

Shop, Distributive and Allied Employees Association

Tasmanian Branch

Annual Financial Report
Year Ended 30 June 2020

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

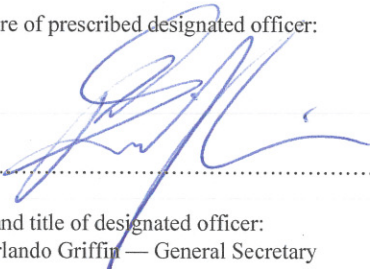
s.268 *Fair Work (Registered Organisations) Act 2009* (RO Act)

Certificate for the period ended 30 June 2020

I, Paul Orlando Griffin, being the General Secretary of Shop, Distributive and Allied Employees Association Tasmanian Branch certify:

- that the documents lodged herewith are copies of the full report for Shop, Distributive and Allied Employees Association Tasmanian Branch for the period ended 30 June 2020 referred to in s.268 of the RO Act; and
- that the full report was provided to the State Council on 13 October 2020; and
- that the full report was presented to a general meeting of the State Council of the reporting unit on 13 October 2020 in accordance with s.266 of the RO Act.

Signature of prescribed designated officer:



Name and title of designated officer:
Paul Orlando Griffin — General Secretary

Dated

.....13 October 2020.....

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
OFFICER DECLARATION STATEMENT**

I, Paul Orlando Griffin, being the General Secretary of Shop, Distributive and Allied Employees Association Tasmanian Branch declare that the following activities did not occur during the reporting period ending 30 June 2020.

- a) 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
- b) Have another entity administer the financial affairs of the reporting unit
- c) Make payment to a former related party of the reporting unit

Signed By the Officer:.....

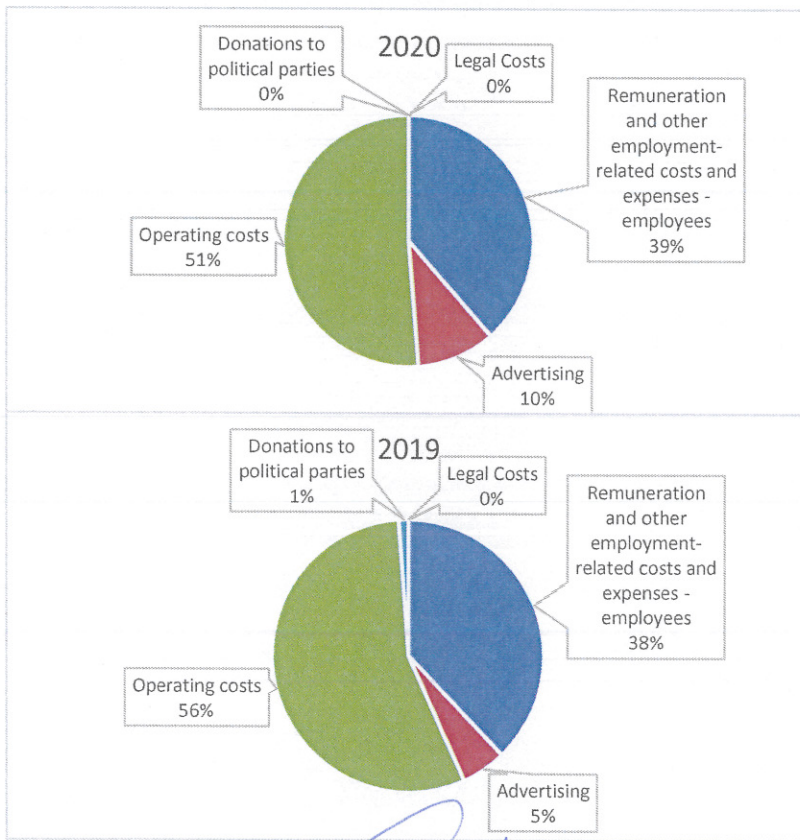
Dated:13 October 2020.....

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
S255(2A) Report**

s.255(2A) Fair Work (Registered Organisations) Act 2009 (RO Act)

The state council presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2020.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
EXPENDITURE AS REQUIRED UNDER s. 255(2A) RO ACT
FOR THE YEAR ENDED 30 JUNE 2020**



Signature of designated officer:

Name and title of designated officer: Paul Orlando Griffin - General Secretary

Dated:13 October 2020.....

