FairWork Commission

13 December 2016

Mr Michael Donovan
Secretary/Treasurer
Shop, Distributive and Allied Employees Association, Victorian Branch
65 Southbank Boulevard
SOUTHBANK VIC 3006

via email: secretary@sdavic.org

Dear Mr Donovan

Shop, Distributive and Allied Employees Association Victorian Branch Financial Report for the year ended 30 June 2016 - [FR2016/209]

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Shop, Distributive and Allied Employees Association Victorian Branch (**the reporting unit**). The financial report was lodged with the Fair Work Commission (**FWC**) on 2 December 2016.

The financial 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 2017 may be subject to an advanced compliance review.

I make the following comment to assist you when you next prepare a financial report. You are required to take further action in respect of the requirements under the sub-heading *Statement of Loans, Grants and Donations*.

Statement of Loans, Grants and Donations

A Loans, Grants and Donations statement for the reporting unit was lodged with the FWC as required under subsection 237(1) of the RO Act on 13 September 2016 and an amended statement was provided on 16 September 2016. A figure for donations that exceeded $1,000 was also supplied in the financial report however this figure for donations is different to the figure supplied on the Loans, Grants and Donations Statement.

Can you please confirm that the figure report in the Loans, Grants and Donations statement is correct, and if not, submit an amended statement.

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 RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

**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 21st September 2016; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 30th November 2016; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: Michael John Donovan
Michael John Donovan

Date: 2 December 2016

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

Financial Statements
For the Year Ended 30 June 2016

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 2016 and the auditor's report thereon.

1. Membership
Membership of the Victorian Branch of the Association as at 30 June 2016 was 49,107.

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. Employees
Employee numbers at the Victorian Branch of the Association as at 30 June 2016 was 57 full-time equivalents

3. Committee of Management
The members of the Committee of Management of the Branch during the financial year, unless indicated otherwise, were:

		Appointed / Ceased
Branch Secretary – Treasurer	-	Michael Donovan
Branch Assistant Secretary	-	Patricia Connelly
Branch President	-	Ada Scibilia
Branch Vice President	-	Sue Nance
Branch Vice President	-	Debra Becker
State Councillors	-	Jennifer Siwek
	-	Antony Burke
	-	Suzanne Hollingsworth
	-	Bernadette Kerford
	-	Simon Preest
	-	Tammy Trimble
	-	Ian Macpherson
	-	Michelle Wilton
	-	Bernadette Arathoon
	-	Patricia Ryan
	-	Debra Tanner

4. 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.

5. 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 . These agreements all resulted in improved wages and working conditions for the employees covered by them.

Operating Report

5. Principal Activities (continued)

The Association continues its defence of penalty rates in its major awards and also protects other entitlements from attack by employers.

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

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.

6. Significant changes in financial affairs
There were no significant changes in financial affairs.

7. Superannuation Trustees
Joe de Bruyn, National President, 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).

8. 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).

Operating Report

9. 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).

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
Prepared by Michael Donovan on behalf
of State Council, SDA Victorian Branch

Dated this 17th day of August 2016
Melbourne, Victoria

Committee of Management Statement

On 17 August 2016 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 2016:

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 the Fair Work Commission;

(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 the Fair Work Commission 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.

This declaration is made in accordance with a resolution of the Committee of Management:

Michael Donovan

Michael Donovan
Branch Secretary/Treasurer
Dated this 17th day of August 2016
Melbourne, Victoria

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

For the year ended 30 June 2016

	Note	2016 $	2015 $
Gross revenue from membership subscriptions		**14,111,728**	13,753,045
Other revenue	3	**871,100**	959,075
Other income	3	**320,041**	321,494
Share of net (loss)/surplus of associates accounted for using the equity method		**(85,537)**	27,441
Affiliation expenses	4	**(1,526,104)**	(1,519,122)
Delegate expenses		**(169,372)**	(171,554)
Depreciation, amortisation and impairments	4	**(788,895)**	(755,023)
Employment costs	4	**(6,528,818)**	(6,442,334)
Employer commission expenses		**(1,283,287)**	(1,284,841)
Loss on disposal of property, plant and equipment		**(39,385)**	(7,272)
Member service expenses		**(994,381)**	(1,076,147)
Office administration expenses		**(1,320,912)**	(1,261,719)
Property expenses		**(408,818)**	(404,390)
Other expenses		**(1,196,576)**	(1,222,238)
Surplus attributable to members		**960,784**	916,415
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on retirement benefit asset/liability recognised directly in other comprehensive income		**(987,036)**	647,087
Other comprehensive (loss)/income for the year		**(987,036)**	647,087
Total comprehensive (loss)/income attributable to members		**(26,252)**	1,563,502

