



13 May 2014

Mr Joseph Bullock  
Secretary  
Shop, Distributive and Allied Employees Association - Western Australian Branch  
sda@sdawa.asn.au

Dear Mr Bullock,

**Shop, Distributive and Allied Employees Association - Western Australian Branch  
Financial Report for the year ended 30 June 2013 - [FR2013/288]**

I acknowledge receipt of the financial report of the Shop, Distributive and Allied Employees Association - Western Australian Branch. The documents were lodged with the Fair Work Commission on 24 December 2013.

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 2014 may be subject to an advanced compliance review.

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

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

The employee expense note to the financial statements has disclosed wages and salaries, superannuation and leave and other entitlements for holders of office and wages and salaries and superannuation for other than holders of office. Disclosures for wages and salaries, superannuation, leave and other entitlements, separation and redundancies and other employee expenses should be provided separately for office holders and non-office holders.

The employee provisions note to the financial statements has disclosed annual leave and long service leave, but does not disclose separation and redundancies and other employee provisions. Such disclosures should be provided separately for office holders and non-office holders.

The Reporting Guidelines require that all employee and office holder benefits be detailed separately (refer to items 17(f), 17(g), 21(c) and 21(d)).

If you have any queries regarding this letter, please contact me on (03) 8661 7893 or via email at [larry.powell@fwc.gov.au](mailto:larry.powell@fwc.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Powell'.

Larry Powell  
Senior Adviser  
Regulatory Compliance Branch



:NK  
23<sup>rd</sup> December 2013

The General Manager  
Fair Work Commission  
GPO Box 1994  
MELBOURNE VIC 3001

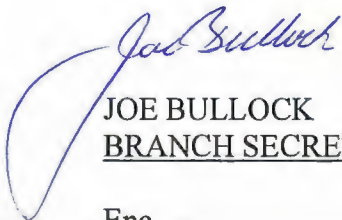
Dear Madam

**RE: Financial Documents – 30 June 2013**  
**Shop, Distributive and Allied Employees' Association, Western Australian Branch**

Please find attached a copy of the Operating Report, General Purpose Financial Report and Auditor's Report in relation to the Shop, Distributive and Allied Employees' Association, Western Australian Branch for the year ended 30 June 2013.

The above mentioned documents contain the appropriate information and certificates as required by legislation and are submitted for filing.

Yours faithfully,



JOE BULLOCK  
BRANCH SECRETARY

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All correspondence to be addressed to the Branch Secretary

**Shop, Distributive and Allied Employees' Association (Western Australian Branch)**

Branch Secretary: Joe Bullock

ABN 49 055 257 014

Registered Office: 5th Floor, 25 Barrack Street, Perth WA 6000 • Postal Address: GPO Box 2556, Perth WA 6001

Phone: (08) 9221 4321 • Facsimile: (08) 9221 2774 • Email: [sda@sdawa.asn.au](mailto:sda@sdawa.asn.au) • Website: [www.sdawa.asn.au](http://www.sdawa.asn.au)

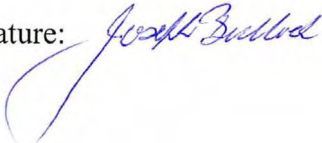
**Designated Officer's Certificate**  
s268 Fair Work (Registered Organisations) Act 2009

I, Joseph Bullock being the Branch Secretary of the Shop, Distributive and Allied Employees' Association, Western Australian Branch certify:

That the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

That the full report, was provided to members on 20<sup>th</sup> September 2013; and

That Rule 19 (c) of the Branch rules provide for the calling of a General Meeting consistent with the provisions of s266(3) of the Fair Work (Registered Organisations) Act 2009 and as such the full report was presented to and received and adopted by the Branch committee of Management on 23<sup>rd</sup> December 2013.

Signature: 

Date: 23/12/13.

### NOTE

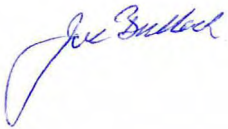
The accounts of the WA Branch of the SDA are prepared on an accruals basis.