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
OPERATING REPORT**

The State Council presents its report on the reporting unit for the financial year ended 30 June 2020.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activities of the Shop, Distributive and Allied Employees Association - Tasmanian Branch (the Association) during the year were to promote the interests of its members through a quarterly journal and other publications outlining implementation of any new enterprise agreements, wage increases and changes to industrial legislation both Federal and State.

To set targets of member recruitment in each company where the Association had members, to attain eventual 100% consistent membership with a calendar year goal in excess of 6,000 members.

Significant changes in financial affairs

There were no significant changes in the financial affairs of the Association.

Right of members to resign

A member may resign in accordance with Branch Rule 12.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

General Secretary/Treasurer, Paul Griffin is a Director of the Tasplan Superannuation Fund.

Number of members

The Shop Distributive and Allied Employees Association, Tasmanian Branch had 4897 members as at 30 June 2020 (2019: 5067) which included both honorary and life members, with the highest number of members throughout the 2020 financial year reaching 5110.

Number of employees

The Association employed eleven staff which includes one part-time and two casual staff.

Names of Committee of Management members and period positions held during the financial year

All members held these positions for the entire reporting period unless indicated otherwise.

On 13th January 2020 the State Council held an election, and the changes below became effective on that date

General President:	Isabell Wells	
Branch Vice President:	Ross Charlton	
General Secretary and Treasurer:	Paul Griffin	
State Committee:	Fiona Smith	
	Sharon Butcher	
	Aniela Harris	
	Katrina Barr	
	Karyn Synnott	Retired
	Leanne Porter	
	Chris Stilgoe	New Member

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
OPERATING REPORT

Signature of designated officer:



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Name and title of designated officer:

Paul Orlando Griffin — General Secretary

Dated

.....13 October 2020.....

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
DECLARATION BY STATE COUNCIL**

For the year ended 30 June 2020

On the 13 October 2020 the State Council of the Shop, Distributive and Allied Employees Association, Tasmanian Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2020:

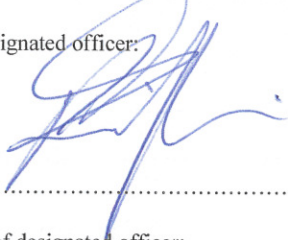
The State Council declares that in its opinion:

- (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 or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the State Council 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.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
DECLARATION BY STATE COUNCIL

This declaration is made in accordance with a resolution of the State Council.

Signature of designated officer:



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Name and title of designated officer:
Paul Orlando Griffin — General Secretary

Dated

.....13 October 2020.....

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Continuing Operations			
Revenue			
Membership dues	4(a)	1,783,913	1,767,313
Interest	4(e)	60,145	76,233
Other revenue	4(f)	148,332	35,144
Net gains from sale of assets	4(g)	-	132,999
		<hr/>	<hr/>
		1,992,390	2,011,689
Expenditure			
Direct member benefits expenses		194,310	273,294
Affiliation fees	5(a)	15,200	14,772
Capitation fees	5(b)	220,150	209,534
Marketing expenses		265,459	192,007
Occupancy expenses		33,822	50,304
Administration expenses	5(c)	228,222	329,518
Employee benefits expenses	5(d)	661,365	688,657
Grants or donations	5(e)	3,100	29,940
Motor vehicle expenses		45,570	55,427
Depreciation	5(f)	83,691	50,423
Other expenses	5(h)	-	-
Loss on sale of asset	5(i)	2,551	-
		<hr/>	<hr/>
		1,753,440	1,893,876
Surplus for the year		<hr/> 238,950	<hr/> 117,813
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Gain on revaluation of land and buildings		-	-
Items that may be reclassified subsequently to profit or loss		<hr/> -	<hr/> -
Other comprehensive income,		<hr/> -	<hr/> -
Total comprehensive income for the year		<hr/> 238,950	<hr/> 117,813

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
Current assets			
Cash and bank balances	6	386,105	185,476
Trade and other receivables	7	305,761	288,237
Inventories	8	13,704	7,299
Financial Assets	9	2,888,776	2,806,239
Total current assets		<u>3,594,346</u>	<u>3,287,251</u>
Non-current assets			
Property, plant and equipment	10	1,058,226	1,087,356
Right of use asset	13(a)	62,750	-
Total non-current assets		<u>1,120,976</u>	<u>1,087,356</u>
Total assets		<u>4,715,322</u>	<u>4,374,607</u>
Current liabilities			
Trade and other payables	11	102,416	73,579
Lease liabilities	13(b)	12,678	-
Provisions	12	172,884	169,106
Total current liabilities		<u>287,978</u>	<u>242,685</u>
Non-current liabilities			
Provisions	12	18,985	14,764
Lease liabilities	13(b)	52,251	-
Total non-current liabilities		<u>71,236</u>	<u>14,764</u>
Total liabilities		<u>359,214</u>	<u>257,449</u>
Net assets		<u>4,356,108</u>	<u>4,117,158</u>
Equity			
Retained earnings	14	3,546,887	3,307,937
Reserves	15	809,221	809,221
Total equity		<u>4,356,108</u>	<u>4,117,158</u>

