Australian Government
Registered Organisations Commission

18 December 2018

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

By e-mail: secretary@sdavic.org

CC: tony.pititto@au.gt.com

Dear Mr Donovan,

Shop, Distributive and Allied Employees Association-Victorian Branch

Financial Report for the year ended 30 June 2018 - [FR2018/154]

I acknowledge receipt of the financial report of the Shop, Distributive and Allied Employees Association-Victorian Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 4 December 2018.

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 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these matters have been addressed prior to filing next year's report.

Nil activities disclosure

Item 21 of the reporting guidelines (**RGs**) states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed reporting guideline categories except the following:

- Having another entity administer the financial affairs of the reporting unit; and
- Making a payment to a former related party of the reporting unit.

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

Nil activities disclosure – to be disclosed once

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the body of the notes includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements:

- "Receiving revenue from undertaking recovery of wages activity" is disclosed in the committee of management statement, the Statement of Profit and Loss and Other Comprehensive Income and the Recovery of Wages statement;
- "Paying capitation fees to another reporting unit" is disclosed in both the Statement of Comprehensive income and Note 4; and
- "Having a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch" is disclosed in both Note 1(s) and Note 16.

Please note that nil activities only need to be disclosed once.

<u>Subsection 255(2A) report to be included</u>

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by RG 22. The lodged financial report did not include a subsection 255(2A) expenditure report.

Please also note that the subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

Please ensure in future years that the subsection 255(2A) report is prepared, audited, provided to members and lodged with the ROC.

<u>References to legislation and the ROC</u>

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner <u>except</u> in relation to declaration (e)(vi) in the committee of management statement.

I note that the declaration (e)(vi) in the committee of management statement refers to the Registered Organisations Commission instead of the Fair Work Commission.

<u>Officer-Related party remuneration and payment disclosures</u>

Note 17(a) and (d) disclose, on page 35, information which is additional to the key management personnel compensation information required by Australian Accounting Standard *AASB 124 Related Party Disclosures* (paragraph 17). The additional information set out details of payments to particular officers. I note similar particularised information was also set out in previous reports from 2014 and this may in part have reflected the requirement of the organisation's previous rules 44, 45 and 46 that such information be included in the audited accounts of the branch.

I note that previous rules 44, 45 and 46 have been replaced by current rule 42[1] which provides that the respective disclosure obligations are as regulated by the provisions of Part 2A of Chapter 9 of the RO Act.

Part 2A of Chapter 9 contains new provisions which supersede those former provisions of the RO Act which had required organisations and branches to have, and comply with, their own rules concerning similar disclosure in relation to officer remuneration.

Section 293J of Part 2A now requires an organisation (or branch of an organisation) to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration[2] and payments[3] paid during the relevant financial year. This requirement applied to the financial year ending 30 June 2018. The statement was required to be

---

[1] FWC decision 23/04/2018 [PR600429] and as corrected 19/06/2018 [PR607665]
[2] section 293BC
[3] section 293G

lodged with the ROC within the period of six months starting from the end of the financial year, i.e. before or by no later than 31 December.

I note that the Branch has not lodged an officer and related party disclosure statement.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the general purpose financial report required under section 253 of Part 3 of Chapter 8 of the RO Act.

As some of the information included in Note 17(d) goes beyond the requirements of AASB 124 and due to the nature of the disclosure, the ROC has decided to redact this information from the copy of the 2018 financial report that it publishes on its website. The published reports for 2014 to 2017 have also been redacted.

Further information about officer and related party disclosure statements may be found on the ROC website at the following link: Disclosure obligations.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at Kylie.Ngo@roc.gov.au.

Yours sincerely

Kylie Ngo
Financial Reporting Assistant
Registered Organisations Commission

SHOP, DISTRIBUTIVE & ALLIED EMPLOYEES' ASSOCIATION, VICTORIAN BRANCH

S.268 Fair Work (Registered Organisations) Act 2009

Certificate by Prescribed Designated Officer

Certificate for the year ended 2018

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

- that the documents lodged herewith are copies of the full report for the Shop, Distributive & Allied Employees' Association, Victorian Branch for the period ended referred to in S.268 of the Fair Work (Registered Organisations) Act 2009; and

- that the full report was provided to members of the reporting unit on 3 October 2018; and

- that the full report was presented to a meeting of the committee of management of the reporting unit on 28 November 2018 in accordance with S.266 (3) of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer: Michael Donovan

Name of prescribed designated officer: **Michael John Donovan**

Title of prescribed designated officer: **Branch Secretary-Treasurer**

Dated: 4 DEC 2018

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

Financial Statements
For the Year Ended 30 June 2018

Contents

Operating Report

State Council presents its Operating Report together with the financial statements of the Victorian Branch of the Shop, Distributive and Allied Employees' Association for the financial year ended 30 June 2018 and the auditor's report thereon.