On 17<sup>th</sup> December 2013 the Branch received an email from Mr Nick Salzberg in connection with our 2012 financial report drawing the attention of the Branch to the need to include reference to accrual accounting in the accounts under the note dealing with "Basis of Preparation".

I rang Mr Salzberg to point out that the 2013 financial report had already been prepared and he advised that I should include a reference to this conversation in a note accompanying the 2013 report.

This is that note.

Joe Bullock



Operating Report of THE SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES'  
ASSOCIATION, WESTERN AUSTRALIAN BRANCH  
(2012/2013) Financial Year

1. Review of units principal activities during the last financial year including significant changes:

(a) Major cases which the State Branch either ran or were associated with:

- The SDA WA Branch sought the Federal Court's interpretation of the public holiday clause (clause 7) in the Woolworths National Supermarket Agreement 2009 as it applied in Western Australia, and its construction of the Public and Bank Holidays Act 1972 (WA), and s115 of the Fair Work Act.

The union asked for declarations on holiday entitlements on behalf of Woolworths' service supervisors, head reserve stock hands, shop assistants and replenishment assistants.

The Branch was successful in its application but Woolworths Limited appealed the decision to the Full Bench of the Federal Court. The Appeal was heard in November 2012 but a decision hasn't been handed down as yet.

- The WA Branch also supported the Association in a major case in defence of penalty rates in its threshold awards and also protected other entitlements from attack by employers.
- The Association also ran a major test case in support of the principle of the adult rate of pay at 18 years of age, and sought the immediate application of the adult rate at 20 years which was actively supported by the Branch.

(b) In addition to the above cases the WA Branch lodged twenty one unfair dismissals claims with Fair Work Australia. The majority of cases were settled to the satisfaction of the member. The early intervention of industrial officers and organisers in industrial disputes which may have resulted in termination saved the employment of many members.

(c) The Union employed 15-20 organisers during the financial year with one of their functions being to visit retail and wholesale stores and distribution centres on a regular basis. Organisers provide a valuable daily "hands on" service to members and were instrumental in solving industrial questions and problems as they arose.

They are also promoting the principle of adult rates of pay at 18 years of age and the implementation of adult rates at 20 years of age.

(d) The SDA is a party to 94 enterprise agreements which were actively monitored on behalf of members. Of the 94 agreements, 45 were negotiated or renegotiated during the 2012/2013 financial year. The majority of these agreements have been approved and registered.

The enterprise agreements provide improved wages, conditions and flexibilities for members in addition to the modern award and legislative safety net standards.

- (e) The SDA supports members and handles matters involving work related injuries commonly known as “workers’ compensation”, and has had an average of 43 ongoing files at any one time during the 2012//2013 financial year.

The majority of claims were settled in conjunction with the Union’s lawyers, Fiocco’s Lawyers. This ensures members had proper support and legal representation.

- (f) Twenty seven training courses were conducted during the 2012/2013 financial year.

## 2. Details of significant changes in the units financial affairs:

On the 29<sup>th</sup> June 2012 the Fair Work (Registered Organisation) Amendment Act 2012 was proclaimed. Part 1 provisions of the legislative changes include strengthening penalties for breaches of the Act and came into effect on 29 June 2012. Further changes prescribed by Part 2 include the training of officers of organizations who have financial responsibilities, altering the rules of the Branch regarding expenditure policies, disclosing remuneration of officers from certain boards and peak councils and related parties.

The Branch continued to accept responsibility for a proportion of the wage costs of officials of the State registered Shop, Distributive and Allied Employees’ Association of Western Australia in partial recognition of the work performed by officials on behalf of the Branch.

## 3. Detail of the right of members to resign under S174 of the Fair Work (Registered Organisations) Act 2009.

Members of the SDA are entitled to resign pursuant to section 174 Termination of Membership. The SDA strictly adheres to the resignation from membership provisions, contained therein. These rights include:

- Resignation by notice in writing.
- Resignation takes effect on the day it is received or the day specified in the notice or at the end of a two week period, whichever is applicable.

## 4. Details of any officer or member of the reporting unit who is:

- (a) A trustee of a superannuation entity or an exempt public sector superannuation scheme: or
- (b) A director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme: and

Where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organization.

