THE SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION (VICTORIAN BRANCH) AND ITS CONTROLLED ENTITY

ANNUAL FINANCIAL REPORT

30 June 2021

sda
VICTORIA

Shop, Distributive & Allied Employees' Association (Victorian Branch)
and its controlled entity
Annual Financial Report as at 30 June 2021

Contents

Operating Report

For the year ended 30 June 2021

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 2021 and the auditor's report thereon.

1. Membership

Membership of the Victorian Branch of the Association as at 30 June 2021 was 46,779.

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 2021 was 71 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	Michael Donovan
Branch Assistant Secretary	Mauro Moretta
Branch President	Ada Scibilia
Branch Vice-President	Sue Nance
Branch Vice-President	Debra Becker
State Councillors	Antony Burke
State Councillors	Sue Hollingsworth
State Councillors	Simon Preest
State Councillors	Tammy Trimble
State Councillors	Patricia Ryan
State Councillors	Julie Davis
State Councillors	John Gigliotti
State Councillors	Nola Jones
State Councillors	Kathy Cannon
State Councillors	Peter Ericksen
State Councillors	Julie Holland

4. Affiliations & Directorships

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.

Operating Report (continued)

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 and produced a range of publications for its members.

During the Coronavirus pandemic the Association has worked to protect the health and safety, and financial security, of essential retail, online retail, fast food, pharmacy and warehousing workers who have continued to work tirelessly at the frontline.

During the year ended 30 June 2021, the Association continued with its significant campaign on Customer Violence & Abuse in Retail and Fast Food, called "No One Deserves A Serve". This campaign produced a range of materials to address the increased levels of customer abuse and violence experienced by members as a result of the COVID-19 pandemic.

The Association has achieved a range of additional Covid protections for SDA members such as paid pandemic leave, paid vaccination leave, Job Keeper payments, Essential worker payments and vaccination priority for many retail and warehousing workers.

The Association continues its defence of penalty rates in the Hair and Beauty Award and also protects other entitlements from attack by employers. The Association also promotes and protects members interests by participating in a range of legislative inquiries and reviews.

The Association continues to undertake research into areas of importance to SDA members, including affordable housing, work and care, the future of work, and regional communities.

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

Julia Fox, National Assistant Secretary, is an Employee Director 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).

Operating Report (continued)

8. 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.