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Reserves	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2018	1,295,662	2,703,683	3,999,345
Profit for the year	-	117,813	117,813
Other comprehensive income for the year	-	-	-
Realisation of amount previously realised as asset revaluation reserve	(486,441)	486,441	-
Balance at 30 June 2019	<u>809,221</u>	<u>3,307,937</u>	<u>4,117,158</u>
Balance at 1 July 2019	809,221	3,307,937	4,117,158
Profit for the year	-	238,950	238,950
Other comprehensive income for the year	-	-	-
Balance at 30 June 2020	<u>809,221</u>	<u>3,546,887</u>	<u>4,356,108</u>

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members and other third parties		2,107,945	2,011,894
Payment to suppliers and employees		(1,827,241)	(2,082,166)
Interest and other costs of finance paid		(2,750)	-
Income taxes paid		-	-
Net cash provided by/(used in) operating activities	20(b)	<u>277,954</u>	<u>(70,272)</u>
Cash flows from investing activities			
Interest received		60,145	76,233
Payments for property, plant and equipment		(44,077)	(221,033)
Proceeds from sale of property, plant and equipment		909	755,566
Net cash provided by/(used in) investing activities		<u>16,977</u>	<u>610,766</u>
Cash flows from financing activities			
Repayment of Leases - AASB16		(11,765)	-
Net cash used in financing activities		<u>(11,765)</u>	<u>-</u>
Net increase in cash and cash equivalents		283,166	540,494
Cash and cash equivalents at the beginning of the financial year		<u>2,991,715</u>	<u>2,451,221</u>
Cash and cash equivalents at the end of the financial year	20(a)	<u>3,274,881</u>	<u>2,991,715</u>

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

1. General information

Shop, Distributive and Allied Employees Association, Tasmanian Branch is the Tasmanian branch of the national Shop, Distributive and Allied Employees Association. The Association's registered office and its principal place of business are as follows:

Registered office

72 York Street
Launceston
TASMANIA 7250

Principal place of business

72 York Street
Launceston
TASMANIA 7250

2. Adoption of new and revised Accounting Standards

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not had a material impact on the current or prior periods. The Association draws the attention of the users to the following accounting standard changes that have occurred during the year:

AASB 16 'Leases'

In the current year, the Association has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 Leases introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of AASB 16 on the Association's financial statements is described below.

The date of initial application of AASB 16 for the Association is 1 July 2019.

The Association has applied AASB 16 using the modified retrospective approach from 1 July 2019 and as such has not restated comparatives for the 2019 reporting period.

(a) Impact of the new definition of a lease

The Association has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and Interpretation 4 will continue to be applied to those contracts entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

2. Adoption of new and revised Accounting Standards (cont'd)

The Association applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 July 2019. In preparation for the first-time application of AASB 16, the Association has carried out an implementation project. The project has shown that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Association.

(b) Impact on Lessee Accounting

(i) Former operating leases

AASB 16 changes how the Association accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Association:

- (a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in statement of profit or loss and other comprehensive income;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Association has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

(ii) Financial impact on adoption of AASB 16

The adoption of AASB 16 has had a material impact on the statement of financial position and the statement of profit and loss and other comprehensive income for the year ending 30 June 2020.

The capitalisation and recognition of right of use assets at 30 June 2020 has increased the Association's gross assets by \$62,750. The recognition of lease liabilities at 30 June 2020 associated with the recognition of these right of use assets has increased the Association's gross liabilities by \$64,930 which comprises the expected outflows under the contractual arrangements as well as a financing component for the leases.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 3.99%.

Depreciation of the right of use assets for the period was \$13,944 and the interest expense recognised on lease liabilities was \$2,750.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

2. Adoption of new and revised Accounting Standards (cont'd)

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and AASB 15 commenced from financial years beginning on or after 1 January 2019.

The date of initial application of AASB 1058 and AASB 15 for the Association is 1 July 2019.

The Association has applied AASB 1058 and AASB 15 using the modified retrospective approach from 1 July 2019 and as such has not restated comparatives for the 2019 reporting period.