1. Membership
Membership of the Victorian Branch of the Association as at 30 June 2018 was 49,968.

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 2018 was 59 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:

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 (retired 8 July 2018)
State Councillors	-	Antony Burke
State Councillors	-	Sue Hollingsworth
State Councillors	-	Bernadette Kerford (retired 8 July 2018)
State Councillors	-	Simon Preest
State Councillors	-	Tammy Trimble
State Councillors	-	Ian Macpherson (retired 8 July 2018)
State Councillors	-	Michelle Wilton (retired 8 July 2018)
State Councillors	-	Bernadette Arathoon
State Councillors	-	Patricia Ryan
State Councillors	-	Debra Tanner (retired 8 July 2018)

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. Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year
The Association maintained its industrial awards and agreements at a high, up-to-date standard, and produced a range of publications for its members.

The Association launched a significant campaign on Customer Violence & Abuse in Retail, Fast Food, called "No One Deserves A Serve".

Operating Report

5. Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year (continued)

New enterprise agreements were negotiated with a range of employers including but not limited to Coles, Debenhams, IKEA, Harris Scarfe, and a range of warehouse agreements. These agreements all resulted in improved wages and working conditions for the employees covered by them.

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

The Association also promotes and protects members by participating in a range of legislative enquiries and reviews.

During the relevant period the Branch represented and/or assisted its members in industrial matters at the workplace. It campaigned on the matters of public holidays, penalty rates on long service leave, accident make up pay and free and safe parking at shopping centres.
The Branch provides a broad range of services to members including accident insurance, educational scholarships and discount movie tickets.

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. Officers or members who are superannuation fund trustees or director of a company that is a superannuation fund trustee
Joe de Bruyn, National President, and Julia Fox, National Assistant Secretary (as of January 2018), 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 Commissioner
In accordance with the requirements of subsection 272 (5) of the Fair Work (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 Commissioner, 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. Rights of members to resign

Section 174 of the Fair Work (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 15th day of August 2018
Melbourne, Victoria

Committee of Management Statement

On 15 August 2018 the Committee of Management of the Shop, Distributive & Allied Employees' Association (Victorian Branch) passed the following resolution in relation to the general purpose financial report of the Branch for the financial year ended 30 June 2018:

The Committee of Management declares in relation to the general purpose financial report that in its opinion:

(a) the financial statements and notes comply with Australian Accounting Standards;
(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
(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 reporting unit will be able to pay its debts as and when they become due and payable;
(e) during the financial year to which the general purpose financial report relates and since the end of the year:
   (i) meetings of the committee of management were held in accordance with rules of the Association 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 Commissioner duly made under section 272 of the Fair Work (Registered Organisations) Act 2009, that information has been provided to the member or Commissioner; and
   (vi) no orders for inspection of financial records have been made by the Registered Organisations 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 15th day of August 2018
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 $	2017 $
Gross revenue from membership subscriptions		**14,345,371**	13,785,530
Capitalisation fees and other revenue from another reporting unit		-	-
Other revenue	3	**764,414**	729,344
Other income	3	**392,509**	358,178
Grant and donation income		-	-
Revenue from recovery of wage activity		-	-
Share of net (loss)/surplus of associates accounted for using the equity method	7	**(106,063)**	13,953
Impairment of investment in associates	7	**(126,189)**	-
Affiliation expenses	4	**(1,559,099)**	(1,563,652)
Delegate expenses		**(276,068)**	(178,708)
Depreciation, amortisation and impairments	4	**(834,872)**	(770,876)
Employment costs	4	**(7,190,816)**	(6,884,921)
Capitation fees and other expenses to another reporting unit		-	-
Employer commission expenses		**(410,160)**	(1,333,744)
Loss on disposal of property, plant and equipment		**(3,363)**	(6,911)
Member service expenses		**(1,092,707)**	(1,032,537)
Office administration expenses		**(1,489,822)**	(1,312,643)
Property expenses		**(503,186)**	(478,971)
Other expenses	4	**(1,435,388)**	(944,684)
Surplus attributable to members		474,561	379,358
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		481,099	868,530
Other comprehensive income for the year		481,099	868,530
Total comprehensive income attributable to members		955,660	1,247,888

