SHOP, DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION

ANNUAL FINANCIAL REPORT
30 June 2026

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Operating Report

For the year ended 30 June 2026

The members of the National Executive present their Operating report together with the financial report of Shop, Distributive & Allied Employees Association ('the Association') for the financial year ended 30 June 2026 and the auditor's report thereon.

1. Membership

Membership of the Association as at 30 June 2026 was 194,399 (2025: 191,686).

Persons eligible to do so under the rules of the Association were actively encouraged to join the Association. Pursuant to s174 of the *Fair Work (Registered Organisations) Act 2009* ("RO Act") and in accordance with Rule 27 of the Association, members have the right to resign from the Association by written notice to the appropriate Branch of the Association.

2. Committee of management

The members of the National Executive of the Association at any time during or since the end of the financial year are:

Name	Experience
Mr Michael Donovan National President	National Executive Member since 1996 National Vice President 2014-2018 National President since 2018
Mr Bernard Smith National Vice President	National Executive Member since 2014 National Vice President since 2024
Mr Gerard Dwyer National Secretary-Treasurer	National Executive Member since 2005 National President 2008-2014 National Secretary-Treasurer since 2014
Ms Helen Cooney National Assistant Secretary	National Executive Member since 2024 National Assistant Secretary since 2024
Ms Chelsea Bishop	National Executive Member since December 2025
Mr David Bliss	National Executive Member since 2024
Ms Julie Davis	National Executive Member since December 2025
Mr Benjamin Harris	National Executive Member since 2023
Mr Josh Peak	National Executive Member since 2019
Mr Justin Power	National Executive Member since 2024
Ms Felicity Smithson	National Executive Member since December 2025
Mr Joel Tynan	National Executive Member since 2022

Operating Report (continued)

3. Affiliations & Directorships

The Association, through its Branches, is affiliated with the Australian Labor Party ("ALP"). Delegates were credentialled to various state and national meetings of the ALP. The National Secretary-Treasurer is a member of the ALP National Executive, the Australian Labor Advisory Council and the NWRCC (National Workplace Relations Consultative Committee), and a director of the John Curtin Research Centre.

The Association is affiliated with the Australian Council of Trade Unions ("ACTU"). The National Secretary-Treasurer is Senior Vice President of the ACTU, and a director of ACTU Trustee companies, ACTU Member Connect Pty Ltd and The Union Education Foundation Limited. Three other representatives of the Association are also members of the ACTU Executive. Officials of the Association are active on a range of ACTU Committees, including finance, governance, tax, health and safety, women, vocational education and training, workers capital, international and industrial legislation.

The Association is affiliated to Union Network International ("UNI"). Various officials of the Association hold elected positions within UNI. The National Secretary-Treasurer is President of UNI Global, Vice President of UNI-APRO, and President of UNI-APRO Commerce Sector.

4. Principal activities and significant changes in the financial affairs

The Association maintained its industrial awards and agreements and produced a range of publications for its members.

During the year ended 30 June 2026, the Association continued to focus on workplace health and safety. The campaign on Customer Violence & Abuse in Retail and Fast Food, called "No One Deserves A Serve", continued and major research to assist in informing the Association's response to increasing intensity of work (the Under Pressure report) was launched in August 2025. The Association sits on the Retail Employee Safety Council (RESC). Other nominating entities to the RESC are The Australian Retailers Association and SafeWork Australia. It is envisaged that now the merger of the Australian Retail Association and the National Retailers Association into the Australian Retail Council is complete and once nominations processes are clear, the RESC will reconvene. In 2024, the Association commissioned a psychosocial risk assessment, and an academic study of its implications. The report was launched in August 2025, alongside a plan that will inform representation that is being implemented in 2026.