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**3,137,028**	2,818,384
Trade and other receivables	6	**1,782,250**	1,065,932
Financial assets	8	**14,131,000**	13,850,000
Other current assets	10	**15,044**	20,865
Total current assets		**19,065,322**	17,755,181
Non-current assets			
Investments accounted for using the equity method	7	**356,675**	442,212
Trade and other receivables	6	**540,350**	540,350
Property, plant and equipment	11	**10,012,897**	10,319,819
Intangible assets	12	**1,585,945**	1,835,894
Retirement benefit asset	13	**1,364,410**	2,065,613
Other non-current assets	10	**969**	18,013
Total non-current assets		**13,861,246**	15,221,901
TOTAL ASSETS		**32,926,568**	32,977,082
LIABILITIES			
Current liabilities			
Trade and other payables	14	**466,286**	546,946
Provisions	15	**1,974,183**	1,716,448
Total current liabilities		**2,440,469**	2,263,394
Non-current liabilities			
Provisions	15	**33,652**	234,989
Total non-current liabilities		**33,652**	234,989
TOTAL LIABILITIES		**2,474,121**	2,498,383
NET ASSETS		**30,452,447**	30,478,699
EQUITY			
Members' funds		**30,452,447**	30,478,699
TOTAL EQUITY		**30,452,447**	30,478,699

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

2016	$
Equity as at the beginning of the year	**30,478,699**
Surplus attributable to members	**960,784**
Other comprehensive loss for the year	**(987,036)**
Total comprehensive loss for the year	**(26,252)**
Equity as at the end of the year	**30,452,447**

2015	
Equity as at the beginning of the year	28,915,197
Surplus attributable to members	916,415
Other comprehensive income for the year	647,087
Total comprehensive income for the year	1,563,502
Equity as at the end of the year	30,478,699

Consolidated Recovery of Wages Statement

As at 30 June 2016

	Consolidated	
	2016	2015
	$	$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	-	-
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit	-	-
Other reporting unit of the organisation	-	-
Other entities	-	-
Deduction of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	-	-
Cash assets in respect of recovered money at end of year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash receipts from members and tenants		**14,115,854**	14,351,577
Cash payments to employees and suppliers		**(11,955,930)**	(12,251,490)
Cash payments to other reporting units, including affiliation fees	4,19	**(1,533,098)**	(1,532,664)
Affiliation fees paid to other parties	4	**(244,871)**	(243,951)
Interest received		**488,922**	540,218
Net cash provided by operating activities	19	**870,877**	863,690
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**77,499**	43,666
Purchases of investments		**(281,000)**	(420,370)
Payments for property, plant and equipment		**(235,948)**	(345,246)
Acquisition of intangible assets		**(112,785)**	(341,248)
Net cash used in investing activities		**(552,234)**	(1,063,198)
Net increase/(decrease) in cash and cash equivalents		**318,643**	(199,508)
Cash and cash equivalents at the beginning of the year		**2,818,386**	3,017,894
Cash and cash equivalents at the end of year	5	**3,137,028**	2,818,386

Notes to the financial statements

For the year ended 30 June 2016

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 17 August 2016.

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 and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period, the Fair Work (Registered Organisation) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009. For the purposes of preparing the general purpose financial statements, the reporting unit is a not-for-profit entity.

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 2016

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 corporate 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.

When required by Accounting Standards, comparative figures have been used to confirm to changes in presentation for the current year.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Association and entities controlled by the Association (its subsidiaries). Control is achieved where the Association is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the Association.

Specifically, the Association controls an investee if and only if the Association has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(c) Basis of consolidation (continued)

When the Association has less than a majority of the voting or similar rights of an investee, the Association considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Relevant activities of the investee and who has control over them
- Existing or future administrative or statutory arrangements that may give rise to rights/control (or change the previous control assessment)
- Whether rights are substantive or protective in nature and whether rights presently exercisable or will be exercisable when decisions about relevant activities are being made
- Exposure or rights to financial and non-financial returns (direct or indirect) and the ability to influence those returns
- Whether the investor is exercising its decision-making abilities as a principal or agent
- Rights arising from other contractual arrangements

The Association re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Association obtains control over the subsidiary and ceases when the Association loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Association gains control until the date the Association ceases to control the subsidiary.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Association and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Association.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Association ownership interests in subsidiaries that do not result in the Association losing control are accounted for as equity transactions. The carrying amounts of the Association interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Association.