The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

It is rare that the Association would acquire assets for significantly less than the fair value of the assets and the majority of the revenue is largely unimpacted by enforceable contract, as the standard prescribes. As a result of this AASB 1058 and AASB 15 has had no material impact on Association's financial statements.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15) (cont'd)

It is rare that the Association would acquire assets for significantly less than the fair value of the assets and the majority of the revenue is largely unimpacted by enforceable contract, as the standard prescribes. As a result of this AASB 1058 and AASB 15 has had no material impact on Association's financial statements.

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Association has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Amendment	Effective for annual reporting periods beginning on or after
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020
AASB 2018-7 'Amendments to Australian Accounting Standards – Definition of Material'	1 January 2020
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020
AASB 2019-3 'Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform'	1 January 2020
AASB 2019-5 'Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia'	1 January 2020
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions	1 June 2020

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Association's constitution, the requirements of the *Fair Work (Registered Organisations) Act 2009*, Australian Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the financial statements of the Association. For the purposes of preparing the financial statements, the Association is a not-for-profit entity.

The financial statements were authorised for issue by the State Council on 13 October 2020.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the association in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies (cont'd)

(e) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- 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.

The Association does not irrevocably designate debt instruments that meet the conditions of amortised cost as fair value through other comprehensive income (FVTOCI), therefore by default all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

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.

For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost (see above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies (cont'd)

(e) Financial assets (cont'd)

The Association always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Association's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Association recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Association writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Association's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Association's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive, discounted at the original effective interest rate.

If the Association has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Association measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Association recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies (cont'd)

(e) Financial assets (cont'd)

De-recognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(f) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL in certain circumstances, however the Association does not currently designate financial liabilities as FVTPL or hold liabilities for trading and therefore by default all the Association's financial liabilities are measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Association derecognises financial liabilities when, and only when, the Association's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(g) Income Tax

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).

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(i) Property, plant and equipment

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies (cont'd)

(i) Property, plant and equipment (cont'd)

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

(j) Revenue recognition

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

Member subscriptions

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) the Association has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Association retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Member subscriptions and car park rental income is recognised to the extent that the associated services relating to the fees have been provided.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (a) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (b) for receivables and payables which are recognised inclusive of GST.

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

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies (cont'd)

(l) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Association's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The State Council has engaged a third party property valuer, to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of these assets, the property valuer uses market-observable data to the extent available, to establish an appropriate fair value of the assets.

The 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(m) Capitation fees and levies

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

(n) Contingent Liabilities and Contingent Assets

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

(o) Going concern

The Association is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Association has not agreed to provide financial supporting to ensure another reporting unit has the ability to continue as a going concern.

(p) Leases

The Association assesses whether a contract is or contains a lease, at inception of the contract. The Association recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Association recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Association uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