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**5,540,876**	4,677,913
Trade and other receivables	6	**1,636,662**	1,515,025
Financial assets	8	**14,819,841**	14,482,593
Other current assets	10	**4,479**	33,483
Total current assets		**22,001,858**	20,709,014
Non-current assets			
Investments accounted for using the equity method	7	**138,376**	370,628
Trade and other receivables	6	**540,350**	540,350
Property, plant and equipment	11	**9,933,875**	9,810,501
Intangible assets	12	**875,455**	1,227,002
Retirement benefit asset	13	**2,185,542**	2,158,356
Other non-current assets	10	**12,589**	1,409
Total non-current assets		**13,686,187**	14,108,246
TOTAL ASSETS		**35,688,045**	34,817,260
LIABILITIES			
Current liabilities			
Trade and other payables	14	**464,584**	665,584
Provisions	15	**2,479,717**	2,392,397
Total current liabilities		**2,944,301**	3,057,981
Non-current liabilities			
Provisions	15	**87,749**	58,944
Total non-current liabilities		**87,749**	58,944
TOTAL LIABILITIES		**3,032,050**	3,116,925
NET ASSETS		**32,655,995**	31,700,335
EQUITY			
Members' funds		**32,655,995**	31,700,335
TOTAL EQUITY		**32,655,995**	31,700,335

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

2018	$
Equity as at the beginning of the year	31,700,335
Surplus attributable to members	474,561
Other comprehensive income for the year	481,099
Total comprehensive income for the year	955,660
Equity as at the end of the year	32,655,995

2017	
Equity as at the beginning of the year	30,452,447
Surplus attributable to members	379,358
Other comprehensive income for the year	868,530
Total comprehensive income for the year	1,247,888
Equity as at the end of the year	31,700,335

Recovery of Wages Statement

As at 30 June 2018

	Consolidated 2018 $	2017 $
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages, etc which have been paid to the SDA Victorian Branch	-	-
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 which has been paid to the SDA.	-	-
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	-	-

Note the SDA Victorian Branch recovers money from employers in respect of wages, etc but it is paid direct to the workers concerned and not to the SDA Victorian Branch.

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Cash receipts from members and tenants		**16,358,191**	16,173,926
Cash payments to employees and suppliers		**(13,342,483)**	(12,738,224)
Cash payments to other reporting units, including affiliation fees		**(1,431,956)**	(1,475,271)
Affiliation fees paid to other parties		**(283,053)**	(244,747)
Interest received		**509,575**	436,709
Net cash provided by operating activities	20	**1,810,274**	2,152,393
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**141,323**	-
Payments to term deposits		**(337,310)**	(351,593)
Payments for property, plant and equipment	11	**(733,082)**	(250,537)
Acquisition of intangible assets	12	**(18,242)**	(9,378)
Net cash used in investing activities		**(947,311)**	(611,508)
Net increase in cash and cash equivalents		**862,963**	1,540,885
Cash and cash equivalents at the beginning of the year		**4,677,913**	3,137,028
Cash and cash equivalents at the end of year	5	**5,540,876**	4,677,913

Notes to the financial statements

For the year ended 30 June 2018

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 and controlled entity (the 'Association'). The financial statements were authorised for issue in accordance with a resolution of the State Council on 15 August 2018.

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 and the Fair Work (Registered Organisations) Act 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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

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.

  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.

- Provision for cancelled members – Note 15

  The Consolidated Entity has received member contributions for members that have ceased their membership. Due to the detail involved in tracking individual contributions net of any refunds provided to members, management has made their best estimate of the associated liability of all membership dues owed to those terminated members that had made subsequent contributions.

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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

Reporting basis and conventions (continued)

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

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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(c) Basis of consolidation (continued)

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.

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

Associates are all entities over which the company has significant influence but not control. Investments in associates are accounted for in the financial statements and using the equity method of accounting, after initially being recognised at cost. The Company's investment in associates includes goodwill acquired (net of any accumulated amortisation and impairment loss) identified on acquisition.

The company's share of the associates' post-acquisition profits or losses are recognised in the profit or loss, and its share of post-acquisition movements in reserves are recognised directly with reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Company's financial statements as a reduction in the carrying amount of the investment.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(d) Investment in associates (continued)

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

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company.

(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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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.

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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(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) Leases

Leases are classified as finance leases whether the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) Financial instruments

(i) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts.

(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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(j) Financial instruments (continued)

(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.