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(c) Basis of consolidation (continued)

When the Association loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between

i. the aggregate of the fair value of the consideration received and the fair value of any retained interest and

ii. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Association had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(d) Investment in associates and joint arrangements

An associate is an entity over which the Association has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

The results and assets and liabilities of associates and its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate or joint venture exceeds the interest in that associate, the Association discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(e) Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:
- Where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- For receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

(f) 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 2016

1. Statement of significant accounting policies (continued)

(f) Property, plant and equipment (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.

(g) 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 Association has an intention and ability to use the asset.

(h) 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.

(i) 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. Cash is recognised at its nominal amount.

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Loans and 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:

(iv) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Association 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 Association 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.

(v) Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Association 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.

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(j) 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.

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.

(k) Revenue recognition

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

Membership revenue (subscriptions) 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% (2015: 0-10%). It is accounted for on an accruals basis and recorded as revenue in the year to which it relates.

Commissions for the year ended 30 June 2016 were $1,283,287 (2015: $1,284,841). 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.

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(k) Revenue recognition (continued)

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

(l) 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.

(m) Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

(n) 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

i. 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
ii. 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
iii. A reporting unit must comply with an application made under subsection (1).

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

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(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 2016. 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 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)
AASB 15 'Revenue from Contracts with Customers' replaces AASB 118 'Revenue', AASB 111 Construction Contracts' and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangement variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

(iii) AASB 16 Leases (effective from 1 January 2019)
AASB 16:
- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(p) Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(q) 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).

The reporting unit is not dependent on another entity for a significant volume of revenue or financial support.

(r) Funds

There are no separate funds or accounts operated in respect of compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit.

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.

Notes to the financial statements

For the year ended 30 June 2016

2. Financial risk management

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 $2,046,527 (2015: $1,467,934) arising from total receivables (see note 6), $14,131,000 (2015: $13,850,000) arising from term deposits (see note 8), and $3,135,929 (2015: $2,817,484) 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 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.

Notes to the financial statements

For the year ended 30 June 2016

3. Revenue and Other Income

	Note	2016 $	2015 $
Revenue and Other Income			
Other revenue:			
Interest revenue	(a)	**494,980**	541,649
Other revenue		**376,120**	417,426
Capitation fees		-	-
Levies		-	-
Grants		-	-
Donations		-	-
		871,100	959,075

	2016 $	2015 $
(a) Interest received		
Interest on cash balances and short term deposits	**46,683**	66,106
Interest on financial assets	**448,297**	475,543
Total interest received	**494,980**	541,649
Other income:		
Rental revenue for property	**320,041**	321,494

4. Expenses

	Note	2016 $	2015 $
Surplus includes the following specific expenses:			
Depreciation:			
Buildings		**207,689**	205,525
Motor vehicles		**198,205**	183,960
Office equipment		**20,267**	24,537
	11(a)	**426,161**	414,022
Amortisation:			
Software development - membership system	12(a)	**362,734**	341,001
Total depreciation and amortisation		**788,895**	755,023
Affiliation fees:			
Shop, Distributive & Allied Employees Association (National Office)		**1,303,494**	1,297,348
Australian Labor Party		**222,610**	221,774
		1,526,104	1,519,122
Capitation fees:			
Capitation fees – other reporting unit		-	-

Notes to the financial statements

For the year ended 30 June 2016

4. Expenses (continued)

	Note	2016 $	2015 $
Employement benefits expense:			
Employee benefits expense related to holders of office*:			
Salaries & wages		**357,772**	364,923
Superannuation		**41,419**	43,792
Leave and other entitlements		**20,205**	14,357
Separation & redundancies		-	-
Other		**37,182**	23,677
		456,578	446,749

*The holders of office of the association are Michael Donovan, Patricia Connelly, Ada Scibilia, Sue Nance, and Debra Becker.