3. Significant accounting policies (cont'd)

(p) Leases (cont'd)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Association remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Association did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Association incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Association applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Association has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
4. Revenue		
An analysis of the Association's revenue for the year, from continuing operations, is as follows:		
(a) Revenue from member subscriptions	<u>1,783,913</u>	<u>1,767,313</u>
(b) Capitation fees	<u>-</u>	<u>-</u>
(c) Levies	<u>-</u>	<u>-</u>
(d) Grants or donations	<u>-</u>	<u>-</u>
(e) Interest	<u>60,145</u>	<u>76,233</u>
(f) Other revenue		
Movie ticket sales	17,393	23,623
ATO Cash Flow Boost	100,000	
Car park rent	8,401	9,001
Other	<u>22,538</u>	<u>2,521</u>
	<u>148,332</u>	<u>35,144</u>
(g) Net gain from sale of assets	<u>-</u>	<u>132,999</u>
(h) Recovery of wages	<u>-</u>	<u>-</u>
5. Profit for the year		
Profit for the year has been arrived at after recognising the following gains and losses:		
(a) Affiliation fees		
Australian Labour Party - Tasmania	<u>15,200</u>	<u>14,772</u>
(b) Capitation fees		
Unions Tasmania	36,026	30,086
SDAEA National Account	160,108	156,042
SDAEA International Fund	<u>24,016</u>	<u>23,406</u>
	<u>220,150</u>	<u>209,534</u>
(c) Administration fees		
Consideration to employers for payroll deductions		
Commissions paid to employers	3,722	6,123
Compulsory levies	-	-
Delegate meetings and training	19,079	52,810
Fees/allowances - meetings and conferences	-	-
Meeting expenses	153	795
Other administration costs	<u>205,268</u>	<u>269,790</u>
	<u>228,222</u>	<u>329,518</u>
(d) Employee expenses		
Holders of office:		
Wages and salaries	72,482	74,840
Superannuation	8,010	7,874
Leave and other entitlements	11,839	8,046
Separation and redundancies	-	-
Other employee expenses	<u>20,616</u>	<u>22,521</u>
	<u>112,947</u>	<u>113,281</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
5. Profit for the year (cont'd)		
(d) Employee expenses (cont'd)		
Employees other than office holders:		
Wages and salaries	416,544	411,556
Superannuation	43,495	43,176
Leave and other entitlements	47,426	51,464
Separation and redundancies	-	-
Other employee expenses	40,953	69,180
	<u>548,418</u>	<u>575,376</u>
Total employee expenses	<u>661,365</u>	<u>688,657</u>
(e) Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	3,100	5,705
Total paid that exceeded \$1,000	-	24,235
	<u>3,100</u>	<u>29,940</u>
(f) Depreciation and amortisation		
Depreciation of non-current assets	69,747	50,423
Depreciation of right of use assets	13,944	-
	<u>83,691</u>	<u>50,423</u>
(g) Legal costs		
Litigation	-	-
Other legal matters	-	-
	<u>-</u>	<u>-</u>
(h) Other expenses		
Penalties - via RO Act or RO Regulations	-	-
	<u>-</u>	<u>-</u>
(i) Loss on sale of assets	<u>2,551</u>	<u>-</u>
6. Cash and cash equivalents		
Petty cash - Launceston	100	100
Petty cash - Hobart	100	100
Undeposited Funds	195	648
Cash at bank - trading account	385,710	184,628
	<u>386,105</u>	<u>185,476</u>
7. Trade and other receivables		
Subscriptions in arrears	150,770	168,134
Sundry debtors and prepayments	39,615	13,979
Car park debtors	300	420
Member and employee loans	63,449	69,185
Accrued interest income	14,127	36,519
ATO cash flow boost	37,500	-
Receivables from other reporting units	-	-
	<u>305,761</u>	<u>288,237</u>
Less allowance for expected credit losses	-	-

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
7. Trade and other receivables (cont'd)		
Net trade and other receivables	305,761	288,237
<p>The average credit period on sales is 60 days. No interest is charged on outstanding trade receivables. Included in the Association's trade receivables are an immaterial amount of debtors greater than 90 days.</p> <p>The Association has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts receivable are still considered recoverable.</p>		
8. Inventories		
Movie tickets	13,704	7,299
9. Financial Assets		
Term Deposits	2,888,776	2,806,239

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

10. Property, plant and equipment

	Freehold land at fair value \$	Buildings at fair value \$	Plant and equipment at cost \$	Low value pool \$	Total \$
Gross carrying amount					
Balance at 30 June 2018 ^	650,000	837,198	414,514	132,149	2,033,861
Additions	-	-	246,941	-	246,941
Disposals	-	(600,000)	(192,765)	-	(792,765)
Revaluation	-	-	-	-	-
Balance at 30 June 2019 ^	650,000	237,198	468,690	132,149	1,488,037
Additions	-	-	44,077	-	44,077
Disposals	-	-	(23,501)	-	(23,501)
Revaluation	-	-	-	-	-
Balance at 30 June 2020	650,000	237,198	489,266	132,149	1,508,613
Accumulated depreciation					
Balance at 30 June 2018 ^	-	(6,869)	(356,852)	(130,827)	(494,548)
Depreciation expense	-	(5,781)	(44,146)	(496)	(50,423)
Disposals	-	-	144,290	-	144,290
Revaluation	-	-	-	-	-
Balance at 30 June 2019 ^	-	(12,650)	(256,708)	(131,323)	(400,681)
Depreciation expense	-	(5,781)	(63,656)	(310)	(69,747)
Disposals	-	-	20,041	-	20,041
Revaluation	-	-	-	-	-
Balance at 30 June 2020	-	(18,431)	(300,323)	(131,633)	(450,387)
Net book value					
As at 30 June 2019	650,000	224,548	211,982	826	1,087,356
As at 30 June 2020	650,000	218,767	188,943	516	1,058,226

The following estimated useful lives are used in the calculation of depreciation:

Class of asset	Depreciation rate
Buildings	2% - 2.5%
Plant and equipment	10% - 67%
Low value pool	19% - 38%