(k) 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 cash flows. Actuarial gains and losses are recognised in other comprehensive income in the year in which they occur.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(k) Employee benefits (continued)

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

(l) 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 in 2017 varied from 0-10%. During the current financial year major retailers have revised their commissions rates applied to revenue and at 30 June 2018 are expected to vary from 0-2.5%. Commissions are accounted for on an accruals basis and is recorded as an expense in the year to which it relates on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Commissions for the year ended 30 June 2018 were $410,160 (2017: $1,333,744). Employer commissions are required to be disclosed as per section 253 of the Fair Work (Registered Organisations) Act 2009.

Donation income is recognised when it is received.

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

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

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

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.

(m) Parent entity financial information

The financial information for the parent entity, The Shop, Distributive and Allied Employees' Association (Victorian Branch), included in Note 23, has been prepared on the same basis as the consolidated financial statements, except as follows:

Investments in subsidiaries and associates

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

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(n) 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.

(o) Information provided to members and Commissioner of the Registered Organisations Commission

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, 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 Commissioner

(1) A member of a reporting unit, or a Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application;

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

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

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

(p) 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 2018. 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.

Notes to the financial statements

For the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

(ii) *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.

(iii) *AASB 1058 Income of Not-for-Profit Entities (effective from 1 January 2019)*

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

- Contributions by owners;
- Revenue, or a contract liability arising from a contract with a customer;
- A lease liability;
- A financial instrument; or
- A provision.

These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard. The entity is yet to undertake a detailed assessment of the impact of AASB 1058. 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 2018

1. Statement of significant accounting policies (continued)

(r) Going concern

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.

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 Fair Work (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 Commissioner under subsection 245(1) of the Fair Work (Registered Organisations) Act 2009 of an alternative reporting structure for the organisation; or
(d) a revocation by the Commissioner under subsection 249(1) of the Fair Work (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.

(s) 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 2018

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 $2,065,333 (2017: $1,790,722) arising from total receivables (see Note 6), $14,819,841 (2017: $14,482,593) arising from term deposits (see Note 8), and $5,539,976 (2017: $4,677,013) 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.

Notes to the financial statements

For the year ended 30 June 2018

2. Financial risk management (continued)

Foreign currency risk

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

Other market price risks

No transactions give rise to any other market risk.

3. Revenue and Other Income

	Note	2018 $	2017 $
Revenue and Other Income			
Other revenue:			
Interest revenue	(a)	509,575	436,709
Other revenue		254,839	292,635
Capitation fees		-	-
Levies		-	-
Grants		-	-
Donations		-	-
		764,414	729,344
(a) Interest received			
Interest on cash balances and short term deposits		56,642	49,831
Interest on financial assets		452,933	386,878
Total interest received		509,575	436,709
Other income:			
Rental revenue for property		392,509	358,178

4. Expenses

	Note	2018 $	2017 $
Surplus includes the following specific expenses:			
Depreciation:			
Buildings		199,087	208,628
Motor vehicles		227,623	179,710
Office equipment		38,373	14,217
	11(a)	465,083	402,555
Amortisation:			
Software development - membership system	12(a)	369,789	368,321
Total depreciation and amortisation		834,872	770,876
Affiliation fees:			
Shop, Distributive & Allied Employees Association (National Office)		1,301,778	1,341,155
Australian Labor Party		257,321	222,497
		1,559,099	1,563,652

Notes to the financial statements

For the year ended 30 June 2018

4. Expenses (continued)

	2018 $	2017 $
Capitation fees:		
Capitation fees – other reporting unit	-	-
Employment benefits expense:		
Employee benefits expense related to holders of office*:		
Salaries & wages	**369,942**	361,214
Superannuation	**33,801**	34,634
Leave and other entitlements	**(47,434)**	63,731
Separation & redundancies	-	-
Other	**49,582**	47,153
	405,891	506,732

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

	2018 $	2017 $
Employment benefits expense related to employees (other than holders of office).		
Salaries & wages	**5,263,004**	4,880,049
Superannuation	**509,176**	518,186
Leave and other entitlements	**151,900**	127,588
Separation & redundancies	-	-
Other	**860,845**	852,366
	6,784,925	6,378,189
Total employment benefits expense	**7,190,816**	6,884,921
Other expenses:		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	**85,335**	32,191
Conference and meeting expenses	**185,602**	138,620
Other expenses	**1,164,451**	773,873
Total other expenses	**1,435,388**	944,684

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.

	2018 $	2017 $
Legal costs:		
Litigation	-	-
Other legal matters	**58,326**	38,129
Total legal expenses	**58,326**	38,129
Other expenses:		
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	-	-

Notes to the financial statements

For the year ended 30 June 2018

4. Expenses (continued)

	2018 $	2017 $
Grants or Donations		
Grants:		
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	**43,912**	44,592
	43,912	44,592

5. Cash and cash equivalents

	2018	2017
Cash on hand	**900**	900
Cash at bank	**5,539,976**	4,677,013
	5,540,876	4,677,913

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 2018, the average floating rates were 2.49% (2017: 1.85%).