Employement benefits expense related to employees (other than holders of office).		
Salaries & wages	**4,884,358**	4,750,394
Superannuation	**417,053**	362,786
Leave and other entitlements	**85,871**	145,100
Separation & redundancies	-	-
Other	**684,958**	737,305
	6,072,240	5,995,585
Total employment benefits expense	**6,528,818**	6,442,334

Other expenses:		
Compulsory levies	-	-
Fees/allowances - meeting and conferences	**64,844**	76,547
Conference and meeting expenses	**145,657**	87,633
Other expenses	**986,075**	1,058,058
Total other expenses	**1,196,576**	1,222,238

Consideration to employers for payroll deductions has been shown on the face of the Statement of Profit or Loss and other comprehensive income as commission expenses.

Legal costs:		
Litigation	-	73,127
Other legal matters	**32,847**	7,455
Total legal expenses	**32,847**	80,582

Notes to the financial statements

For the year ended 30 June 2016

4. Expenses (continued)

	Note	2016 $	2015 $
Other expenses:			
Penalties – via RO Act or RO Regulations		-	-
Total other expenses		-	-
Grants or Donations			
Grants:			
Total paid that were $1,000 or less		-	800
Total paid that exceeded $1,000		-	-
		-	800
Donations:			
Total paid that were $1,000 or less		-	1,800
Total paid that exceeded $1,000		**187,004**	96,500
		187,004	98,300

5. Cash and cash equivalents

		2016 $	2015 $
Cash on hand		**900**	900
Cash at bank		**3,136,128**	2,817,484
		3,137,028	2,818,384

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 2016, the average floating rates were 1.85% (2015: 2.00%).

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

(a) Sensitivity analysis

A 100 point (2015: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $31,359 (2015: $28,175), and an equal change in the opposite direction would have decreased the surplus by $31,359 (2015: $28,175).

Notes to the financial statements

For the year ended 30 June 2016

6. Trade and other receivables

	Note	2016 $	2015 $
CURRENT			
Trade receivables	(a)	**1,158,633**	621,430
Prepayments		**158,001**	138,348
Other receivables		**457,768**	302,811
Amounts receivable from other reporting units - SDA National Office		**7,848**	3,343
Less provision for doubtful debts		-	-
		1,782,250	1,065,932
NON CURRENT			
Amounts receivable from associates	18(a)	**540,350**	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 2016 $	Impairment 2016 $	Gross 2015 $	Impairment 2015 $
Not past due	**1,139,557**	-	594,213	-
Past due 0 – 30 days	**10,900**	-	10,775	-
Past due 31 – 60 days	**3,585**	-	7,871	-
Past due over 60 days	**4,591**	-	8,571	-
	1,158,633	-	621,430	-

(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 $418,015 (2015: $306,082) of receivables at the reporting date.

Notes to the financial statements

For the year ended 30 June 2016

6. Trade and other receivables (continued)

(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 in Associates

	Note	2016 $	2015 $
Investments in associates	7(a)	**356,675**	442,212

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

	2016	2015
Carrying amount at the beginning of the financial year	**442,212**	414,771
Share of profits/(loss) after income tax	**(85,537)**	27,441
Carrying amount at the end of the financial year	**356,675**	442,212

Notes to the financial statements

For the year ended 30 June 2016

7. Non-current assets - Investments in Associates (continued)

(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:

Group's share of:

	Ownership Interest	Assets	Liabilities	Net Assets	Revenues	Expenses	Profit / (Loss)	Share of net (loss) / surplus before tax	Income tax benefit / (expense)	Share of net (loss) / surplus after tax
	%	$	$	$	$	$	$	$	$	$
2016										
Industrial Printing and Publishing Pty Ltd and controlled entities	23.9	1,431,216	(1,074,541)	356,675	918,427	(1,028,369)	(109,942)	(109,942)	24,404	(85,537)
2015										
Industrial Printing and Publishing Pty Ltd and controlled entities	23.9	1,462,149	(1,023,075)	439,074	1,089,127	(1,058,740)	30,387	30,387	(2,946)	27,441

All of the above associates are incorporated in Australia.

Dividends received from associates were $nil (2015: nil).

(c) Contingent liabilities of associates

There are no contingent liabilities or capital commitments of associates (2015: nil).

Notes to the financial statements

For the year ended 30 June 2016

8. Other financial assets

	Note	2016 $	2015 $
CURRENT			
Held to maturity investments			
- Term deposits	(a)	**14,131,000**	13,850,000
Held to maturity investments - current		**14,131,000**	13,850,000

(a) Term deposits
Term deposits bear fixed interest rates of 2.85% (2015: 3.25%).