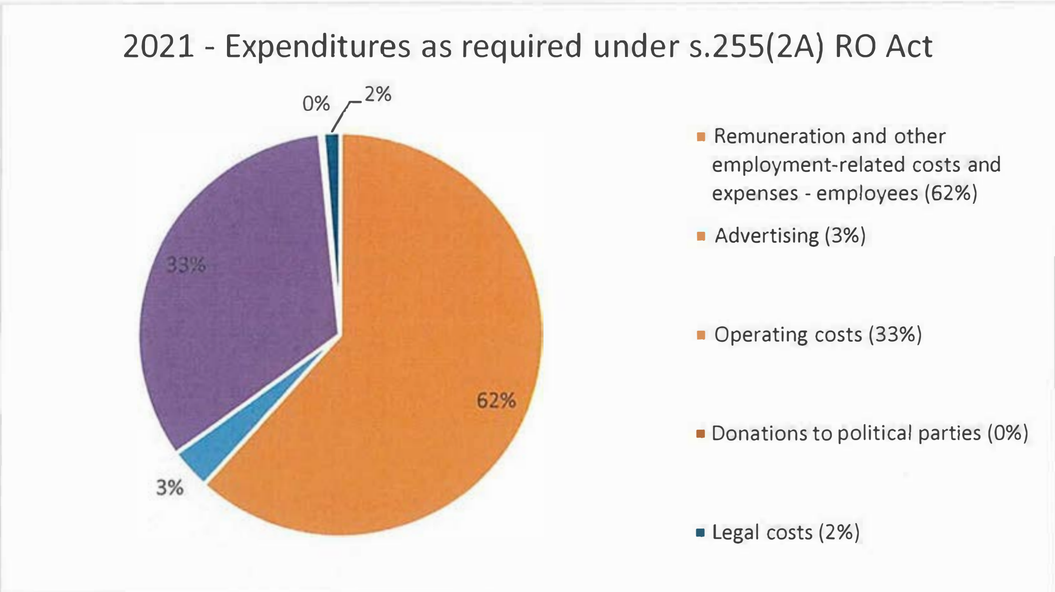
Michael Donovan

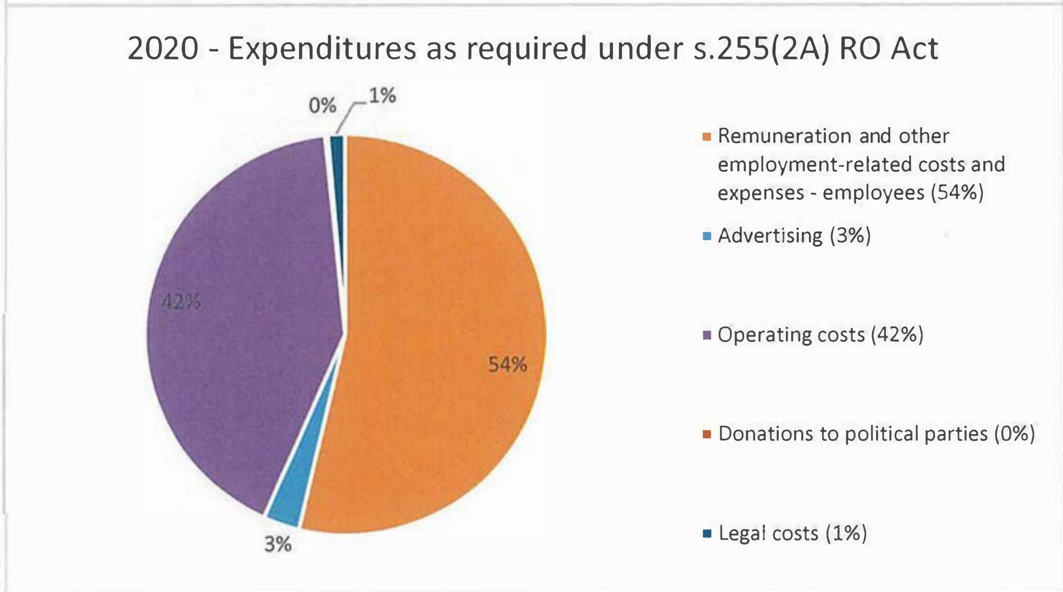
Michael Donovan
Branch Secretary/ Treasurer
Dated at Melbourne this 25th day of August, 2021
Melbourne, Victoria

Expenditure report required under subsection 255(2A)

For the year ended 30 June 2021

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2021.





Michael Donovan

Michael Donovan
Branch Secretary/ Treasurer
Dated at Melbourne this 25th day of August 2021
Melbourne, Victoria

Committee of Management Statement

On 25 August 2021 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 (**GPFR**) of the Branch for the financial year ended 30 June 2021:

The Committee of Management declares that in its opinion:

a) the financial statements and notes comply with the Australian Accounting Standards;

b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines and 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; and

e) during the financial year to which the GPFR relates and since the end of that year:

   i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

   ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

   iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

   iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; 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 RO Act has been provided to the member or Commissioner; and

   vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the committee of management.

Michael Donovan

Michael Donovan
Branch Secretary/ Treasurer
Dated at Melbourne this 25th day of August, 2021.
Melbourne, Victoria

Officer Declaration Statement

I, Michael Donovan, being the Branch Secretary/ Treasurer of the Shop Distributive & Allied Employees' Association (Victorian Branch), declare that the following activities did not occur during the reporting period ending 30 June 2021.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive revenue from undertaking recovery of wages activity
- pay capitation fees to another reporting unit
- pay compulsory levies
- pay separation and redundancy to holders of office
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a separation and redundancy provision in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have a fund or reserve account in equity for compulsory levies, voluntary contributions or required by the rules of the organisation
- transfer to or withdraw from a fund or reserve account in equity (other than the general fund in equity), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Michael Donovan

Michael Donovan
Branch Secretary/ Treasurer
Dated at Melbourne this 25th day of August, 2021
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Gross revenue from membership subscriptions	6	**14,216,670**	14,099,932
Capitalisation fees and other revenue from another reporting unit		**-**	-
Other revenue	6	**253,900**	505,017
Other income	6	**373,010**	459,918
Share of net loss of associates accounted for using the equity method	10	**-**	(4,326)
Impairment of investment in associates	10	**-**	(102,386)
Affiliation expenses	7	**(1,196,793)**	(1,724,180)
Delegate expenses		**(110,651)**	(158,778)
Depreciation, amortisation and impairments	7	**(584,135)**	(826,899)
Employee benefits expense	7	**(8,740,196)**	(8,028,431)
Employer commission expenses		**(73,400)**	(106,837)
Gain on disposal of property, plant and equipment		**13,701**	1,385
Member service expenses		**(830,491)**	(1,005,121)
Office administration expenses		**(1,251,397)**	(1,305,337)
Property expenses		**(543,644)**	(544,628)
Advertising expenses		**(455,594)**	(437,161)
Other expenses	7	**(714,812)**	(1,186,485)
Surplus/(Deficit) attributable to members		**356,168**	(364,317)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) in retirement benefit asset/liability recognised directly in other comprehensive income	16	**1,044,590**	(254,053)
Other comprehensive income/(loss) for the year		**1,044,590**	(254,053)
Total comprehensive income/(loss) attributable to members		**1,400,758**	(618,370)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	6,870,013	6,674,460
Trade and other receivables	9	2,468,079	1,531,035
Financial Assets	11	15,703,616	15,512,532
Other current assets	13	-	8,994
Total current assets		25,041,708	23,727,021
Non-current Assets			
Investments in Associates	10	-	-
Property, plant and equipment	14	9,778,688	9,745,708
Intangible assets	15	-	134,047
Retirement benefit asset	16	618,129	18,533
Other non-current asset	13	-	3,794
Total non-current assets		10,396,817	9,902,082
Total assets		35,438,525	33,629,103
LIABILITIES			
Current Liabilities			
Trade and other payables	17	609,076	466,141
Provisions	18	2,483,442	2,326,880
Total current liabilities		3,092,518	2,793,021
Non-current Liabilities			
Provisions	18	196,501	87,334
Total non-current liabilities		196,501	87,334
Total liabilities		3,289,019	2,880,355
Net assets		32,149,506	30,748,748
EQUITY			
Members' funds		32,149,506	30,748,748
Total equity		32,149,506	30,748,748