The Association's bargaining agenda continues with a range of retail companies including EG Fuels, KFC, National Pharmacies, Priceline and more which are either in or have concluded bargaining. Multiple EBA's have been secured for members in warehousing this financial year. In October 2021, the Association released a significant research report: "Challenges of work, family and care. Who Cares? A Fair share of work and care" which was done in partnership with the UNSW Social Policy Research Centre and continues to impact policy development, inform enterprise bargaining and support workplace representation. The Association continued its work on sustainability, particularly in relation to labour rights and the Sustainable Development Goals of Decent Work, Gender Equality and Inequality.

The Association's major 'junior rates' case which sought adult rates of pay for all retail, fast food and pharmacy workers aged 18 years concluded substantive hearings in late 2025. In March 2026 the FWC handed down a favourable decision with a provisional timeline which would see the rates for 18,19 and 20-year-olds increase by 5% in December and July each year until the 100% rate is reached. (Note that General Retail Industry Award already has a 100% for 20-year-olds). Further hearings were held in August 2026 where dates were determined by the FWC. The SDA also successfully concluded Federal court class actions for underpayments against KFC and Aldi. The Federal Court underpayment class actions against McDonalds continue. This work is taking place alongside the Association defending and seeking to improve penalty rates for unsociable hours in Awards (e.g. the General Retail Industry Award) and in bargaining. The SDA continues to protect other entitlements from challenge by employers.

Operating Report (continued)

4. Principal activities (continued)

There were no significant changes in the Association during the financial year in the nature of its activities and financial affairs. At 30 June 2026, there were 18.06 effective full-time equivalent employees of the National Office of the Association (2025: 17.87).

Further information is available on the SDA National website at www.sda.au.

5. SDA Report to the Workplace Gender Equality Agency

The Shop, Distributive and Allied Employees Association, as required by the *Workplace Gender Equality Act 2012,* lodged its public report for the reporting year 2025-2026, to the Workplace Gender Equality Agency, on the 22 May 2026. The report is available on the SDA National website at www.sda.au.

6. Superannuation Trustees

Four representatives of the Association hold position as Directors of the Retail Employees Superannuation Trust ("REST"). Below are the directors as at 30 June 2026, and those nominated as alternate Employee Directors.

Directors:

- Dr Adam Walk
- Ms Helen Cooney
- Mr Mitchell Worsley
- Ms Catherine Bolger

Alternates:

- Mr Gerard Dwyer
- Mr Michael Donovan

7. Information to be provided to Members or the General Manager

In accordance with the requirements of subsection 272(5) of the RO Act, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which states as follows:

- A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 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.
- A reporting unit must comply with an application made under subsection (1).

Dated at Melbourne this 2nd day of October 2026.

Michael Donovan
National President

Gerard Dwyer
National Secretary – Treasurer

Committee of Management Statement

For the year ended 30 June 2026

We, Gerard Dwyer and Michael Donovan, being two members of the National Executive of the Association, do state on behalf of the National Executive and in accordance with a resolution passed by the National Executive on 2nd October 2026 in relation to the accompanying general purpose financial report for the year ended 30 June 2026 that, in the opinion of the National Executive:

(a) the financial statements and notes set out on pages 10 to 55 comply with the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 10 to 55 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 Association for the financial year ended 30 June 2026;

(d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and

(e) during the financial year ended 30 June 2026 to which the general-purpose financial report 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 Association 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 Association 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 General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; 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.

Dated at Melbourne this 2nd day of October 2026.