(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 (2015: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $141,310 (2015: $138,500), and an equal change in the opposite direction would have decreased surplus by $141,310 (2015: $138,500).

(d) Credit risk
Concentrations of risk
The Association's investment in term deposits is in 8 term deposits issued by Westpac Banking Corporation. 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 2016

10. Other assets

	Note	2016 $	2015 $
CURRENT			
Lease incentive asset		**15,044**	20,865
NON-CURRENT			
Lease incentive asset		**969**	18,013

11. Property, plant and equipment

	2016	2015
Land & buildings at cost	**12,230,132**	12,230,132
less accumulated depreciation	**(2,925,610)**	(2,717,921)
Total land & buildings	**9,304,522**	9,512,211
Motor vehicles at cost	**1,131,639**	1,257,648
less accumulated depreciation	**(479,014)**	(522,599)
Total motor vehicles	**652,625**	735,049
Office equipment at cost	**1,156,567**	1,171,338
less accumulated depreciation	**(1,100,817)**	(1,098,779)
Total office equipment	**55,750**	72,559
Total property, plant and equipment	**10,012,897**	10,319,819

(a) Movements in carrying amounts

2016	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	**9,512,211**	**735,049**	**72,559**	**10,319,819**
Additions	**-**	**232,315**	**3,633**	**235,948**
Depreciation expense	**(207,689)**	**(198,205)**	**(20,267)**	**(426,161)**
Disposals	**-**	**(116,534)**	**(175)**	**(116,709)**
Carrying amount at the end of year	**9,304,522**	**652,625**	**55,750**	**10,012,897**

2015	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	9,641,968	708,933	88,633	10,439,534
Additions	77,171	259,612	8,463	345,246
Depreciation expense	(205,525)	(183,960)	(24,537)	(414,022)
Disposals	(1,403)	(49,536)	-	(50,939)
Carrying amount at the end of year	9,512,211	735,049	72,559	10,319,819

Notes to the financial statements

For the year ended 30 June 2016

11. Property, plant and equipment (continued)

	2016 $	2015 $
(b) Amounts recognised in profit and loss for property, plant and equipment		
Rental income	**320,041**	321,494
Direct operating expenses that generated rental income	**(408,818)**	(404,390)
Total	**(88,777)**	(82,896)

	2016 $	2015 $
(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:

	2016	2015
Within 1 year	**197,473**	322,468
Later than 1 year but not later than 5 years	**16,750**	306,013
Total	**214,223**	628,481

12. Intangible assets

	2016	2015
Software at cost	**3,678,889**	3,566,104
less accumulated amortisation	**(2,092,944)**	(1,730,210)
Net carrying value	**1,585,945**	1,835,894
(a) Movements in carrying amounts		
Balance at the beginning of year	**1,835,894**	1,835,647
Additions	**112,785**	341,248
Amortisation expense	**(362,734)**	(341,001)
Carrying amount at the end of year	**1,585,945**	1,835,894

13. Retirement benefit asset/liability

	2016	2015
NON-CURRENT ASSET		
Retirement benefit asset	**1,364,410**	2,065,613

(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.

Notes to the financial statements

For the year ended 30 June 2016

13. Retirement benefit asset/liability (continued)

A different methodology in regards to the apportionment of the superannuation amounts could result in a change to the carrying value of the retirement benefit asset. Apportionment percentage as at balance date was 79.28% (2015: 76.76%). This is based on membership data as at 30 June 2016.

(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.

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.

Notes to the financial statements

For the year ended 30 June 2016

13. Retirement benefit asset/liability (continued)

	Note	2016 $	2015 $
(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)	**9,783,153**	9,276,447
Present value of the defined benefit obligation	(d)	**(8,418,743)**	(7,210,834)
		1,364,410	2,065,613
(d) Reconciliations			
Reconciliation of the present value of the defined benefit obligation:			
Balance at the beginning of the year		**7,210,834**	6,974,222
Current service cost		**847,185**	1,150,055
Interest cost		**286,994**	251,773
Actuarial losses		**862,566**	(126,654)
Benefits paid		**(637,411)**	(905,000)
Taxes, premiums and expenses paid		**(151,425)**	(133,562)
Balance at the end of the year		**8,418,743**	7,210,834
Reconciliation of the fair value of plan assets:			
Balance at the beginning of the year		**9,276,447**	8,068,312
Return on plan assets		**679,536**	1,086,086
Actuarial gains		**(124,470)**	520,433
Employer contributions		**740,476**	640,178
Benefits paid		**(637,411)**	(905,000)
Taxes, premiums and expenses paid		**(151,425)**	(133,562)
Balance at the end of the year		**9,783,153**	9,276,447