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	$
2021	
Equity as at the beginning of the year	**30,748,748**
Surplus attributable to members	**356,168**
Other comprehensive income for the year	**1,044,590**
Total comprehensive income for the year	**1,400,758**
Equity as at the end of the year	**32,149,506**
2020	
Equity as at the beginning of the year	31,367,118
Deficit attributable to members	(364,317)
Other comprehensive loss for the year	(254,053)
Total comprehensive loss for the year	(618,370)
Equity as at the end of the year	30,748,748

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	**2021** **$**	2020 $
Cash flows from operating activities			
Cash receipts from members and tenants		**16,341,777**	16,485,599
Cash receipts from other reporting units		**100,687**	151,516
Cash payments to employees and suppliers		**(13,683,759)**	(13,654,456)
Cash payments to other reporting units, including affiliation fee		**(1,758,847)**	(1,910,008)
Affiliation fees paid to other parties		**(243,669)**	(249,442)
Interest received	6a	**99,815**	**379,176**
Net cash provided by operating activities	22	**856,004**	1,202,385
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**96,255**	27,640
Payments to term deposits		**(191,084)**	(387,345)
Payments for property, plant and equipment	14	**(565,622)**	(349,464)
Acquisition of intangible assets	15	**-**	-
Net cash used in investing activities		**(660,451)**	(709,169)
Cash flows from financing activities			
Net cash from financing activities		**-**	-
Net increase in cash and cash equivalents		**195,553**	493,216
Cash and cash equivalents at the beginning of the year		**6,674,460**	6,181,244
Cash and cash equivalents at the end of the year	8	**6,870,013**	6,674,460

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. Reporting entity

These general purpose financial statements cover the consolidated entity of The Shop, Distributive and Allied Employees' Association (Victorian Branch) and controlled entity (the 'Association'). The financial statements were authorised for issue in accordance with a resolution of the State Council on 25 August 2021.

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

2. Basis of Preparation

a) Statement of Compliance

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 (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisations) Act 2009* (RO Act). For the purposes of preparing the general purpose financial statements, the Association is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

b) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars which is the Association's functional and presentational currency.

c) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

d) Significant Accounting Judgements and Estimates

The preparation of financial statements in conformity with AASBs 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.

Notes to the Consolidated Financial

2. Basis of Preparation (continued)

d) Significant Accounting Judgements and Estimates (continued)

Assumptions and Estimation Uncertainties

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 Association 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 Association 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 16.

- Note 16 - Defined benefit obligation.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 18 – Employee benefits.

Measurement of fair values

A number of the Association's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Association has an established control framework with respect to the measurement of fair values. Significant fair value measurements are overseen and reviewed regularly, including unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Association assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASBs, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reviewed by the Association's Committee of Management.

Notes to the Consolidated Financial

2. Basis of Preparation (continued)

d) Significant Accounting Judgements and Estimates (continued)

Assumptions and Estimation Uncertainties (continued)

Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Association uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Association recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. New Australian Accounting Standards

a) Adoption of new Australian accounting standards

The accounting policies adopted are consistent with those of the previous financial year except for the following standard and amendment, which has been adopted for the first time this financial year:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material;*
- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions;*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework;*
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.

No accounting standard has been adopted earlier than the application date stated in the standard.

Notes to the Consolidated Financial Statements

3. New Australian Accounting Standards (continued)

a) Adoption of new Australian accounting standards (continued)

Impact on adoption of AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The adoption of AASB 2018-7 did not have a material impact on the Association's financial statements.

Impact on adoption of AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*

These amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under AASB 16 Leases, if the change were not a lease modification.

The adoption of AASB 2020-4 did not have a material impact on the Association's financial statements.

Impact on adoption of AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the accounting standard setter in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The adoption of AASB 2019-1 did not have a material impact on the Association's financial statements.

Notes to the Consolidated Financial Statements

3. New Australian Accounting Standards (continued)

a) Adoption of new Australian accounting standards (continued)

Impact on adoption of AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*

The amendment to AASB 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

The adoption of AASB 2018-6 did not have a material impact on the Association's financial statements.

b) Future Australian accounting standards requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Association include:

AASB 2020-1 – *Amendments to Australian Accounting Standards* – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Notes to the Consolidated Financial Statements

4. Significant accounting policies

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

a) Revenue

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

Membership subscription revenue is recognised overtime on an accruals basis as the membership service is provided which is typically based on the passage of time over the membership period. AASB 15 uses the terminology 'Customers' to describe the source of the revenue. The most significant source of revenue for the Shop, Distributive & Allied Employees' Association (Victorian Branch) comes from members. Members pledge themselves to advance the objectives of the organisation, make financial contributions to further those objectives and receive in return access to mutual assistance consistent with the Association's objectives. Whilst in many senses the mutuality of members means they are the organisation, for the purposes of the accounting standards the term 'Members' and its meaning in terms of revenue is the same as the accounting term of 'Customers' in the standard AASB 15. Revenue from member subscription is recognised gross of employer commissions.

Similar to prior year, commissions rates applied to revenue vary from 0-2.5% at 30 June 2021. 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 2021 were $73,400 (2020: $106,837). Employer commissions are required to be disclosed as per section 253 of the Fair Work (Registered Organisations) Act 2009.

Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned. 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.

The Association has elected not to recognise volunteer services at fair value.

b) Finance income and finance costs

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

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Interest income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

c) Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

d) Affiliation fees and levies

Affiliation fees and levies are recognised on an accrual basis and recorded as an expense in the year to which it relates.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

e) Employee benefits

(i) Defined benefit plans

The Association's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Association, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Association determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Association recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Other long-term employee benefits

The Association's net obligation in respect of long-term employee benefits other than defined benefit superannuation funds is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; 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 Australian Corporate bonds that have maturity dates approximating the terms of the Association's obligations in which the benefits are expected to be paid.