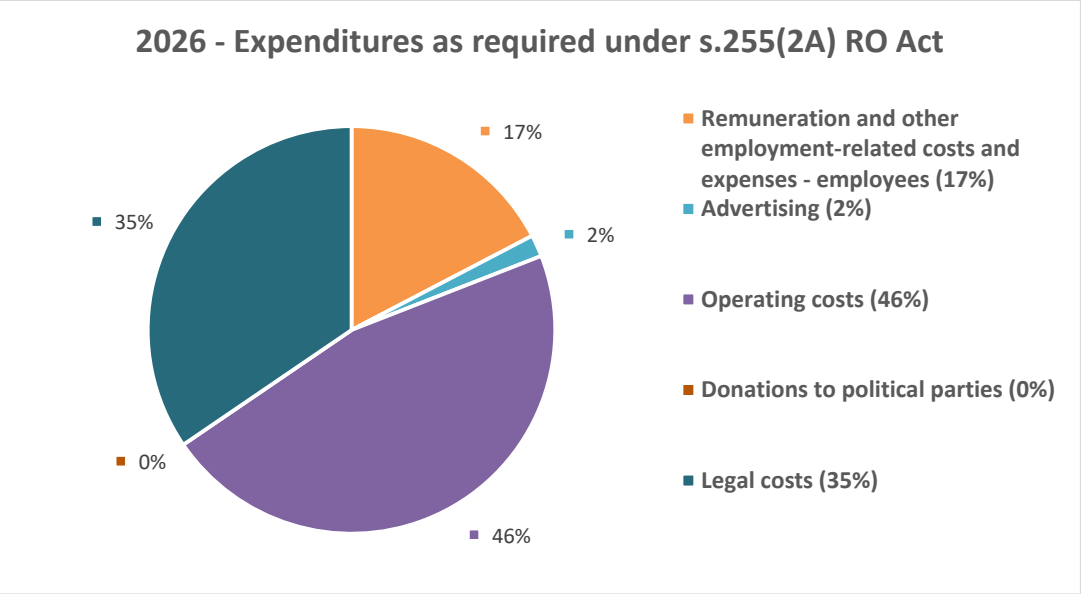
Michael Donovan
National President

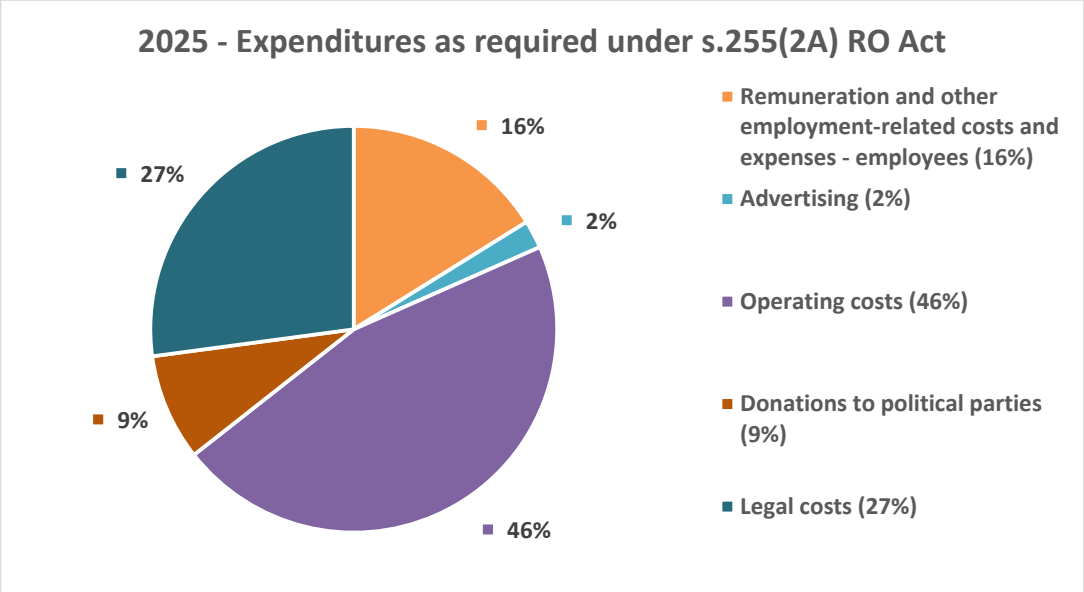
Gerard Dwyer
National Secretary - Treasurer

Expenditure Report Required Under Subsection 255(2A)

For the year ended 30 June 2026

The committee of management presents the expenditure report as required under subsection 255(2A) on the Association for the year ended 30 June 2026.