	2016 %	2015 %
(e) Categories of plan assets		
The major categories of plan assets are as follows:		
Australian equity	**19%**	19%
International equity	**29%**	29%
Fixed income	**6%**	10%
Property	**11%**	11%
Cash	**6%**	6%
Other	**29%**	25%

Notes to the financial statements

For the year ended 30 June 2016

13. Retirement benefit asset/liability (continued)

(f) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:	**2016**	2015
Discount rate	**3.25%**	4.25%
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 2015 are 15% of salaries of defined benefit members. The Association will continue to contribute at these rates.

	2017
	$
Estimated employer contributions	**489,188**

(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.

	2016	2015
	$	$
Increase in net obligation for a 1% decrease in the discount rate	**676,258**	521,968
Reduction in net obligation for a 1% increase in the discount rate	**(533,554)**	(120,513)

Notes to the financial statements

For the year ended 30 June 2016

14. Trade and other payables

	2016	2015
CURRENT	**$**	$
Unsecured liabilities		
Trade payables	**372,987**	298,982
Other payables	**91,304**	246,810
Consideration to employers for payroll deductions	-	-
Legal costs - litigation	-	-
Legal costs - other legal matters	**1,995**	1,154
Payables to other reporting units	-	-
	466,286	546,946

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

Employee provisions in respect of holders of office:		
Current		
Annual leave	**48,461**	50,702
Long service leave	**213,510**	198,598
Separation and redundancies	-	-
Other employee provisions	-	-
	261,971	249,300
Employee provisions related to employees (other than holders of office):		
Current		
Annual leave	**671,862**	613,963
Long service leave	**1,040,350**	853,185
Separation and redundancies	-	-
Other employee provisions	-	-
	1,712,212	1,467,148
	1,974,183	1,716,448
Non-current		
Long service leave (other than holders of office)	**33,652**	234,989
Aggregate employee entitlements liability	**2,007,835**	1,951,437

Notes to the financial statements

For the year ended 30 June 2016

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	Ada Scibilia
Debra Becker	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:

Suzanne Hollingsworth	Antony Burke
Bernadette Kerford	Jennifer Siwek
Bernadette Arathoon	Tammy Trimble
Ian Macpherson	Nola Jones
Michelle Stevens	Patricia Ryan
Debra-Anne Warfe	Trevor Libbis
Julie Holland	Leanne Zsarik
Simon Preest	Debra Tanner
Dianne Heslop	Michelle Wilton
Korinea Hunter-Begbie	Peter Ericksen
Ricky Bell	Pauline Lethborg
Kathryn Cannon	Alain O'Gara
Eileen Cotter	Sarah Peterson
Judith Dunn (ceased 26/02/2016)	Madella Sumner
Anne Johnstone	Lesley Whelan
John Koo	Kim Winzar
Fiona Lee	John Gigliotti (commenced 25/5/2016)

(c) Compensation	2016 $	2015 $
Salary (including leave taken)	**563,953**	572,479
Annual leave accrual movement	**(859)**	21,990
Other expenses	**125,173**	137,778
Short-term employment benefits	**688,267**	732,247
Post-employment benefits - superannuation	**67,674**	68,697
Other long term benefits	**-**	-
Termination benefits	**-**	-
Any share based payments	**-**	-
	755,941	800,944

Notes to the financial statements

For the year ended 30 June 2016

16. Executive officers and key management personnel (continued)

[redacted]

17. Auditor's remuneration

Remuneration of the auditor of the consolidated entity for:

- Auditing the financial statements	**72,431**	87,500
- Financial report assistance	**4,000**	4,000
- Other audit services	**3,500**	3,500
	79,931	95,000

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 to the controlled entity, Fedsda Unit Trust, of which $9,000,000 is receivable as at 30 June 2016 (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 (2015: $540,350).