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts and expensed based on remuneration wage and salary rates that the Association expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Amounts that are expected to be settled beyond 12 months are measured in accordance with long term benefits.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

f) Leases

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Association as a lessee

The Association applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Association recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Association recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Association at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Association and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Association uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Association's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

f) Leases (continued)

The Association as a lessor

At inception or on modification of a contract that contains a lease component, the Association allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Association acts as a lessor, it determines at inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Association makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Association considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Association recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

g) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with the 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

h) Financial instruments (continued)

Financial assets (continued)

(i) Initial recognition and measurement

The Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Association commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The Association measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Association's financial assets at amortised cost includes trade and other receivables (Note 9), term deposits held with the Westpac Banking Corporation (Note 11) and cash and cash equivalents (Note 8).

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

h) Financial instruments (continued)

Financial assets (continued)

(iii) De-recognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Association has transferred substantially all the risks and rewards of the asset; or
  b) the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Association applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Association recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

h) Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Debt instruments other than trade receivables (continued)

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Association considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Association's financial liabilities include trade and other payables.

(ii) Subsequent measurement

After initial recognition, trade payables and other payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

(iii) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Share capital

The Association is a registered organisation under the Fair Work (Registered Organisations) Act 2009 and does not have share capital.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

h) Financial instruments (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Association at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

i) Contingent assets and liabilities

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.

j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset includes expenditures that are directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

j) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line or diminishing value over the estimated useful lives of each part of an item of property, plant and equipment, to most closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Association will obtain ownership by the end of the lease term.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and adjusted as appropriate.

Depreciation rates applying to each class of depreciable assets:

	2021	2020
Building structure and improvements	2% - 20%	2% - 20%
Motor Vehicles	28.57%	28.57%
Office equipment	0% - 33%	0% - 33%

(iv) De-recognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

k) 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.

Amortisation rates apply to finite intangibles such as computer software.

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

l) Impairment of non-financial assets

The carrying amounts of the Association's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss hadbeen recognised.

m) 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).

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 excluded, as the Association reports to the ATO for GST on a cash-basis. 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 investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

n) Provisions

A provision is recognised if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Association records provision for cancelled members based its reliable estimates.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

o) Fair value measurements

A number of the Association's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 12.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

p) Segment reporting

An operating segment is a component of the Association that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other Association's other components. All operating segments' operating results are reviewed regularly by the Association's office holders to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. There is no separate operating segments disclosure as there is only one reportable segment.

q) Financial risk management

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

i) Credit risk
ii) Liquidity risk
iii) Market risk
iv) Operational risk

Risk Management Framework

The State Council has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Association, 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 Association's activities. The Association, 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.

A detailed assessment of the Association's exposure to the above risks is included in notes 8 and 11.

r) Basis of consolidation

(i) Business combinations

The Association accounts for business combinations using the acquisition method when control is transferred to the Association (see Note 4 (r)(ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt orequity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

r) Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Association. The Association 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interest (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Association's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interests in equity-accounted investees

The Association's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Association has significant influence, but not control or joint control, over the financial and operating policies (see Note 4(s)).

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

4. Significant accounting policies (continued)

s) Investment in associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate exceeds the interest in that associate, the Association discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

t) Parent entity financial information

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.

5. Events after the reporting period

The Committee of Management believe that even with significant Victorian COVID-19 restrictions put in place subsequent to year end, the Association will be able to continue to operate as there has been no material impact of COVID-19 on the Association's financial statements, business model and strategy. However, due to the uncertainty of the outcome of the current events, the Association cannot reasonably estimate the impact these events will have on the Association's financial position, results of operations or cash flows in the future.

No additional 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.

6. Revenue and Other income

Revenue and Other Income

	2021 $	2020 $
Gross revenue from membership subscriptions	14,216,670	14,099,932

Membership subscriptions revenue are recognised over time and earned only within Victoria.

Other revenue:	Notes	2021 $	2020 $
Interest revenue	(a)	99,815	379,176
Other revenue		154,085	125,841
Capitation Fees		-	-
Levies		-	-
Grants		-	-
Donations		-	-
		253,900	505,017
(a) **Interest received**			
Interest on cash balances and short term deposits		3,056	35,404
Interest on financial assets		96,759	343,772
Total received		99,815	379,176
Other income:			
Rental revenue for property		373,010	459,918

7. Expenses

	Notes	2021 $	2020 $
Surplus/(Deficit) including the following specific expenses			
Depreciation:			
Buildings		199,367	196,482
Motor vehicles		187,742	203,773
Office equipment		62,979	55,940
	14(a)	450,088	456,195
Amortisation:			
Software – membership system	15(a)	134,047	370,704
Total depreciation and amortisation		584,135	826,899
Affiliation fees:			
Shop, Distributive & Allied Employees' Association (National Office) – National funds		848,066	1,302,100
Shop, Distributive & Allied Employees' Association (National Office) – International funds		127,210	195,315
Australian Labor Party		221,517	226,765
		1,196,793	1,724,180

7. Expenses (continued)

	2021 $	2020 $
Employee benefits expense:		
Employee benefits expense related to holders of office*:		
Salaries and wages	304,342	462,070
Superannuation	30,434	68,294
Leave and other entitlements	19,935	29,305
Separation & redundancies	-	-
Other	35,022	35,752
	389,733	595,421

*The holders of office of the association in FY21 are Michael Donovan and Mauro Moretta (FY20: the holders of office of the association were Michael Donovan, Patricia Connelly (retired on 31/03/2020), Mauro Moretta (from 01/04/2020), and Ada Scibilia (retired)).