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

(a) Sensitivity analysis

A 100 point (2017: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $55,400 (2017: $46,770), and an equal change in the opposite direction would have decreased the surplus by $55,400 (2017: $46,770).

6. Trade and other receivables

	Note	2018 $	2017 $
CURRENT			
Trade receivables	(a)	**1,248,382**	1,092,667
Prepayments		**166,663**	264,653
Other receivables	(b)	**214,891**	157,705
Amounts receivable from other reporting units - SDA National Office		**6,726**	-
Less provision for doubtful debts		-	-
		1,636,662	1,515,025
NON CURRENT			
Amounts receivable from associates	(c)	**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.

Notes to the financial statements

For the year ended 30 June 2018

6. Trade and other receivables (continued)

(a) Ageing and impairment losses of trade receivables

	Gross 2018 $	Impairment 2018 $	Gross 2017 $	Impairment 2017 $
Not past due	**1,238,663**	-	1,073,895	-
Past due 0 – 30 days		-	665	-
Past due 31 – 60 days		-	-	-
Past due over 60 days	**9,719**	-	18,107	-
	1,248,382	-	1,092,667	-

(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 $538,930 (2017: $503,199) of receivables at the reporting date.

(e) Interest rate risk

All current receivables are non-interest bearing.

(f) Foreign currency risk

The entity is not exposed to foreign currency risk as described in Note 2.

(g) Renegotiation of terms

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

7. Non-current assets - Investments in Associates

	Note	2018 $	2017 $
Investments in associates	7(a)	**138,376**	370,628

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (Note 7) and are carried at cost less impairment by the parent entity (Note 23).

Notes to the financial statements

For the year ended 30 June 2018

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

	2018 $	2017 $
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**370,628**	356,675
Share of profits/(loss) after income tax	**(106,063)**	13,953
Impairment of Investments	**(126,189)**	-
Carrying amount at the end of the financial year	**138,376**	370,628

(b) Summarised financial information of associates

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

	Ownership Interest	Group's share of: Assets	Liabilities	Revenues	Profit / (Loss)
	%	$	$	$	$
2018					
Industrial Printing and Publishing Pty Ltd and controlled entities	**23.9%**	**1,164,145**	**(1,025,756)**	**985,541**	**(106,063)**
2017					
Industrial Printing and Publishing Pty Ltd and controlled entities	23.9%	1,418,532	(1,047,867)	1,097,286	13,953

All of the above associates are incorporated in Australia.

Dividends received from associates were $nil (2017: nil).

(c) Contingent liabilities of associates

There are no contingent liabilities or capital commitments of associates (2017: nil).

8. Other financial assets

	Note	2018 $	2017 $
CURRENT			
Held to maturity investments			
- Term deposits	(a)	**14,819,841**	14,482,593
Held to maturity investments - current		**14,819,841**	14,482,593

(a) Term deposits

Term deposits bear fixed interest rates of 2.60% (2017: 2.85%).

(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.

Notes to the financial statements

For the year ended 30 June 2018

8. Other financial assets (continued)

A 100 point (2017: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $148,200 (2017: $144,830), and an equal change in the opposite direction would have decreased surplus by $148,200 (2017: $144,830).

(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.

10. Other assets

	2018 $	2017 $
CURRENT		
Lease incentive asset	**4,479**	33,483
NON-CURRENT		
Lease incentive asset	**12,589**	1,409

11. Property, plant and equipment

	2018	2017
Land & buildings at cost	**12,280,133**	12,235,675
less accumulated depreciation	**(3,333,325)**	(3,134,237)
Total land & buildings	**8,946,808**	9,101,438
Motor vehicles at cost	**1,305,104**	1,161,548
less accumulated depreciation	**(438,152)**	(507,020)
Total motor vehicles	**866,952**	654,528

Notes to the financial statements

For the year ended 30 June 2018

11. Property, plant and equipment (continued)

	2018 $	2017 $
Office equipment at cost	**1,273,586**	1,169,571
less accumulated depreciation	**(1,153,471)**	(1,115,036)
Total office equipment	**120,115**	54,535
Total property, plant and equipment	**9,933,875**	9,810,501