The Secretary of the Branch is an alternate employee director of the Retail Employees Superannuation Trust but this is not a requirement of the fund.

5. Details of membership of the Committee of Management –

COMMITTEE OF MANAGEMENT 1<sup>ST</sup> JULY 2012 – 30<sup>TH</sup> JUNE 2013

BRANCH PRESIDENT:	RITA MAHONY
BRANCH VICE PRESIDENT:	TONY HOH
BRANCH SECRETARY:	JOSEPH BULLOCK
BRANCH ASSISTANT SECRETARY:	MARTIN PRITCHARD
BRANCH TREASURER:	PETER O'KEEFFE
BRANCH COMMITTEE OF	AMANDA ADAMS
MANAGEMENT MEMBERS (7):	PAMELA BOWMAN
	TREVOR COOK
	MARNIE GILBERT
	GRACE GILES
	MARGARET ZURAKOWSKI
	JOYCE GRIFFITHS (1/7/2012 – 5/2/2013)
	JON KELLY (5/2/2013 – 30/6/2013)


NATIONAL COUNCIL	JOSEPH BULLOCK
DELEGATES (5):	MARTIN PRITCHARD
	PETER O'KEEFFE
	RITA MAHONY
	GRACE GILES

6. Other

- The report is signed and dated
- The number of members of the SDA WA Branch at 30/06/2013 is 22,440
- As at the 30<sup>th</sup> June 2013 the Branch employs 23 employees
- At point (1) the report contains a review of principal activities
- At point (2) are details of significant change of activities
- At point (3) are details of the rights of members to resign
- At point (4) are details of superannuation trustees
- At point (5) are details of membership of the Committee of Management

SIGNED

DATED 4/9/13

  
JOSEPH BULLOCK  
BRANCH SECRETARY.



**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch  
49 055 257 014**

**Annual Financial Report**

**30 June 2013**

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**30 June 2013**

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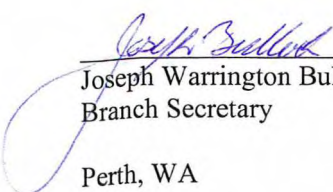
**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Committee of management statement**

**30 June 2013**

**We**, Joseph Warrington Bullock and Martin Brian Pritchard, being two members of the Committee of **Management** of the Shop, Distributive and Allied Employees' Association, Western Australian Branch ("the **Entity**"), do declare on behalf of the Committee and in accordance with a resolution passed by the Committee on 4 September 2013, that in the opinion of the Committee:

1. The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB). The financial report of the Entity complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB);
2. The financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
3. The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Entity for the financial year to which they relate;
4. There are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable; and
5. During the year ended 30 June 2013 and since the end of that year:
  - (i) Meetings of the Committee of Management were held in accordance with the rules of the Shop, Distributive and Allied Employees' Association including the rules of the Entity;
  - (ii) The financial affairs of the Entity have been managed in accordance with the rules of the Shop, Distributive and Allied Employees' Association including the rules of the Entity;
  - (iii) The financial records of the Entity have been kept and maintained in accordance with the Fair Work (Registered Organisations) Regulations 2009 and the Fair Work (Registered Organisations) Act 2009;
  - (iv) The information sought in any request of a member of the Entity or The General Manager of Fair Work Australia duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of Fair Work Australia;
  - (v) There has been no recovery of wages activity undertaken during the period per section 255 of the Fair Work (Registered Organisations) Act 2009; and
  - (vi) There has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.

  
Joseph Warrington Bullock  
Branch Secretary

Perth, WA

  
Martin Brian Pritchard  
Assistant Branch Secretary

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch  
Statement of financial position  
As at 30 June 2013**

	Note	2013 \$	2012 \$
<b>Assets</b>			
Cash and cash equivalents	7	235,705	74,806
Trade and other receivables	8	194,427	-
<b>Total current assets</b>		<u>430,132</u>	<u>74,806</u>
<b>Total assets</b>		<u>430,132</u>	<u>74,806</u>
<b>Liabilities</b>			
Trade and other payables	9	15,836	9,262
Employee benefits	10	219,396	-
<b>Total current liabilities</b>		<u>235,232</u>	<u>9,262</u>
<b>Total liabilities</b>		<u>235,232</u>	<u>9,262</u>
<b>Net assets</b>		<u>194,900</u>	<u>65,544</u>
Accumulated funds		<u>194,900</u>	<u>65,544</u>
<b>Total accumulated funds</b>		<u>194,900</u>	<u>65,544</u>

The notes of pages 6 to 18 are an integral part of these financial statements.