Dated at Melbourne this 2nd day of October 2026.

Michael Donovan
National President

Gerard Dwyer
National Secretary – Treasurer

Officer Declaration Statement

I, Gerard Dwyer, being the National Secretary-Treasurer of the Shop Distributive & Allied Employees Association, declare that the following activities did not occur during the reporting period ended 30 June 2026.

The Association 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 periodic or membership subscriptions
- receive revenue via compulsory levies
- receive other income via grants or donations
- receive other income via revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay compulsory levies
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting units
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or reserve account in equity for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- 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 a balance within the general fund in equity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Dated at Melbourne this 2nd day of October 2026.

Gerard Dwyer
National Secretary - Treasurer

Statement of Financial Position

As at 30 June 2026

	Note	2026 $	2025 $
Assets			
Cash and cash equivalents	*10*	3,030,656	3,975,496
Trade and other receivables	*11*	496,629	535,136
Other financial assets	*12*	14,531,356	16,796,870
Total current assets		**18,058,641**	**21,307,502**
Property, plant and equipment	*14*	2,131,526	2,358,256
Investment property	*15*	25,500,000	27,000,000
Total non-current assets		**27,631,526**	**29,358,256**
TOTAL ASSETS		**45,690,167**	**50,665,758**
Liabilities			
Trade and other payables	*16*	1,860,337	718,821
Employee benefits	*17*	1,415,237	1,276,999
Contract liability	*21(b)*	3,196,789	3,221,222
Total current liabilities		6,472,363	5,217,042
Employee benefits	*17*	20,870	19,134
Total non-current liabilities		20,870	19,134
TOTAL LIABILITIES		**6,493,233**	**5,236,176**
NET ASSETS		**39,196,934**	**45,429,582**
Equity			
Retained earnings		39,196,934	45,429,582
TOTAL EQUITY		**39,196,934**	**45,429,582**

The notes on pages 14 to 55 are an integral part of these financial statements.

Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 30 June 2026	Note	2026 $	2025 $
Revenue			
Affiliation fees	*21(b)*	6,418,012	6,298,989
Rental income	*15(a)*	1,642,570	1,697,373
Total revenue		8,060,582	7,996,362
Other income	*6*	3,053,036	2,054,091
Total other income		3,053,036	2,054,091
Total income		**11,113,618**	**10,050,453**
Expenditure			
53 Queen St, Melbourne - direct operating expenses	*15(a),22*	918,685	904,527
53 Queen St, Melbourne – fair value decrement	*15(a)*	1,658,652	1,000,000
Other branch expenses	*21(b)*	-	35,000
Advertising		322,418	378,739
Affiliation fees	*21(c)*	2,518,693	2,517,185
Audit fees	*22*	53,865	51,695
Depreciation	*14*	246,677	211,928
Grants or donations	*8*	148,629	1,636,884
Legal costs	*9*	6,422,543	4,608,420
Administration expenses	*7*	915,189	902,275
Information communications technology		1,199,224	933,257
Other expenses	*13*	1,107,598	1,163,737
Personnel expenses	*18*	3,227,151	2,744,042
Travel expenses		108,020	115,151
Total Expenses		**18,847,344**	**17,202,840**
Result from Operating Activities		**(7,733,726)**	**(7,152,387)**
Finance income			
Interest income and distributions	*23b*	1,070,163	1,699,153
Net gain on financial instruments - fair value through profit or loss	*23b, 12*	430,915	181,857
Total net finance income		**1,501,078**	**1,881,010**
Income tax expense	*4(m)*	**-**	**-**
Deficit for the year		**(6,232,648)**	**(5,271,377)**
Other comprehensive income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive loss, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(6,232,648)**	**(5,271,377)**

The notes on pages 14 to 55 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2026