(a) Movements in carrying amounts

2018	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	**9,101,438**	**654,528**	**54,535**	**9,810,501**
Additions	**44,457**	**584,610**	**104,015**	**733,082**
Depreciation expense	**(199,087)**	**(227,623)**	**(38,373)**	**(465,083)**
Disposals	**-**	**(144,625)**	**-**	**(144,625)**
Carrying amount at the end of year	**8,946,808**	**866,890**	**120,177**	**9,933,875**

2017	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
Balance at the beginning of year	9,304,522	652,625	55,750	10,012,897
Additions	5,544	231,991	13,002	250,537
Depreciation expense	(208,628)	(179,710)	(14,217)	(402,555)
Disposals	-	(50,378)	-	(50,377)
Carrying amount at the end of year	9,101,438	654,528	54,535	9,810,501

An independent valuation was performed for the Group's premises on 30 June 2017 by m3property, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. The valuation shows that the property has a market value of $12,000,000. The Association do not believe that there have been any changes in market conditions between the valuation date and the current year end date that would have an impact on the market value derived.

	2018 $	2017 $
(b) Amounts recognised in profit and loss for property, plant and equipment		
Rental income	**392,509**	358,178
Direct operating expenses that generated rental income	**(503,186)**	(478,971)
Total	**(110,677)**	(120,793)

(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:

Notes to the financial statements

For the year ended 30 June 2018

11. Property, plant and equipment (continued)

(c) Leasing arrangements for rental income (continued)

	2018 $	2017 $
Within 1 year	**385,390**	252,798
Later than 1 year but not later than 5 years	**245,840**	453,433
Total	**631,230**	706,231

The above leasing arrangements represent 33% of the total unit space, which is leased out to unrelated external parties at an arm's length transaction. The remaining 67% of unit space is occupied by Shop, Distributive and Allied Employees.

12. Intangible assets

Software at cost	**3,706,980**	3,688,267
less accumulated amortisation	**(2,831,525)**	(2,461,265)
Net carrying value	**875,455**	1,227,002

(a) Movements in carrying amounts

Balance at the beginning of year	**1,227,002**	1,585,945
Additions	**18,242**	9,378
Amortisation expense	**(369,789)**	(368,321)
Carrying amount at the end of year	**875,455**	1,227,002

13. Retirement benefit asset/liability

NON-CURRENT ASSET

Retirement benefit asset	**2,185,542**	2,158,356

(a) Superannuation plan

The Association sought Professional Financial Solutions to prepare a valuation report to assist with the measurement, recognition and disclosure requirements of AASB 119 Employee Benefits. The report covered the superannuation plan of The Shop, Distributive & Allied Employees' Association (Victorian Branch), but also included members that are employees of the National Office. Apportionment of the amounts included in the report (and as disclosed in Note 13) between the Victorian Branch and the National Office is based on the percentage of the superannuation asset attributed to each entity's members to the total superannuation asset.

A different methodology in regards to the apportionment of the superannuation amounts could result in a change to the carrying value of the retirement benefit asset. Apportionment percentage as at balance date was 82.38% (2017: 78.60%). This is based on membership data as at 30 June 2018.

(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.

Notes to the financial statements

For the year ended 30 June 2018

13. Retirement benefit asset/liability (continued)

(b) Plan characteristics and associated risks (continued)

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.

	Note	2018 $	2017 $
(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)	**10,730,819**	10,740,690
Present value of the defined benefit obligation	(d)	**(8,545,277)**	(8,582,334)
		2,185,542	2,158,356

Notes to the financial statements

For the year ended 30 June 2018

13. Retirement benefit asset/liability (continued)

(d) Reconciliations

	2018 $	2017 $
Reconciliation of the present value of the defined benefit obligation:		
Balance at the beginning of the year	**8,582,334**	8,418,742
Current service cost	**972,921**	470,132
Interest cost	**292,449**	238,944
Actuarial losses	**185,355**	(73,884)
Benefits paid	**(1,374,098)**	(330,120)
Taxes, premiums and expenses paid	**(113,684)**	(141,480)
Balance at the end of the year	**8,545,277**	8,582,334
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	**10,740,690**	9,783,153
Return on plan assets	**885,599**	197,475
Actuarial gains	**562,655**	794,646
Employer contributions	**29,657**	437,016
Benefits paid	**(1,374,098)**	(330,120)
Taxes, premiums and expenses paid	**(113,684)**	(141,480)
Balance at the end of the year	**10,730,819**	10,740,690

(e) Categories of plan assets

The major categories of plan assets are as follows:

	2018 %	2017 %
Australian equity	**17%**	19%
International equity	**23%**	29%
Fixed income	**6%**	6%
Property	**9%**	11%
Cash	**8%**	6%
Other	**37%**	29%

(f) Principal actuarial assumptions

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

	2018	2017
Discount rate	**3.75%**	3.75%
Future salary increases	**4.00%**	4.00%

(g) Employer contributions and funding arrangements

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 Association is currently on a contribution holiday.