	2021 $	2020 $
Employee benefits expense related to employees (other than holders of office):		
Salaries and wages	6,451,732	5,690,136
Superannuation	707,468	691,026
Leave and other entitlements	304,415	206,840
Separation & redundancies	-	31,544
Other	886,848	813,464
	8,350,463	7,433,010
Total employee benefits expense	8,740,196	8,028,431

	2021 $	2020 $
Other expenses:		
Professional fees	370,834	402,009
Information communications technology	105,039	187,122
Travel expenses	45,374	180,678
Office expenses	82,408	137,141
Conference and meeting expenses	7,039	119,060
Fees/allowances – meeting and conferences	20,189	41,907
Donations	43,044	32,835
Other expenses	40,885	85,733
Total other expenses	714,812	1,186,485

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.

	2021 $	2020 $
Legal Costs:		
Litigation	-	-
Other legal matters	190,100	203,632
Total legal expenses	190,100	203,632

	2021 $	2020 $
Other expenses:		
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	-	-

7. Expenses (continued)

	2021	2020
	$	$
Grants or Donations		
Grants:		
Total paid were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
	-	-
Donations:		
Total paid that were $1,000 or less	-	500
Total paid exceeded $1,000	43,044	32,335
	43,044	32,835

8. Cash and cash equivalents

	2021	2020
	$	$
Cash on hand	900	900
Cash at bank	6,869,113	6,673,560
	6,870,013	6,674,460

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 2021, the average floating rates were 0.04% (2020: 0.50%).

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

(a) Sensitivity analysis

A 100 point (2020: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $68,690 (2020: $66,730), and an equal change in the opposite direction would have decreased the surplus by $68,690 (2020: $66,730).

9. Trade and other receivables

	Note	2021	2020
		$	$
CURRENT			
Trade receivables	(a)	1,159,052	1,270,502
Prepayments	(c)	1,126,205	85,759
Other receivables	(b)	84,021	167,675
Amounts receivable from other reporting units – SDA National Office		98,801	7,099
Less allowance for impairment loss		-	-
		2,468,079	1,531,035

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.

9. Trade and other receivables (continued)

(a) Ageing and impairment losses of trade receivables

	Gross 2021 $	Impairment 2021 $	Gross 2020 $	Impairment 2020 $
Not past due	**1,141,564**	**-**	1,258,208	-
Past due 0 – 30 days	**-**	**-**	-	-
Past due 31 – 60 days	**4,174**	**-**	-	-
Past due over 60 days	**13,314**	**-**	12,294	-
	1,159,052	**-**	1,270,502	-

(b) Other receivables

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

(c) Prepayments

This amount includes affiliation fees from other reporting units – SDA National Office amounting to $487,638 (2020: Nil).

(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 $466,063 (2020: $477,594) 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.

(g) Renegotiation of terms

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

10. Non-current assets – Investments in Associates

	2021	2020
	$	$
Investments in associates	-	-

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

	2021	2020
	$	$
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	-	106,712
Share of loss after income tax	-	(4,326)
Impairment of investments	-	(102,386)
Carrying amount at the end of the financial year	-	-

(b) Summarised financial information of associates

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

			Group's share of:		
	Ownership Interest	Assets	Liabilities	Revenues	(Loss) / Profit
	%	$	$	$	$
2021					
Industrial Printing and Publishing Pty Ltd and controlled entities	**23.9%**	629,110	(561,612)	594,742	(329,523)
2020					
Industrial Printing and Publishing Pty Ltd and controlled entities	23.9%	1,200,046	(1,095,938)	940,307	(4,326)

All of the above associates are incorporated in Australia.

Dividends received from associates were $nil (2020: $nil).

(c) Contingent liabilities of associates

There are no contingent liabilities or capital commitments of associates (2020: $nil).

11. Other financial assets

	Note	2021 $	2020 $
CURRENT			
Financial assets at amortised cost			
Term deposits	(a)	**15,703,616**	15,512,532
Financial assets at amortised cost		**15,703,616**	15,512,532

(a) Term deposits

Term deposits bear fixed interest rates between 0.25%-0.60% (2020:1.40%-1.68%). As at 30 June 2021, the maturity term of the term deposits ranging between 5 to 10 months (2020: 2 to 6 months).

(b) Interest rate risk – Sensitivity analysis

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

The Association's term deposits expose it to a risk of change in their fair value or future cash flows due to changes in interest rates. There are no financial assets where the fair value of the asset differs materially from the carrying value.

A 100 point (2020: 100 point) increase in the BBSW at the reporting date would have increased the surplus by $157,030 (2020: $155,120), and an equal change in the opposite direction would have decreased surplus by $157,030 (2020: $155,120).

(c) Credit risk

Concentrations of risk

The Association's investment in term deposits is in 5 term deposits issued by Westpac Banking Corporation. All investments were issued by entities rated 'AA-'. None of the financial assets at amortised cost 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.

12. 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.