	Note	Retained earnings	Total equity
		$	$
Balance at 1 July 2025		**45,429,582**	**45,429,582**
Total comprehensive loss for the period			
Deficit for the period		(6,232,648)	(6,232,648)
Other comprehensive income		-	-
Total comprehensive loss for the period		(6,232,648)	(6,232,648)
Transactions with members of the Association, recognised directly in equity		-	-
Balance at 30 June 2026		**39,196,934**	**39,196,934**

	Retained earnings	Total equity
	$	**$**
Balance at 1 July 2024	**50,700,959**	**50,700,959**
Total comprehensive loss for the period		
Deficit for the period	(5,271,377)	(5,271,377)
Other comprehensive income	-	-
Total comprehensive loss for the period	(5,271,377)	(5,271,377)
Transactions with members of the Association, recognised directly in equity	-	-
Balance at 30 June 2025	**45,429,582**	**45,429,582**

The notes on pages 14 to 55 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026	2025
		$	$
Cash flows from operating activities			
Cash receipts from operations			
Cash receipts from other reporting units	*19b*	10,200,242	9,213,089
Cash receipts from other sources		2,073,094	1,968,759
Total cash receipts from operations		12,273,336	11,181,848
Cash payments used in operations			
Cash paid to suppliers		(13,897,411)	(14,050,587)
Cash paid to employees		(1,871,897)	(1,646,232)
Cash paid to other reporting units	*19b*	(1,043,737)	(1,429,616)
Total cash payments used in operations		(16,813,045)	(17,126,435)
Cash used in operations		(4,539,709)	(5,944,587)
Interest, dividends and capital gains received		73,468	64,342
Net cash used in operating activities	*19a*	**(4,466,241)**	**(5,880,245)**
Cash flows from investing activities			
Proceeds from managed funds		3,700,000	8,250,000
Acquisition of property, plant and equipment	*14*	(19,947)	(1,406,711)
Acquisition of fixtures and fittings for investment property	*15*	(158,652)	-
Proceeds from sale of motor vehicles		-	32,727
Proceeds from sale of property, plant and equipment		-	324
Net cash from investing activities		**3,521,401**	**6,876,340**
Cash flows from financing activities		**-**	**-**
Net cash from/(used in) financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		(944,840)	996,095
Cash and cash equivalents at 1 July		3,975,496	2,979,401
CASH AND CASH EQUIVALENTS AT 30 JUNE 2026	*10/19a*	**3,030,656**	**3,975,496**

The notes on pages 14 to 55 are an integral part of these financial statements.

Notes to Financial Statements

1. Reporting entity

Shop, Distributive & Allied Employees Association (the 'Association') is an Association domiciled in Australia. The address of the Association's registered office is Level 6, 53 Queen Street, Melbourne. The financial report of the Association for the financial year ended 30 June 2026 comprises the National Account and the International Fund. The Association is a not-for-profit entity and primarily is involved in retail trade union activities.

2. Basis of preparation

a) Statement of compliance

The financial statements are general purpose financial statements and 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 purpose of preparing the general-purpose financial statements, the Association is a not-for-profit entity.

The financial statements were approved by the National Executive on the 2nd day of October 2026.

b) Basis of measurement

The financial statements, except for cash flow information, have been prepared on an accrual basis and in accordance with the historical cost, except for the following material items in the statement of financial position:

- investment property and investment in managed funds are measured at fair value.

Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

c) Functional and presentation currency

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

d) Use of estimates and judgements

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.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 12 and 15 – measurement of fair value of financial assets and investment property.