	2019 $
Estimated employer contributions	-

(h) Effect of the asset ceiling

The asset ceiling has no effect at this time.

Notes to the financial statements

For the year ended 30 June 2018

13. Retirement benefit asset/liability (continued)

(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.

	2018	2017
	$	$
Increase in net obligation for a 1% decrease in the discount rate	687,049	637,446
Reduction in net obligation for a 1% increase in the discount rate	602,198	347,412

14. Trade and other payables

CURRENT		
Unsecured liabilities		
Trade payables	227,522	290,342
Other payables	232,403	373,168
Consideration to employers for payroll deductions	-	-
Legal costs - litigation	-	-
Legal costs - other legal matters	4,659	2,074
Payables to other reporting units	-	-
	464,584	665,584

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.

Notes to the financial statements

For the year ended 30 June 2018

15. Provisions

Employee entitlements	2018 $	2017 $
Employee provisions in respect of holders of office:		
Current		
Annual leave	**56,443**	44,845
Long service leave	**202,242**	261,244
Separation and redundancies	-	-
Other employee provisions	-	-
	258,685	306,089
Employee provisions related to employees (other than holders of office):		
Current		
Annual leave	**672,252**	749,461
Long service leave	**1,048,780**	986,847
Separation and redundancies	-	-
Other employee provisions	-	-
	1,721,032	1,736,308
	1,979,717	2,042,397
Non-current		
Long service leave (other than holders of office)	**87,749**	58,944
Aggregate employee entitlements liability	**2,067,466**	2,101,341

Other current provisions

Provision for cancelled member funds	**500,000**	350,000
Total current provisions	**2,479,717**	2,392,397

16. Other specific disclosures - Funds

Compulsory levy/voluntary contribution fund	-	-
Other funds required by rules	-	-
Balance at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	-	-

17. Executive officers and key management personnel

(a) Executive officers

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

Michael Donovan
Debra Becker
Patricia Connelly
Sue Nance
Ada Scibilia

Notes to the financial statements

For the year ended 30 June 2018

17. Executive officers and key management personnel (continued)

(b) Other key management personnel

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

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
Kathryn Cannon	Pauline Lethborg
Eileen Cotter	Alain O'Gara
John Gigliotti	Madella Sumner
Anne Johnstone	Lesley Whelan
Fiona Lee	Kim Winzar
Particia Argus	Karl Carman
Kim Copley	Wendy Chadwick
William Cuffley	Cathy Dall'est
Gillian Madden	Scott Minion
Christine Morrison	Christian O'Brien
Nicole Small	Stephanie Willmott

(c) Compensation	2018 $	2017 $
Salary (including leave taken)	**663,822**	662,707
Annual leave accrual movement	**14,701**	(6,024)
Other expenses	**88,071**	191,576
Short-term employment benefits	**766,594**	848,259
Post-employment benefits - superannuation	**66,382**	66,271
Other long term benefits	-	-
Termination benefits	-	-
Any share based payments	-	-
	832,976	914,530

[redacted]		[redacted]	[redacted]
[redacted]			
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]			
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	-	-

Notes to the financial statements

For the year ended 30 June 2018

17. Executive officers and key management personnel (continued)

Each executive officer and relative of the officers of the Association has not acquired any material personal interest relating to the affairs of the Association during the year.

18. Auditor's remuneration

	2018 $	2017 $
Remuneration of the auditor of the consolidated entity for:		
- Auditing the financial statements	**100,800**	98,000
- Financial report assistance	**4,000**	4,000
- Other audit services	**3,700**	3,700
	108,500	105,700

19. Related parties

(a) Interest free loans to related parties

The Shop, Distributive and Allied Employees' Association (Victorian Branch) and Controlled Entity, 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 2018 (refer to parent entity current assets at Note 23). 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 (2017: $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:

	2018 $	2017 $
Directors fees paid to SDA	**12,000**	12,000
Amounts paid to Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, for consulting services	**84,107**	39,634
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**	405,750
Affiliation fees paid to Shop, Distributive & Allied Employees Association (National Office)	**1,301,778**	1,341,155