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	2020 \$	2019 \$
Buildings	5,781	5,781
Plant and equipment	63,656	44,146
Low value pool	310	496
	<u>69,747</u>	<u>50,423</u>

^ Refer to note 15

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
11. Trade and other payables		
Trade payables	63,093	25,529
Other payables	38,688	47,459
Consideration to employers for payroll deductions	635	591
Payables to other reporting units	-	-
	102,416	73,579
The average credit period for purchases of goods and services is 30 days. No interest is charged on trade payables.		
12. Provisions		
Employee Provisions		
<u>Office Holders</u>		
Annual Leave	15,562	12,005
Long Service Leave	69,088	73,171
Separation and redundancies	-	-
Other	-	-
	84,650	85,176
<u>Employees other than office holders:</u>		
Annual Leave	48,955	48,815
Long Service Leave	58,264	49,879
Separation and redundancies	-	-
	107,219	98,694
	191,869	183,870
Current	172,884	169,106
Non Current	18,985	14,764
	191,869	183,870
13. (a) Right of Use Assets		
Building		
At cost:	76,694	-
Accumulated Depreciation	(13,944)	-
Net book value	62,750	-
13. (b) Lease Liabilities		
Current lease liability	12,678	-
Non-current lease liability	52,251	-
Total	64,929	-
14. Retained Earnings		
Balance at beginning of financial year	3,307,937	2,703,683
Net profit attributable to members of the Association	238,950	117,813
Transfer from reserves	-	486,441
Balance at end of financial year	3,546,887	3,307,937

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

15. Reserves

Asset revaluation reserve

Balance at beginning of financial year	809,221	1,295,662
Movements	-	-
Transfer to retained earnings		(486,441)
Balance at end of financial year	809,221	809,221

The asset revaluation reserve relates to land and buildings. In the 2018 financial year the Association decided that it was appropriate to carry land and buildings at fair value. The balance of the asset revaluation reserve is available to absorb future write-downs or decrements in the carrying value of land and buildings.

The fair value of the freehold land and buildings was determined by independent valuation. The valuation of 72 York Street, Launceston was carried out on 14 June 2018 by Opteon, independent valuers unrelated to the entity. Opteon have appropriate qualifications and recent experience in the valuations of properties in the Launceston area. The fair value was determined based on the market comparable approach that reflects recent transactions for similar properties and the capitalisation of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as the other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates, observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

16. Equity

	2020 \$	2019 \$
<u>Other specific disclosures - Funds</u>		
Compulsory levy/voluntary contribution fund - if invested in assets	-	-
Other funds required by rules	-	-
	-	-

17. Commitments for expenditure

There are no capital or other expenditure commitments contracted for as at reporting date.

18. Key management personnel remuneration

Details of key management personnel

The members of the State Council and other members of key management personnel of the Association during the year were:

General President:	Isabell Wells	
Branch Vice President:	Ross Charlton	
General Secretary and Treasurer:	Paul Griffin	
State Committee:	Fiona Smith	
	Sharon Butcher	
	Aniela Harris	
	Katrina Barr	
	Karyn Synnott	Retired
	Leanne Porter	
	Chris Stilgoe	New Member

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

18. Key management personnel remuneration (cont'd)

The aggregate remuneration made to state councillors and other members of key management personnel of the Association is set out below:

	2020 \$	2019 \$
Short-term employee benefits	84,321	82,886
Post-employment benefits	8,010	7,874
Other long term employee benefits	-	-
Termination benefits	-	-
Share based benefits	-	-
	<u>92,331</u>	<u>90,760</u>

(a) Transactions with key management personnel

During the year State Councillors and their related entities purchased goods, which were trivial in nature, from the association on the same terms and conditions available to other members.

(b) Transactions with other related parties

Other related parties include:

- SDAEA National Office
- SDAEA International Fund

(c) Loans to related parties

Loans to related parties include the following:

	2020 \$	2019 \$
Matthew and Katrina Barr	16,420	16,780

The above loans relate to financial assistance provided to Matthew and Katrina Barr. The loan have been provided interest free and have an undefined term.