13. Other Assets

	2021 $	2020 $
CURRENT		
Lease incentive asset	-	8,994
NON CURRENT		
Lease incentive asset	-	3,794

14. Property, plant and equipment

	2021	2020
Land & buildings at cost	12,742,321	12,742,321
Less accumulated depreciation	(3,912,212)	(3,712,845)
Total land & buildings	8,830,109	9,029,476
Motor vehicles at cost	1,308,285	1,172,263
Less accumulated depreciation	(621,471)	(589,865)
Total motor vehicles	686,814	582,398
Office equipment at cost	1,050,367	859,457
Less accumulated depreciation	(788,602)	(725,623)
Total office equipment	261,765	133,834
Total property, plant and equipment	9,778,688	9,745,708

(a) Movements in carrying amounts

	Land & Buildings $	Motor Vehicles $	Office Equipment $	Total $
2021				
Balance at the beginning of year	9,029,476	582,398	133,834	9,745,708
Additions	-	374,712	190,910	565,622
Depreciation expense	(199,367)	(187,742)	(62,979)	(450,088)
Disposals	-	(82,554)	-	(82,554)
Carrying amount at the end of year	8,830,109	686,814	261,765	9,778,688
2020				
Balance at the beginning of year	9,093,341	697,939	87,414	9,878,694
Additions	132,617	114,487	102,360	349,464
Depreciation expense	(196,482)	(203,773)	(55,940)	(456,195)
Disposals	-	(26,255)	-	(26,255)
Carrying amount at the end of year	9,029,476	582,398	133,834	9,745,708

An independent valuation was performed for the Group's premises on 30 June 2020 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 $15,900,000. 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.

14. Property, plant and equipment (continued)

	2021	2020
	$	$
(b) Amounts recognised in profit and loss for property, plant and equipment		
Rental income	**373,010**	459,918
Direct operating expenses that generated rental income	**(543,644)**	(544,628)
Total	**(170,634)**	(84,710)

(c) Leasing arrangements for rental income

Excess space within the owner-occupied property is leased to tenants under leases with rentals payable monthly. All lease arrangements with lessees are operating leases, the minimum lease payments under non-cancellable operating leases not recognised in the financial statements are receivable as follows:

2021 – Operating leases under AASB 16	
Within one year	**390,383**
After one year but not more than two years	**385,772**
Total	**776,155**

2020 – Operating leases under AASB 16	
Within one year	249,415
After one year but not more than two years	9,711
Total	259,126

The above leasing arrangements represent 39% of the total unit space, which is leased out to unrelated external parties at an arm's length transaction. The remaining 61% of unit space is occupied by Shop, Distributive and Allied Employees' Association (Victorian Branch).

15. Intangible assets

	2021	2020
	$	$
Software at cost	**3,706,980**	3,706,980
Less accumulated amortisation	**(3,706,980)**	(3,572,933)
Net carrying value	**-**	134,047
(a) Movements in carrying amounts		
Balance at the beginning of year	**134,047**	504,751
Additions	**-**	-
Amortisation expense	**(134,047)**	(370,704)
Carrying amount at the end of year	**-**	134,047

16. Retirement benefit asset

	2021	2020
	$	$
NON-CURRENT ASSET		
Retirement benefit asset	**618,129**	18,533

(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 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 regard 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 76.03% (2020: 77.22%). This is based on membership data as at 30 June 2021.

(b) Plan characteristics and associated risks

The Plan is a defined benefit superannuation fund providing lump sum benefits to members on retirement, resignation, death and total and permanent disablement. The benefits are based on the member's annual salary near retirement and the length of their membership of the Plan. The Plan is open to new members.

Members may also have a defined contribution component of their benefit but, given that for such benefits the assets and liabilities are matched, these disclosures only relate to the defined benefit component of members' benefits.

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

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

16. Retirement benefit asset (continued)

The major risk of the Plan for the Association is that there is insufficient money in the Plan to meet the benefit liabilities and there may be a call on the Association to make additional payments. This situation may occur if the experience of the Plan is unfavourable relative to the assumptions used by the Actuary to determine the contributions to be made by the Association. Examples of unfavourable experience are lower than expected investment returns and higher than expected increases in member salaries. There is also a risk, albeit relatively small, that the Plan may be overfunded by contributions in excess of those required to fund benefits and the Association is unable to recoup any benefit from those overpaid contributions. The assets of the Plan are allocated across a number of asset classes and there is no particular concentration risk.

	Note	2021 $	2020 $
(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	(e)	8,941,129	8,094,201
Present value of the defined benefit obligation	(e)	(8,323,000)	(8,075,668)
		618,129	18,533
(d) Movements in the net asset for defined benefit obligations recognised in the statement of financial position:			
Net asset for defined benefit obligations at 1 July		18,533	843,097
Contributions paid into the plan		-	23,938
Amount recognised in other comprehensive income - actuarial gains/(losses)		1,044,590	(254,053)
Expenses recognised in statement of profit and loss and other comprehensive income within employee benefits expenses		(444,994)	(594,449)
Net asset for defined benefit obligations at 30 June		618,129	18,533
(e) Reconciliations			
Reconciliation of the present value of the defined benefit obligation:			
Balance at the start of the financial year		8,075,668	9,812,800
Current service cost		319,556	64,412
Interest cost		145,969	197,683
Actuarial losses/(gains)		180,941	(48,649)
Benefits paid		(323,869)	(1,878,763)
Taxes, premiums and expenses paid		(75,265)	(71,815)
Balance at the end of the year		8,323,000	8,075,668
Reconciliation of the fair value of the plan asset:			
Balance at the start of the financial year		8,094,201	10,655,897
Return on plan asset		20,531	(332,354)
Actuarial gains/(losses)		1,225,531	(302,702)
Employer contributions		-	23,938
Benefits paid		(323,869)	(1,878,763)
Taxes, premiums and expenses paid		(75,265)	(71,815)
Balance at the end of the year		8,941,129	8,094,201