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Statement of comprehensive income**

**For the year ended 30 June 2013**

	Note	2013 \$	2012 \$
<b>Revenue</b>			
Donations		1,231,445	866,713
<b>Total revenue</b>		1,231,445	866,713
<b>Expenditure</b>			
Affiliation dues		(478,034)	(466,702)
International Fund		(143,410)	(140,011)
Levies		(20,802)	-
Personnel expenses	11	(458,668)	(259,780)
Audit fees - KPMG		(1,195)	(1,165)
Bank charges		(60)	(789)
<b>Total Expenditure</b>		1,102,169	(868,447)
Interest income		80	50
<b>Net finance income</b>		80	50
<b>Profit/(deficit) for the year</b>		129,356	(1,684)
<b>Total comprehensive income/(loss) for the year</b>		129,356	(1,684)

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Statement of changes in equity**

**For the year ended 30 June 2013**

**2013**

	<b>Accumulated Funds \$</b>
Balance at 1 July 2012	65,544
Income for the year	<u>129,356</u>
Total comprehensive income for the year	<u>129,356</u>
Balance at 30 June 2013	<u>194,900</u>

**2012**

	<b>Accumulated Funds \$</b>
Balance at 1 July 2011	67,228
Deficit for the year	<u>(1,684)</u>
Total comprehensive loss for the year	<u>(1,684)</u>
Balance at 30 June 2012	<u>65,544</u>

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Statement of cash flows**

**For the year ended 30 June 2013**

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,293,589	955,172
Cash paid to suppliers and employees		(1,132,770)	(959,768)
Cash generated/(used in) from operations		160,819	(4,596)
Interest received		80	50
<b>Net cash from/(used in) operating activities</b>	7	160,899	(4,546)
 Net increase/(decrease) in cash and cash equivalents		160,899	(4,546)
Cash and cash equivalents at 1 July		74,806	79,352
<b>Cash and cash equivalents at 30 June</b>	7	235,705	74,806

# **Shop, Distributive and Allied Employees' Association, Western Australian Branch**

## **Notes to the financial statements**

### **1 Reporting entity**

The Shop, Distributive and Allied Employees' Association, Western Australian Branch (the "Entity") is a not for profit Entity domiciled in Australia. The address of the Entity's registered office is 5th Floor, 25 Barrack Street, Perth WA 6000. The Entity primarily is involved in the trade union business in Western Australia.

### **2. Basis of Preparation**

#### **(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board (AASB). The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

This financial report has been prepared for distribution to members of the Entity to satisfy the Committee of Management's reporting responsibilities imposed by the Fair Work (Registered Organisations) Act 2009.

The financial report was approved by the Members of the Committee of Management on 4 September 2013.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### **(c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Entity's functional currency.

#### **(d) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management 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 underlying 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.



# **Shop, Distributive and Allied Employees' Association, Western Australian Branch**

## **Notes to the financial statements**

### **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Financial instruments**

##### *(i) Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

A financial instrument is recognised if the Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Entity's contractual rights to the cash flows from the financial assets expire or if the entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when, and only when, the Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Accounting for finance income and expense is discussed in note 3(d).

Non-derivative financial instruments, other than those measured at fair value, are measured at amortised cost using the effective interest method, less any impairment losses.

#### **(b) Impairment**

##### *(i) Financial assets*

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

All individually significant financial assets are assessed for specific impairment on an individual basis. The remaining financial assets are collectively assessed for impairment by grouping together with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss.

# **Shop, Distributive and Allied Employees' Association, Western Australian Branch**

## **Notes to the financial statements**

### **3. Significant accounting policies (cont.)**

#### **(b) Impairment (cont.)**

##### *(i) Financial assets (cont.)*

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of comprehensive income.

