreciation expense	**(206,685)**	**(162,312)**	**(38,032)**	**(407,029)**
Disposals	**-**	**(129,084)**	**-**	**(129,084)**
Carrying amount at the end of year	**9,641,968**	**708,933**	**88,633**	**10,439,534**

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

(b) Amounts recognised in profit and loss for property, plant and equipment	**2014 $**	2013 $
Rental income	**313,676**	299,144
Direct operating expenses that generated rental income	**(424,126)**	(382,599)
Total	**(110,450)**	(83,455)

Notes to the financial statements

For the year ended 30 June 2014

11. Property, plant and equipment (continued)

(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:

	2014 $	2013 $
Within 1 year	**267,057**	296,762
Later than 1 year but not later than 5 years	**467,351**	736,657
Total	**734,408**	1,033,419

12. Intangible assets

	2014 $	2013 $
Software at cost	**3,224,856**	2,908,267
less accumulated amortisation	**(1,389,209)**	(1,082,282)
Net carrying value	**1,835,647**	1,825,985

(a) Movements in carrying amounts

	2014 $	2013 $
Balance at the beginning of year	**1,825,985**	1,388,757
Additions	**316,589**	698,586
Amortisation expense	**(306,927)**	(261,358)
Carrying amount at the end of year	**1,835,647**	1,825,985

13. Retirement benefit asset/liability

	2014 $	2013 $
NON-CURRENT ASSET		
Retirement benefit asset	**1,094,091**	-
NON-CURRENT LIABILITY		
Retirement benefit liability	**-**	205,100

(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 13) 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/liability. Apportionment percentage as at balance date was 69.91% (2013: 70.24%). This is based on membership data as at 30 June 2014.

(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.

Notes to the financial statements

For the year ended 30 June 2014

13. Retirement benefit asset/liability (continued)

(b) Plan characteristics and associated risks (continued)

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.

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.

		2014 $	2013 $
(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)	**8,068,313**	6,303,340
Present value of the defined benefit obligation	(d)	**(6,974,222)**	(6,508,440)
		1,094,092	(205,100)
(d) Reconciliations			
Reconciliation of the present value of the defined benefit obligation:			
Balance at the beginning of the year		**6,508,440**	6,344,046
Current service cost		**400,066**	380,733
Interest cost		**220,217**	172,088
Actuarial losses		**56,627**	143,290
Benefits paid		**(97,175)**	(427,762)
Taxes, premiums and expenses paid		**(113,953)**	(103,955)
Balance at the end of the year		**6,974,222**	6,508,440
Reconciliation of the fair value of plan assets:			
Balance at the beginning of the year		**6,303,340**	5,843,498
Return on plan assets		**191,299**	134,631
Actuarial gains		**1,235,310**	387,725
Employer contributions		**549,493**	469,203
Benefits paid		**(97,175)**	(427,762)
Taxes, premiums and expenses paid		**(113,954)**	(103,955)
Balance at the end of the year		**8,068,313**	6,303,340

Notes to the financial statements

For the year ended 30 June 2014

13. Retirement benefit asset/liability (continued)

	2014	2013
	%	%
(e) Categories of plan assets		
The major categories of plan assets are as follows:		
Australian equity	**20%**	24%
International equity	**30%**	31%
Fixed income	**10%**	12%
Property	**11%**	9%
Cash	**6%**	6%
Other	**23%**	18%

(f) Principal actuarial assumptions

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

Discount rate	**3.50%**	3.75%
Future salary increases	**4.00%**	4.00%

(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.

	2015
	$
Estimated employer contributions	**703,080**

(h) Effect of the asset ceiling

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 Association's 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.

	2014	2013
	$	$
Increase in net obligation for a 1% decrease in the discount rate	**575,359**	531,014
Reduction in net obligation for a 1% increase in the discount rate	**(396,390)**	(519,776)

Notes to the financial statements

For the year ended 30 June 2014

14. Trade and other payables

	2014 $	2013 $
CURRENT		
Unsecured liabilities		
Trade payables	**474,907**	279,934
Other payables	**365,117**	421,954
	840,024	701,888

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.

15. Provisions

Employee entitlements

	2014 $	2013 $
Employee provisions in respect of holders of office:		
Current		
Annual leave	**49,388**	33,811
Long service leave	**238,439**	181,415
Separation and redundancies	**-**	-
Other employee provisions	**-**	-
	287,827	215,226
Employee provisions related to employees (other than holders of office):		
Current		
Annual leave	**577,656**	503,523
Long service leave	**986,138**	875,852
Separation and redundancies	**-**	-
Other employee provisions	**-**	-
	1,563,794	1,379,375
	1,851,621	1,594,601
Non-current		
Long service leave (other than holders of office)	**28,346**	27,972
Aggregate employee entitlements liability	**1,879,967**	1,622,573

16. 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 (until 22 June 2014)
Ada Scibilia	Sue Nance	Debra Becker (from 23 June 2014)