16. Retirement benefit asset (continued)

	2021	2020
(f) Expense recognised in profit or loss	**$**	$
Current service costs	**319,556**	64,412
Net interest costs	**125,438**	530,037
	444,994	594,449
(g) Re-measurements of net defined benefit liability/asset		
Loss/(Gain) on defined benefit obligation	**180,941**	(48,649)
(Gain)/Loss on assets	**(1,225,531)**	302,702
Recognised in other comprehensive income	**(1,044,590)**	254,053
(h) Actuarial gains and (losses) recognised in other comprehensive income		
Cumulative amount at 1 July	**(338,226)**	(84,173)
Recognised during the period	**1,044,590**	(254,053)
Cumulative amount at 30 June	**706,364**	(338,226)

	2021	2020
	%	%
(i) Categories of plan assets		
The major categories of plan assets are as follows:		
Australian equity	**24%**	17%
International equity	**24%**	23%
Fixed income	**16%**	6%
Property	**9%**	11%
Cash	**4%**	7%
Other	**23%**	36%

(j) Principal actuarial assumptions

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

	2021	2020
Discount rate	**2.00%**	2.10%
Future salary increases	**3.00%**	3.00%

(k) 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.

	2022
	$
Estimated employer contributions	-

(l) Effect of the asset ceiling

The asset ceiling has no effect at this time.

(m) 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.

16. Retirement benefit asset (continued)

(n) 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.

(o) 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.

(p) 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.

	2021	2020
	$	$
Increase in net obligation for a 1% decrease in the discount rate	566,390	656,370
Reduction in net obligation for a 1% increase in the discount rate	(669,024)	(569,884)

17. Trade and other payables

	2021	2020
	$	$
CURRENT		
Unsecured liabilities		
Trade payables	103,164	34,118
Other payables	493,268	421,604
Amounts payable to other reporting units – SDA National Office	-	-
Consideration to employers for payroll deductions	-	-
Legal costs – litigation	-	-
Legal costs – other legal matters	12,644	10,419
Payables to other reporting units	-	-
	609,076	466,141

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.

18. Provisions

Employee entitlements

	2021	2020
Employee provisions in respect to holders of office:	$	$
Current		
Annual leave	41,893	33,306
Long service leave	211,150	200,158
	253,043	233,464
Employee provisions related to employees (other than holders of office):		
Current		
Annual leave	977,878	804,008
Long service leave	1,055,162	963,783
	2,033,040	1,767,791
	2,286,083	2,001,255
Other current provisions		
Provisions for cancelled member funds	197,359	325,625
Total current provisions	2,483,442	2,326,880
Employee provisions related to employees (other than holders of office):		
Non-current		
Long service leave	196,501	87,334
Total non-current provisions	196,501	87,334

19. Executive officers and key management personnel

(a) Executive officers (holders of office)

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

2021	2020
Michael Donovan	Michael Donovan
Mauro Moretta	Patricia Connelly (retired on 31/03/2020)
	Ada Scibilia
	Mauro Moretta

(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:

2021	2020
Antony Burke	Antony Burke
Julie Davis	Julie Davis (from 26/03/2020)
Peter Ericksen	Peter Ericksen
John Gigliotti	John Gigliotti
Debra Becker	Debra Becker
Suzanne Hollingsworth	Suzanne Hollingsworth
Simon Preest	Simon Preest
Tammy Trimble	Tammy Trimble
Patricia Ryan	Patricia Ryan
Sue Nance	Sue Nance
Nola Jones	Nola Jones
Kathryn Cannon	Kathryn Cannon
Ada Scibilia	Julie Holland
Julie Holland	Bernadette Arathoon (until 24/02/2020)

(c) Compensation of executive officers and other key management personnel	2021 $	2020 $
Salary	**657,403**	670,442
Annual leave accrual movement	**29,476**	2,204
Other expenses	**108,731**	129,871
Short-term employment benefits	**795,610**	802,517
Post-employment benefits – superannuation	**65,740**	99,729
Other long term benefits	**-**	-
Termination benefits	**-**	-
Any share based payments	**-**	-
	861,350	902,246

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.

20. Auditor's remuneration

	2021 $	2020 $
Remuneration of the auditor of the Association for:		
Auditing the financial statements	**116,600**	113,000
Financial report assistance	**17,000**	16,500
Other audit services	**10,000**	10,000
	143,600	139,500

21. 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 2021 (refer to parent entity current assets at Note 24). These loans are without specific terms of repayment and are included in parent entity's current receivables in the statement of financial position. This amount is eliminated upon consolidation.