Notes to the financial statements

For the year ended 30 June 2018

20. Cash flow information

	2018 $	2017 $
Reconciliation of cash flow from operations with surplus		
Net surplus for the year	**474,561**	379,358
Cash flows excluded from surplus attributable to operating activities		
Depreciation & amortisation	**834,874**	770,876
Lease incentives	-	18,879
Net loss on disposal of plant and equipment	**3,363**	6,911
Share of (profits)/losses of associates	**106,063**	(13,953)
Impairment of investment in associate	**126,189**	-
Non-cash defined benefit adjustment	**453,912**	1,384,780
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(103,813)**	248,346
Increase in payables	**(201,000)**	(199,298)
Increase/(decrease) in provisions	**116,125**	(443,506)
Net cash provided by operating activities	**1,810,274**	2,152,393

(a) Cash Flow Information

	2018 $	2017 $
Cash inflows		
SDA National Office	-	-
Total cash inflows	-	-
Cash outflows		
SDA National Office	**1,689,978**	1,530,726
Total cash outflows	**1,689,978**	1,530,726

21. 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:

	2018 $	2017 $
Within 1 year	**113,280**	106,320
Later than 1 year but not later than 5 years	-	-
Total	**113,280**	106,320

22. After reporting period events

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

Notes to the financial statements

For the year ended 30 June 2018

23. Parent entity information

The following detailed information related to the parent entity, Shop, Distributive and Allied Employees' Association (Victorian Branch), at 30 June 2018. 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.

	2018 $	2017 $
Summary financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Summary statement of financial position		
Current assets	**30,699,254**	29,526,815
Non-current assets	**5,974,312**	6,281,354
Total assets	**36,673,566**	35,808,169
Current liabilities	**1,738,509**	1,831,705
Non-current liabilities	**1,251,022**	1,248,091
Total liabilities	**2,989,531**	3,079,796
Members funds	**33,684,035**	32,728,373
Total equity	**33,684,035**	32,728,373
Summary statement of comprehensive income		
Surplus for the year	**474,561**	379,358
Other comprehensive income for the year	**481,099**	868,530
Total comprehensive income for the year	**955,660**	1,247,888

The consolidated financial statements include the financial information of Fedsda Unit Trust, a 100% owned Australian property holding unit trust (2017:100%).

25. 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

Grant Thornton

Collins Square, Tower 1
727 Collins Street
Docklands VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 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)

Report on the audit of the financial report

Opinion

We have audited the financial report of The Shop Distributive and Allied Employees' Association (Victorian Branch) (the Reporting Unit), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of The Shop Distributive and Allied Employees' Association (Victorian Branch) as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

a the Australian Accounting Standards; and

b any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ('the *Code*') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the *Code*.

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

Information other than the financial report and auditor's report thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of committee of management for the financial report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *RO Act*, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We declare that A J Pititto is an approved auditor, a member of the Chartered Accountants Australia and New Zealand and holds a current Public Practice Certificate.

Other Matter

The Committee of Management Statement reflects that The Shop Distributive and Allied Employees' Association (Victorian Branch) has not undertaken any recovery of wages activity during the reporting period ended 30 June 2018. As such, no opinion is provided in relation to recovery of wages activity.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Pititto
Partner – Audit & Assurance
Registration No. AA2017/86

Melbourne, 15 August 2018

25 September 2018

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 - [FR2018/154]
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 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to 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 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 28 September 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our website.

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over $1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to $105,000 for each contravention for a body corporate and up to $21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 December 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding financial reporting, and fact sheets regarding financial reporting processes and requirements. A model set of financial statements developed by the

ROC is also available on our website. 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.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into operation with effect from 15 December 2016. Please find here a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our website.

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Sarah Wilkin
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The ***full report*** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our Fact sheet—financial reporting process.

STEP 1:
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report **as soon as practicable after the end of the financial year:**

STEP 2:
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report **(1st meeting)**

STEP 3:
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT **AT GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)

STEP 4:
Provide ***full report*** to members **at least 21 days before the General Meeting**

STEP 5:
Present ***full report*** to a General Meeting of Members **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT **AT COMMITTEE OF MANAGEMENT MEETING**
(Special rules must be in the rulebook to use this process)

STEP 4:
Provide ***full report*** to members **within 5 months of the reporting unit's end of financial year**

STEP 5:
Present ***full report*** to Committee of Management Meeting **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

Fact sheet

Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

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 Commissioner'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 exceeds $1000. The following information must be supplied to the Registered Organisations Commission (the ROC) 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 ROC has a Template Loans, Grants and Donations Statement on its website. The ROC 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 Commissioner'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 ROC's Model Statements the note appears as follows:

Note 4E: Grants or donations*

Grants:	**[Current year]**	[Previous year]
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	**-**	-

The Commissioner'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 financial report staff of the ROC may 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 last 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 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 ROC on regorgs@roc.gov.au