Notes to Financial Statements (continued)

3. New Australian Accounting Standards

a) Adoption of new Australian accounting standards and amendments

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to accounting standards and other changes in accounting policy, which have been adopted for the first time this financial year:

AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements

AASB 2026-1 amends AASB 136 Impairment of Assets and AASB 137 Provisions, Contingent Liabilities and Contingent Assets to add additional illustrative examples in the accompanying guidance. The examples illustrate how an entity applies the existing requirements of these Standards to disclose the effects of uncertainties in the financial statements using climate-related examples. Specifically, the additional example most likely relevant for reporting units demonstrate how an entity discloses information about the key assumptions it uses to determine the recoverable amounts of assets. The amendments do not change existing requirements. The Standard applies to annual reporting periods beginning on or after 1 July 2025 that end on or after 28 February 2026. Earlier application is permitted.

The Association does not expect the adoption of this amendment to have a material impact on its financial statements.

In addition to the above, the below lists additional Australian Accounting Standard that are effective for reporting periods ending 30 June 2026 but are not expected to be relevant for reporting units:

- AASB 2026-1 amends *AASB 136 Impairment of Assets and AASB 137 Provisions, Contingent Liabilities and Contingent Assets* also provides illustrative examples of how an entity might disclose information about plant decommissioning and site restoration obligations even if their effect on the carrying amount of the entity's plant decommissioning and site restoration provision is immaterial.
- AASB 2023-5 Amendments to *Australian Accounting Standards – Lack of Exchangeability*

Notes to Financial Statements (continued)

3. New Australian Accounting Standards (continued)

b) Future Australian Accounting Standards Requirements

The standard, amendments or interpretations that are issued but not yet effective for annual reporting periods ending 30 June 2026 that are more likely to be relevant to the Association are as follows:

AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 Presentation and Disclosure in Financial Statements has been issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

The key presentation and disclosure requirements established by AASB 18 are:

- The presentation of newly defined subtotals in the statement of profit or loss
- The disclosure of management-defined performance measures (MPM)
- Enhanced requirements for grouping information (i.e., aggregation and disaggregation)

AASB 18 is accompanied with limited consequential amendments to the requirements in other accounting standards, including AASB 107 Statement of Cash Flows.

AASB 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing and financing. Additionally, entities will be required to present subtotals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

For the purposes of classifying income and expenses into one of the three new categories, entities will need to assess their main business activity, which will require judgement. There may be more than one main business activity.

AASB 18 also requires several disclosures in relation to MPMs, such as how the measure is calculated, how it provides useful information and a reconciliation to the most comparable subtotal specified by AASB 18 or another standard.

AASB 18 will replace AASB 101 Presentation of Financial Statements. This Standard applies to annual reporting periods beginning on or after 1 January 2028 for Not-for-profit entities. These amendments are applied retrospectively.

The adoption of this amendment is expected to have a material impact on the presentation and disclosure of items within the statement of profit or loss, the potential impact has yet to be determined.

In addition to the above, the below lists additional Australian Accounting Standard that have been issued but are not yet effective that are not expected to be relevant to reporting units:

- AASB 2022-9 Amendments to *Australian Accounting Standards – Insurance Contracts in the Public Sector*
- AASB 2024-3 Amendments to *Australian Accounting Standards – Annual Improvements Volume 11 – Amendments to AASB 1*
- AASB 2024-3 Amendments to *Australian Accounting Standards – Annual Improvements Volume 11 – Amendments to AASB 10*
- AASB 2025-4 Amendments to *Australian Accounting Standards – Translation to a Hyperinflationary Presentation Currency.*

Notes to Financial Statements (continued)

3. New Australian Accounting Standards (continued)

b) Future Australian Accounting Standards Requirements (continued)

AASB 2024-2 *Amendments to Australian Accounting Standards –Classification and Measurement of Financial Instruments*

This amends AASB 7 and AASB 9 Financial Instruments to:

- Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition.
- Introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met.
- For the purpose of classifying a financial asset, clarify how to assess contractual cash flow characteristics that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- Clarify how non-recourse features and contractually linked instruments are assessed for the purpose of applying the SPPI test when determining the measurement basis of financial assets.
- Require additional disclosures in AASB 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments. This Standard applies to annual reporting periods beginning on or after 1 January 2026.