(b) Transactions with associates

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 duties performed by SDA staff and consulting services paid to Publicity Works Pty Ltd, split as follows:

	2021 **$**	2020 $
Directors fees paid to SDA	**13,200**	12,000
Amounts paid to Publicity Works Pty Ltd, a controlled entity of Industrial Printing and Publishing Pty Ltd, an associate, for consulting services.	**32,487**	50,047

(c) Transactions with controlled entity

Amount of distribution payment from FEDSDA unit Trust as a subsidiary of the Shop, Distributive and Allied Employees' Association (Victorian Branch). This amount has been eliminated upon consolidation.	**216,320**	297,727
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.	**636,000**	636,000

21. Related parties (continued)

	2021 $	2020 $
(c) Transactions with controlled entity (continued)		
Amount of secretarial fees paid by FEDSDA unit Trust as a subsidiary of the Shop, Distributive and Allied Employees' Association (Victorian Branch). This amount has been eliminated upon consolidation.	**62,400**	62,400
(d) Transactions with the National Office		
Affiliation fees paid to the Shop, Distributive & Allied Employees Association (National Office).	**975,276**	1,497,415
Advance affiliation fees paid to the Shop, Distributive & Allied Employees Association (National Office).	**487,638**	-
Reimbursement of Victorian payroll tax from the Shop, Distributive & Allied Employees Association (National Office).	**(100,687)**	(89,634)
Reimbursement of expenses to the Shop, Distributive & Allied Employees Association (National Office).	**138,897**	238,955
Reimbursement by Shop, Distributive & Allied Employees Association (National Office) to the Shop, Distributive and Allied Employees' Association (Victorian Branch for expenses paid on their behalf.	**-**	(56,438)

22. Cash flow information

	2021 $	2020 $
Reconciliation of cash flow from operations with surplus/(deficit)		
Net surplus/(deficit) for the year	**356,168**	(364,317)
Cash flows excluded from deficit attributable to operating activities		
Depreciation & amortisation	**584,135**	826,899
Impairment of related party loan receivable	**-**	-
Net gain on disposal of plant and equipment	**(13,701)**	(1,385)
Share of losses of associates	**-**	4,326
Impairment of investment in associate	**-**	102,386
Non-cash defined benefit adjustment	**444,994**	594,449
Changes in assets and liabilities		
(Increase)/Decrease in receivables	**(937,044)**	301,216
Decrease in other current assets	**8,994**	-
Decrease in other non-current assets	**3,794**	-
Increase/(Decrease) in payables	**142,935**	(197,158)
Increase/(Decrease) in provisions	**265,729**	(64,031)
Net cash provided by operating activities	**856,004**	1,202,385

Cash flow information		
Cash inflows		
SDA National Office	**100,687**	151,516
Total cash inflows	**100,687**	151,516
Cash outflows		
SDA National Office	**1,758,847**	1,910,008
Total cash outflows	**1,758,847**	1,910,008

23. Commitments

There are no capital or leasing commitments which the Association has entered into as at 30 June 2021

Within 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Total	-	-

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.

24. Parent entity information

The following detailed information related to the parent entity, the Shop, Distributive and Allied Employees' Association (Victorian Branch), at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Notes 1 to 4, except as follows:

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

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

	2021 $	2020 $
Summary statement of financial position		
Current assets	**24,012,426**	22,878,655
Non-current assets	**12,324,168**	11,660,529
Total assets	**36,336,594**	34,539,184
Current liabilities	**3,037,050**	2,749,565
Non-current liabilities	**196,501**	87,334
Total liabilities	**3,233,551**	2,836,899
Members funds	**33,103,043**	31,702,285
Total equity	**33,103,043**	31,702,285

24. Parent entity information (continued)

	2021 $	2020 $
Summary statement of profit or loss and other comprehensive income		
Surplus/(Deficit) for the year	**356,168**	(364,317)
Other comprehensive income (loss) for the year	**1,044,590**	(254,053)
Total comprehensive income (loss) for the year	**1,400,758**	(618,370)

The consolidated financial statements include the financial information of FEDSDA Unit Trust, a 100% owned Australian property holding unit trust (2020:100%).

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

26. Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

1. A member of a 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).

Independent Auditor's Report

To the members of 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 Association).*

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Shop, Distributive and Allied Employees' Association (Victorian Branch) and its controlled entity as at 30 June 2021, and of its financial performance and its cash flows for the year then ended, in accordance with:

- the *Australian Accounting Standards*; and
- other requirements imposed by the reporting guidelines and Part 3 of Chapter 8 of the Fair Work (*Registered Organisations*) Act 2009

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Other explanatory information including the Committee of Management Statement, Officer Declaration Statement and the Expenditure Report Required Under Subsection 255(A).

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Report has been prepared to assist the Committee of Management of the Shop, Distributive and Allied Employees' Association (Victorian Branch) in complying with the financial reporting requirements of the *Fair Work (Registered Organisation) Act 2009.*

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Committee of Management and members of the Shop, Distributive and Allied Employees' Association (Victorian Branch) and should not be used by parties other than the Committee of Management and the members of Shop, Distributive and Allied Employees' Association (Victorian Branch). We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Committee of Management and the members of the Shop, Distributive and Allied Employees' Association (Victorian Branch) or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in the Shop, Distributive and Allied Employees' Association (Victorian Branch)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Committee of Management are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009;*
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error;
- assessing the Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association 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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

I declare that I am an auditor registered under the *Fair Work (Registered Organisations) Act 2009*.

Report on other legal and regulatory requirements

Opinion

I declare that, as part of the audit of the financial report for the financial year ended 30 June 2021, the Committee of Management's use of the going concern basis of accounting in the preparation of the Shop, Distributive and Allied Employees' Association (Victorian Branch)'s financial report is appropriate.

KPMG

Amanda Bond

Partner

Tower Two, Collins Square
727 Collins Street, Melbourne

25 August 2021

Registered Auditor – Fair Work (Registered Organisations) Act 2009, #AA2019/11