(d) Transactions between Shop, Distributive and Allied Employees Association, Tasmanian Branch and its related parties

During the financial year, the following material transactions occurred between the association and its other related parties:

- (a) Shop, Distributive and Allied Employees Association, Tasmanian Branch paid annual capitation fees to SDAEA National Office of \$160,108 (2019: \$156,042)
- (b) Shop, Distributive and Allied Employees Association, Tasmanian Branch paid annual capitation fees to SDAEA International Fund of \$24,016 (2019: \$23,406)
- (c) Shop, Distributive and Allied Employees Association, Tasmanian Branch paid annual affiliation fees to ALP Tasmania of \$15,200 (2019: \$14,772)
- (d) Shop, Distributive and Allied Employees Association, Tasmanian Branch paid annual capitation fees to Unions Tasmania \$36,026 (2019: \$30,086)

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
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19. Remuneration of auditors	2020	2019
	\$	\$
Auditor of the Association:		
Audit of the financial report	10,747	10,505
Taxation services	11,980	14,150
	<u>22,727</u>	<u>24,655</u>

The auditor of Shop, Distributive and Allied Employees Association, Tasmanian Branch is Deloitte Touche Tohmatsu.

20. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2020	2019
	\$	\$
Petty cash - Hobart	200	200
Undeposited Funds	195	648
Cash at bank - trading account	385,710	184,628
Term Deposits	2,888,776	2,806,239
	<u>3,274,881</u>	<u>2,991,715</u>

(b) Reconciliation of profit for the year to net cash flows from operating activities:

Profit/(loss) from the year	238,950	117,813
Depreciation and amortisation	83,691	50,423
Interest income received and receivable	(60,145)	(76,233)
Gain on sale of buildings	-	(132,999)
Loss on sale of plant and equipment	2,551	-
(Increase)/decrease in assets:		
Trade and other receivables	(17,524)	548
Inventories	(6,405)	1,267
Increase/(decrease) in liabilities:		
Trade and other payables	28,837	(43,811)
Provisions	7,999	12,720
	<u>277,954</u>	<u>(70,272)</u>
Net cash generated by operating activities		

(c) Cash flow information:

Cash inflows from another reporting unit or controlled entity	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Cash outflows to another reporting unit or controlled entity	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

21. Financial Instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the State Council, who has built an appropriate liquidity risk management framework for the management of the Association's short, medium, and long-term funding and liquidity management requirements. The Association manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Association's remaining contractual maturity from its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Association can be required to pay. The table includes both interest and principal cash flows:

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 – 5 years	Total
	%	\$	\$	\$	\$	\$
2020 Amortised cost						
Non-interest bearing	-	102,416	-	-	-	102,416
		<u>102,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,416</u>
2019						
Non-interest bearing	-	73,579	-	-	-	73,579
		<u>73,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,579</u>

The following tables detail the Association's expected maturity from its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets except where the Association anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 – 5 years	Total
	%	\$	\$	\$	\$	\$
2020 Amortised cost						
Non-interest bearing	-	691,866	-	-	-	691,866
Fixed interest rate instruments	1.50%	-	-	2,888,776	-	2,888,776
		<u>691,866</u>	<u>-</u>	<u>2,888,776</u>	<u>-</u>	<u>3,580,642</u>
2019						
Non-interest bearing	-	473,713	-	-	-	473,713
Fixed interest rate instruments	2.75%	-	-	2,806,239	-	2,806,239
		<u>473,713</u>	<u>-</u>	<u>2,806,239</u>	<u>-</u>	<u>3,279,952</u>

**SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

21. Financial Instruments (cont'd)

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The State Council considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

(e) Interest rate sensitivity analysis

The Association holds fixed interest rate investments.

As at 30 June 2020, the Association holds \$2,888,776 in a fixed rate term deposit. Interest rate exposure is minimal.

22. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

23. 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).

24. Segment information

The Association operates in one geographical location, Tasmania. All operating income is derived from member subscriptions. All costs are related to providing services to its members.

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
DETAILED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2020