(b) Transactions with related parties

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	**1,440**	5,040
	13,440	17,040

Notes to the financial statements

For the year ended 30 June 2016

18. Related parties (continued)

	2016	2015
	$	$
Amounts paid to Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, for consulting services	135,208	98,578
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	408,000	408,000

19. Cash flow information

	2016	2015
Reconciliation of cash flow from operations with surplus		
Net surplus for the year	960,784	916,415
Cash flows excluded from surplus attributable to operating activities		
Depreciation & amortisation	788,895	755,024
Lease incentives	(22,865)	3,105
Net loss on disposal of plant and equipment	39,385	7,272
Share of (profits)/losses of associates	85,537	(27,441)
Non-cash defined benefit adjustment	(240,278)	(320,115)
Changes in assets and liabilities		
Decrease in receivables	(716,318)	(248,964)
Increase in payables	(80,661)	(293,078)
Decrease in provisions	56,398	71,470
Net cash provided by operating activities	870,877	863,688

Notes to the financial statements

For the year ended 30 June 2016

19. Cash flow information (continued)

	2016	2015
	$	$
(a) Cash Flow Information		
Cash inflows		
SDA National Office	-	-
Total cash inflows	-	-
Cash outflows		
SDA National Office	**1,533,098**	1,532,664
Total cash outflows	**1,533,098**	1,532,664

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:

Within 1 year	**96,650**	89,228
Later than 1 year but not later than 5 years	-	-
Total	**96,650**	89,228

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 2016. 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.

Notes to the financial statements

For the year ended 30 June 2016

22. Parent entity information (continued)

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

	2016 $	2015 $
Summary statement of financial position		
Current assets	**28,050,144**	26,941,223
Non-current assets	**5,860,142**	7,024,532
Total assets	**33,910,286**	33,965,755
Current liabilities	**1,175,952**	2,224,026
Non-current liabilities	**1,253,860**	234,989
Total liabilities	**2,429,812**	2,459,015
Members funds	**31,480,474**	31,506,740
Total equity	**31,480,474**	31,506,740
Summary statement of comprehensive income		
Surplus for the year	**958,011**	888,976
Other comprehensive (loss)/income for the year	**(987,036)**	647,087
Total comprehensive (loss)/income for the year	**(29,025)**	1,536,063

The consolidated financial statements include the financial information of Fedsda Unit Trust, a 100% owned Australian property holding unit trust (2015:100%).

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 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated recovery of wages statement and consolidated cash flow statement 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 2016 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 Fair Work (Registered Organisations) Act 2009 and reporting guidelines.

Other Matters

The signor is an Approved Auditor (therefore holds a current Public Practice Certificate) with the Chartered Accountants Australia and New Zealand.

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, 17 August 2016

FairWork Commission

15 July 2016

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

Dear Mr Donovan,

Re: Lodgement of Financial Report - [FR2016/209]
***Fair Work (Registered Organisations) Act 2009* (the RO Act)**

The financial year of the Shop, Distributive and Allied Employees Association-Victorian Branch (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under Financial Reporting in the Compliance and Governance section.

Loans, grants and donations: our focus this year

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at sample documents.

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding financial reporting timelines and loans, grants and donations.

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

Civil penalties may apply

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to $54,000 for a body corporate and $10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

Annastasia Kyriakidis
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.

Reporting unit must keep proper financial records

STEP 1: Reporting unit to prepare:

General Purpose Financial Report,
Committee of Management Statement, and
Operating Report

STEP 2: Auditor's Report

Auditor to prepare and provide to Reporting unit

Subject to rules of organisation

STEP 3: provide to members at least 21 days before General Meeting

STEP 4: Present to a General Meeting of Members

STEP 3: provide to members within 5 months of end of financial year

STEP 4: Present to Committee of Management Meeting

STEP 5: Lodge with the Fair Work Commission

Lodge all Reports and Designated Officers Certificate with the Commission within 14 days of the meeting at which financial reports are presented

Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed $1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and

the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a Template Loans, Grants and Donations Statement on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
✘ Only reporting units must lodge the Statement.	✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘ Employees can sign the Statement.	✓ The statement must be signed by an elected officer of the relevant branch.
✘ Statements can be lodged with the financial report.	✓ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the General Manager's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were $1000 or less and those that exceeded $1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the Commission's Model Statements the note appears as follows:

Note 4E: Grants or donations*

Grants:	**2016**	2015
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**-**	-
Donations:		
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**-**	-
Total grants or donations	**-**	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the Commission's website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au