#### **(c) Revenue**

##### *(i) Donations*

Donations sufficient to meet the expenses of the Entity were received only from the Shop, Distributive and Allied Employees' Association, of Western Australia (SDAWA). These expenses include the federal affiliation fee and the international fund levy. The federal affiliation fee is based on 10% of the membership fees earned by the SDAWA in the previous financial year. The international fund levy is based on 3% of the membership fees earned by the SDAWA in the previous year.

#### **(d) Finance income and expenses**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

#### **(e) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from operating activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### **(f) Income tax**

Under Section 50-15 of the Income Tax Assessment Act 1997, the Entity is exempt from income tax.

# **Shop, Distributive and Allied Employees' Association, Western Australian Branch**

## **Notes to the financial statements**

### **3. Significant accounting policies (cont.)**

#### **(g) Fair values**

Fair values of financial assets and liabilities approximate their carrying values.

#### **(h) Going concern**

The Committee of Management have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business and at the amounts stated in the financial report.

The Entity made a profit of \$129,356 for the year ended 30 June 2013 (30 June 2012: loss of \$1,684), had an operating cash flow of \$160,899 (30 June 2012: (\$4,546)) and a net current asset position of \$194,900 (30 June 2012: \$65,544).

The principal source of income is from The Shop, Distributive and Allied Employees' Association of Western Australia. If this income was discontinued, the Entity has a right to charge its members fees. Such fees would ensure the viability of the Entity as a going concern.

#### **(i) Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an Entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

##### *Long-term employee benefits*

The Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Entity's obligations.

##### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **Shop, Distributive and Allied Employees' Association, Western Australian Branch**

### **Notes to the financial statements**

#### **3. Significant accounting policies (cont.)**

##### **(j) New Standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Entity, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Entity's 2015 financial statements and could change the classification and measurement of financial assets. The Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

#### **4 Information to be provided to members or The General Manager of Fair Work Australia**

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, which reads as follows:

- 1) A member of an organisation, or the General Manager of Fair Work Australia, may apply to the organisation for specified prescribed information in relation to the organisation.
- 2) An organisation shall, on application made under subsection (1) by a member of the organisation or the General Manager of Fair Work Australia, make the specified information available to the member or the General Manager of Fair Work Australia in such manner, and within such time, as is prescribed.
- 3) The General Manager of Fair Work Australia may only make an application under subsection (1) at the request of a member of the organisation concerned, and the General Manager of Fair Work Australia shall provide to member information received because of an application made at the request of the member.

#### **5 Right of member to resign**

Under Section 174, Schedule 1 of the Fair Work (Registered Organisations) Act 2009,

- (i) 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.

# **Shop, Distributive and Allied Employees' Association, Western Australian Branch**

## **Notes to the financial statements**

### **6 Financial instruments & financial risk management**

#### **(a) Overview**

The Entity has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Entity's exposure to each of the above risks, the Entity's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Committee of Management has overall responsibility for the establishment and oversight of the Entity's risk management framework and for developing and monitoring risk management policies.

The Entity's risk Management policies are established to identify and analyse the risks faced by the Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Entity's activities. The Entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee of Management oversees how management monitors compliance with the Entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Entity.

#### **(b) Credit risk**

Credit risk is the risk of financial loss to the Entity if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Entity's receivables from the Shop Distributive and Allied Employees Association, of Western Australia.

##### *Trade and Other Receivables*

The Entity's trade and other receivables are due from the Shop Distributive and Allied Employees Association, of Western Australia and its credit exposure is directly related to the credit risk of the Shop Distributive and Allied Employees Association, of Western Australia. Historically all receivables due have been paid and therefore there is no indication of any impairment issues.

##### *Cash and cash equivalents*

The Entity mitigates credit risk by depositing funds with the Australian financial institutions with appropriate credit ratings.