Notes to the financial statements

For the year ended 30 June 2014

16. Executive officers and key management personnel (continued)

(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 (resigned 22 June 2014)
Suzanne Hollingsworth
Bernadette Kerford
Charles Fitzgerald (resigned January 2014)
Sharolynn Marshman (resigned January 2014)
Bernadette Arathoon
Ian Macpherson
Michelle Stevens
Debra-Anne Warfe
Nicole LaFranchi (resigned January 2014)
Julie Holland
Monique Davis (resigned January 2014)
Roslyn Smith (resigned January 2014)
Simon Preest
Carolyn Hay (resigned January 2014)

Nick Mavrikis (resigned January 2014)
Dianne Heslop
Korinea Hunter
Gino Toppi (resigned January 2014)
Antony Burke
Jennifer Siwek
Kylie Hughes (resigned January 2014)
Tammy Trimble
Nola Jones
Patricia Ryan
Trevor Libbis
Leanne Zsarik
Debra Tanner
Michelle Wilton
Peter Ericksen

	2014 $	2013 $
(c) Compensation		
Short-term employment benefits	**794,491**	785,616
Post-employment benefits	**76,054**	76,743
	870,545	862,359

(d) Executive officer remuneration

[redacted]

[redacted]

[redacted]

17. Auditor's remuneration

	2014 $	2013 $
Remuneration of the auditor of the consolidated entity for:		
- Auditing the financial statements	**84,000**	79,095
- Financial report assistance	**4,000**	4,000
- Other audit services	**3,500**	3,500
	91,500	86,595

Notes to the financial statements

For the year ended 30 June 2014

18. 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 2014 (refer to parent entity current assets at note 22). 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 (2013: $540,350).

(b) Transactions with related parties

	2014 $	2013 $
Amounts received from Industrial Printing and Publishing Pty Ltd and 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, split as follows:		
Directors fees paid to SDA	**12,000**	12,000
Secretarial duties and other costs	**6,240**	5,520
	18,240	17,520
Amounts paid to Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, for consulting services	**42,964**	37,313
Amount of rent paid to FEDSDA Unit Trust as a subsidiary of the Shop, Distributive and Allied Employees' Association (Victorian Branch). This amount has been eliminated upon consolidation	**384,000**	384,000

19. Cash flow information

	2014	2013
Reconciliation of cash flow from operations with surplus		
Net surplus for the year	**1,190,474**	1,300,738
Cash flows excluded from surplus attributable to operating activities		
Depreciation & amortisation	**713,956**	711,447
Lease incentives	**775**	3,410
Net loss on disposal of plant and equipment	**40,743**	12,511
Share of profits/(losses) of associates	**134,494**	(9,438)
Non-cash defined benefit adjustment	**(120,508)**	(51,013)
Changes in assets and liabilities		
(Increase)/decrease in receivables	**300,696**	(102,973)
Increase/(decrease) in payables	**138,136**	(12,515)
Decrease in provisions	**257,394**	103,058
Net cash provided by operating activities	**2,656,160**	1,955,225

Notes to the financial statements

For the year ended 30 June 2014

20. 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:

	2014 $	2013 $
Within 1 year	**86,912**	114,414
Later than 1 year but not later than 5 years	**-**	86,912
Total	**86,912**	201,326

21. 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.

22. Parent entity information

The following detailed information related to the parent entity, Shop, Distributive and Allied Employees' Association (Victorian Branch), at 30 June 2014. 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 profit or loss and other comprehensive income, rather than being deducted from the carrying amount of the investment.

Summary financial information

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

Summary statement of financial position		
Current assets	**26,604,526**	25,206,631
Non-current assets	**5,905,662**	4,745,073
Total assets	**32,510,188**	29,951,704
Current liabilities	**2,613,074**	2,251,604
Non-current liabilities	**28,346**	233,072
Total liabilities	**2,641,420**	2,484,676
Members funds	**29,868,768**	27,467,028
Total equity	**29,868,768**	27,467,028
Summary statement of comprehensive income		
Surplus for the year	**1,190,474**	1,300,737
Other comprehensive loss for the year	**1,178,683**	244,435
Total comprehensive surplus for the year	**2,369,157**	1,545,172

Notes to the financial statements

For the year ended 30 June 2014

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

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of The Shop, Distributive and Allied Employees' Association (Victorian Branch)

We have audited the accompanying financial report of The Shop, Distributive and Allied Employees' Association (Victorian Branch) (the "Association"), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other 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 Association and the entities 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 the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 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.

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

i presents fairly, in all material respects, the Association's and consolidated entity's financial position as at 30 June 2014 and of their performance and cash flows for the year then ended ; and

ii complies with Australian Accounting Standards and the relevant legislation, including the Registered Organisations Act and reporting guidelines.

Other Matters

The signor is an Approved Auditor (therefore holds a current Public Practice Certificate) with the Institute of Charted Accountants in Australia.

The Association does not engage in recovery of wages activity

Management have appropriately applied the going concern basis of accounting in the preparation of the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Sandra Lawson
Partner – Audit & Assurance

Melbourne, 13 August 2014