	2020		2019
	\$		\$
Revenue	1,992,390		2,011,688
Commissions paid to employers	3,722		6,123
Affiliation fees	235,350		224,306
Marketing expenses	265,459		192,007
<i>Campaigns</i>	17,561	27,099	
<i>Promotional and presentations</i>	28,039	40,299	
<i>Accident insurance - members</i>	35,841	35,733	
<i>Movie Tickets</i>	29,198	38,412	
<i>Presidential Card</i>	29,935	74,645	
<i>Scholarship Vouchers</i>	53,736	57,105	
Direct member benefits expenses	194,310		273,294
<i>Contractors</i>	-	-	
<i>Insurance - Building & Content</i>	5,410	6,492	
<i>Interest</i>	2,750	0	
<i>Light & Power</i>	3,683	5,922	
<i>Rates & Land Tax</i>	6,706	15,114	
<i>Rental - Building</i>	(1,188)	11,391	
<i>Repairs & Maintenance - Building</i>	10,267	4,518	
<i>Repairs & Maintenance - Office</i>	6,193	6,866	
Occupancy expenses	33,822		50,304
<i>Audit fees</i>	10,747	10,505	
<i>Bad Debts</i>	1,622	-	
<i>Bank Fees</i>	2,019	1,919	
<i>Computer Expenses</i>	20,106	14,995	
<i>Consulting</i>	10,000	9,232	
<i>Delegate Expenses</i>	14,030	31,454	
<i>Delegates Meetings & Training</i>	19,079	52,810	
<i>Fees/allowances - meetings and conferences</i>	-	-	
<i>Fines</i>	0	106	
<i>Meeting Expenses</i>	153	795	
<i>Members Financial Assistance</i>	33,627	73,120	
<i>Merchant Fees</i>	558	763	
<i>National Council/Exec Expenses</i>	5,994	4,800	
<i>Office Expenses</i>	7,649	6,689	
<i>Postage & Freight</i>	31,133	36,698	
<i>Printing & Stationery</i>	30,051	37,892	
<i>Professional Fees</i>	11,980	14,150	
<i>State Council Expenses</i>	4,705	3,995	
<i>Subscriptions</i>	3,912	3,815	
<i>Sundry Expenses</i>	668	1,803	
<i>Telephone</i>	16,468	17,855	
<i>Valuation Fees</i>	-	-	
Administration expenses	224,499		323,395
<i>Fares & Organisers expenses</i>	825	1,582	
<i>Fares & Organising Interstate</i>	17,017	36,815	
<i>FBT</i>	29,267	21,249	
<i>Functions</i>	4,884	15,372	
<i>Movement in provision for Annual Leave</i>	3,696	8,817	
<i>Movement in provision for Long Service Leave</i>	4,301	3,904	

SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION
TASMANIAN BRANCH
DETAILED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2020

	2020		2019
	\$		\$
<i>Staff Amenities</i>	-		-
<i>Staff Training</i>	-		-
<i>Workers Comp Insurance Staff</i>	1,579		3,960
Indirect employee Costs	<u>61,569</u>		<u>91,699</u>
<i>Employees - Salaries</i>	413,424		405,243
<i>Employees - Superannuation</i>	43,495		43,176
<i>Employees - Annual/Sick Leave</i>	44,692		37,003
<i>Employees - Long Service Leave</i>	2,734		14,461
<i>Employees - Allowance</i>	3,120		6,313
<i>Employees - Workers Comp Invoices - Staff</i>	-		-
<i>Employees - Parental/Maternity</i>	-		-
Direct Employee Expenses - Employees	<u>507,465</u>		<u>506,196</u>
<i>Officials - Salaries</i>	72,482		74,840
<i>Officials - Superannuation</i>	8,010		7,874
<i>Officials - Annual/Sick Leave</i>	6,040		8,046
<i>Officials - Long Service Leave</i>	5,799		-
<i>Officials - Allowance</i>	-		-
<i>Officials - Parental/Maternity</i>	-		-
Direct Employee Expenses - Officials	<u>92,331</u>		<u>90,760</u>
Motor vehicle expenses	45,570		55,427
Depreciation	83,691		50,423
Loss on sale of fixed assets	2,551		-
Donations	<u>3,100</u>		<u>29,940</u>
Profit/(Loss) before tax	238,950		117,813
Income tax expense	<u>-</u>		<u>-</u>
Profit/(Loss) for the year	<u>238,950</u>		<u>117,813</u>

Independent Auditor's Report to the members of Shop, Distributive and Allied Employees Association, Tasmania Branch

We have audited the financial report of Shop, Distributive and Allied Employees Association, Tasmania Branch (the "Association"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the State Council.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Association's financial position as at 30 June 2020 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Association's constitution and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (registered Organisations) Act 2009*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

State Council are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of State Council for the Financial Report

State Council are responsible for the preparation of the financial report in accordance with Australian Accounting Standards, the Association's constitution and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 and for such internal control as State Council determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, State Council are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless State Council either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Members of the State Council are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

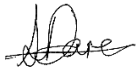
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a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

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

Stuart Dare is an approved auditor under section 256 of the Fair Work (Registered Organisations) Act 2009. He is a member of the Chartered Accountants Australia and New Zealand (CA ANZ) and holds a current Public Practice Certificate.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



S Dare
Partner
Chartered Accountants
RO number (AA2017/152)

Launceston, 14th October 2020