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Notes to the financial statements**

**6 Financial instruments & financial risk management (cont.)**

**(b) Credit risk (cont.)**

*Exposure to credit risk*

The carrying amount of the Entity's financial assets represents the maximum credit exposure. The Entity's maximum exposure to credit risk at the reporting date was:

	<b>Carrying amount</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables	<b>194,427</b>	-
Cash and cash equivalents	<b>235,705</b>	74,806
	<b>430,112</b>	74,806

The Entity's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	<b>Carrying amount</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Australia	<b>194,427</b>	-

The Entity's maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:

	<b>Carrying amount</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Other	<b>194,427</b>	-
Total	<b>194,427</b>	-

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Notes to the financial statements**

**6 Financial instruments & financial risk management (cont.)**

**(b) Credit risk (cont)**

*Impairment losses*

The aging of the Entity's trade receivables at the reporting date was:

	<b>Gross 2013</b>	<b>Impairment 2013</b>	<b>Gross 2012</b>	<b>Impairment 2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Not past due	194,427	-	-	-
Past due 0-60 days	-	-	-	-
Past due 60-120 days	-	-	-	-
	<b>194,427</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(c) Liquidity risk**

Liquidity risk is the risk that the Entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Entity's reputation.

Typically the Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Entity does not maintain any lines of credit.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>12mths or less</b>	<b>1-2 yrs</b>	<b>2-5 yrs</b>	<b>More than 5 yrs</b>
<b>30 June 2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-derivative financial liabilities</b>						
Trade and other payables	15,836	15,836	15,836	-	-	-
	<b>15,836</b>	<b>15,836</b>	<b>15,836</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Notes to the financial statements**

**6 Financial instruments & financial risk management (cont.)**

**(c) Liquidity risk (cont.)**

	Carrying amount	Contractual cash flows	12mths or less	1-2 yrs	2-5 yrs	More than 5 yrs
30 June 2012	\$	\$	\$	\$	\$	\$
<b>Non-derivative financial liabilities</b>						
Trade and other payables	9,262	9,262	9,262	-	-	-
	9,262	9,262	9,262	-	-	-

**(d) Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest rate risk*

The Entity adopts a policy of ensuring that its exposure to changes in interest rates is limited to the investing in high return deposits with no fixed term.

*Profile*

At the reporting date the interest rate profile of the Entity's interest-bearing financial instruments was:

	Carrying amount	
	2013	2012
	\$	\$
<b>Variable rate instruments</b>		
Financial assets	235,705	74,806

An increase/(decrease) in interest rates of 100 basis points would have the effect of decreasing/(increasing) reported deficit by \$2,357/(\$2,357) (2012: increasing/(decreasing) reported profit by \$748/(\$748)).



**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Notes to the financial statements**

**7 Cash and cash equivalents**

	2013	2012
	\$	\$
Cash at bank	235,705	74,806
Cash and cash equivalents in the statement of cash flows	235,705	74,806

The Entity's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 6.

**Reconciliation of cash flows from operating activities**

	2013	2012
	\$	\$
<b>Cash flows from operating activities</b>		
Profit/(Deficit) for the year	129,356	(1,684)
<b>Operating profit before changes in working capital</b>	129,356	(1,684)
Change in trade and other receivables	(194,427)	1,803
Change in trade and other payables	6,574	(4,665)
Change in employee benefits	219,396	-
<b>Net cash from/(used in) operating activities</b>	160,899	(4,546)

**8 Trade and other receivables**

	2013	2012
	\$	\$
Trade receivables	194,427	-
	194,427	-

The Entity's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in note 6.

**9 Trade and other payables**

	2013	2012
	\$	\$
Other payables	15,836	9,262
	15,836	9,262

The Entity's exposure to liquidity risk related to trade and other payables is disclosed in note 6.

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Notes to the financial statements**

**10 Employee benefits**

	2013	2012
	\$	\$
<b>Current</b>		
Annual leave	123,328	-
Long service leave	96,068	-
	<u>219,396</u>	<u>-</u>

**11 Personnel expenses**

	2013
	\$
<i>Holders of office</i>	
Wages and salaries	136,420
Superannuation	24,229
Leave and other entitlements	54,521
	<u>215,170</u>
 <i>Other than holders of office</i>	
Wages and salaries	223,390
Superannuation	20,108
	<u>243,498</u>
	<u>458,668</u>

This disclosure is only required for financial periods beginning on or after 1 July 2012.

**12 Related party transactions**

All donations are received from the SDAWA. During the year, donations from SDAWA amounted to \$1,231,445 (2012: \$866,713).

Amounts totalling \$194,427 (2012:\$nil) were transferred from The Shop, Distributive and Allied Employees Association of Western Australia in consideration for the acquisition of Joseph Bullock and Martin Pritchard's leave obligations after those employees transferred from The Shop, Distributive and Allied Employees Association of Western Australia to The Shop Distributive and Allied Employees' Association, Western Australian Branch.

# Shop, Distributive and Allied Employees' Association, Western Australian Branch

## Notes to the financial statements

### 12 Related party transactions continued

Affiliation dues, international fund contributions and branch levies are paid to the national office of the Shop, Distributive and Allied Employees Association at rates determined by the national office. During the year, cash outflows to the national office amounted to \$642,247 (2012: \$606,713):

	2013	2012
	\$	\$
ACTU IR Campaign	20,802	-
Affiliation fees	621,445	606,713
	<u>642,247</u>	<u>606,713</u>

### 13 Remuneration of Committee of Management (Key management personnel)

The following persons held office through the entire period 1 July 2012 to 30 June 2013 unless otherwise indicated:

Branch President	Rita Mahony
Branch Vice President	Tony Hoh
Branch Secretary	Joseph Bullock
Branch Assistant Secretary	Martin Pritchard
Branch Treasurer	Peter O'Keeffe
Committee Member	Margaret Zurakowski
Committee Member	Grace Thomson
Committee Member	Pamela Bowman
Committee Member	Amanda Adams
Committee Member	Marnie Gilbert
Committee Member	Trevor Cook
Committee Member	Joyce Griffiths (01/07/2012-05/02/2013)
Committee Member	Jon Kelly (05/02/2013-30/6/2013)
National Council Delegate	Peter O'Keeffe
National Council Delegate	Joseph Bullock
National Council Delegate	Rita Mahony
National Council Delegate	Martin Pritchard
National Council Delegate	Grace Thomson

The total remuneration paid or payable, directly or indirectly, from the Entity and any other related party to all the members of the Committee of Management was \$190,200 (2012:\$ nil).

**Shop, Distributive and Allied Employees' Association,  
Western Australian Branch**

**Notes to the financial statements**

**14 Subsequent events**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Committee of Management of the Entity, to affect significantly the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial years.

**15 Auditors remuneration**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Audit Services</b>		
Auditors of the Entity		
<i>KPMG Australia:</i>		
Audit of Financial Reports	<b>1,090</b>	1,060
Accounting Assistance	<b>105</b>	105
	<b>1,195</b>	1,165



## **Independent auditor's report to the members of the Shop, Distributive and Allied Employee's Association Western Australian Branch**

### **Report on the financial report**

We have audited the accompanying financial report of the Shop, Distributive and Allied Employee's Association Western Australian Branch (the Entity), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information, and the Committee of Management's statement.

#### *Committee of Management's responsibility for the financial report*

The Committee of Management of the Entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the Entity's Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the Committee of Management also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Entity's Committee of Management, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Australian Accounting Standards and *Fair Work (Registered Organisations) Act 2009*, a view which is consistent with our understanding of the Entity's financial position and of its performance.

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



### *Independence*

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

### *Auditor's opinion*

In our opinion:

- (a) The financial report presents fairly, in all material respects, in accordance with Australian Accounting Standards and the requirements imposed by the Fair Work (Registered Organisations) Act 2009, the financial position of the Shop, Distributive and Allied Employees' Association Western Australian Branch as of 30 June 2013 and of its financial performance and its cash flows for the year then ended; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

### **Report on other regulatory requirements**

- (a) In our opinion, the Committee of Management's use of the going concern basis of accounting in the preparation of the financial report is appropriate.
- (b) I am an approved auditor as defined by Regulation 4 of the Fair Work (Registered Organisations) Act 1999, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

KPMG

KPMG

Matthew Beevers  
*Partner*

Qualifications: Chartered Accountant (94498)

Perth

4 September 2013