The Association does not expect the adoption of this amendment to have a material impact on its financial statements.

Notes to Financial Statements (continued)

4. Material 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

(i) Affiliation fees

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies:

Nature and timing of satisfaction of performance obligation	Revenue recognition under AASB 15 and AASB 1058
Affiliation fees are fees received from the Branches of the Association in accordance with the rules of the Association. Such fees are referred to as affiliation fees in the rules and are calculated as a percentage of gross Branch membership income and paid annually in March for the calendar year for accounting purposes. As a result, a contract liability is recognised for advanced consideration received from Branches for which the affiliation services are yet to be provided over the relevant service period. Refer to Note 21 for details.	Affiliation fees that are enforceable with sufficiently specific performance obligations are recognised over the period the service is provided on an accrual basis. The consideration received or receivable is allocated based on the relative stand-alone price to the performance obligation. The stand-alone price is determined in accordance with the rules of the Association.

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 comes from Branches. Branches 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 organisation's objectives. For the purposes of the accounting standards the term 'Branches' and its meaning in terms of revenue is the same as the accounting term of 'Customers' in the standard AASB 15.

(ii) Rental Income

Leases in which the Association, as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from investment property is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

b) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in surplus or deficit, 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) Sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

d) Affiliation fees and levies expenses

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

e) Employee benefits

(i) Other long-term employee benefits

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

(ii) 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 Financial Statements (continued)

4. Material 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.

(i) As a lessee

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 to leases that are below $5,000. 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.

(ii) 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 standalone prices. When the Association acts as a lessor, it determines at lease 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.

When the Association is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Association applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Association applies AASB 15 to allocate the consideration in the contract.

The Association applies the de-recognition and impairment requirements in AASB 9 to the net investment in the lease. The Association further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

g) Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include 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.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

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.

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

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

h) Financial instruments (continued)

(ii) Subsequent measurement (continued)

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 surplus or deficit when the asset is derecognised, modified or impaired.

The Association's financial assets at amortised cost includes trade and other receivables, term deposits held with the Commonwealth Bank of Australia and cash and cash equivalents.

(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.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

h) Financial instruments (continued)

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.

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.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

h) Financial instruments (continued)

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 surplus or deficit 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 the surplus or deficit.

(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 surplus or deficit.

i) Share capital

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

j) 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 surplus or deficit.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

k) 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.

l) 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 surplus or deficit.

(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 surplus or deficit as incurred.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

l) 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 surplus or deficit 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 asset are based on the following useful lives:

	2026	2025
Building	40 years	40 years
Leasehold improvements	5 – 20 years	5 – 20 years
Fixture, fittings and equipment	4 – 20 years	4 – 20 years
Motor vehicles	8 years	8 years

(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 surplus or deficit.

m) Investment property

Investment properties are properties held to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in surplus and deficit in the period in which they arise. Refer to note 15(b) for details of determination of fair value.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the period in which the property is derecognised.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

m) Investment property (continued)

When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

n) 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 surplus or deficit. 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 had been recognised.

o) Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has an 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.

p) 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.

Notes to Financial Statements (continued)

4. Material accounting policies (continued)

q) 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 23a.

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 Financial Statements (continued)

4. Material accounting policies (continued)

r) Current versus non-current classification

The Association presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- the entity does not have the right that has substance, to defer settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Association classifies all other liabilities as non-current.

s) 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 National Executive 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 note 23.

Notes to Financial Statements (continued)

5. Events after the reporting period

There have been no matters or circumstances 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 subsequent financial periods.

6. Other income

	Note	2026	2025
		$	$
SDA Branch reimbursements	*21(b)*	2,879,368	1,933,091
REST director's fees	*21(d)*	97,321	98,886
Australian Government (paid parental leave)		38,683	1,951
Gain on disposal of assets		-	8,182
Other		37,664	11,981
Total other income		**3,053,036**	**2,054,091**

7. Administration expenses

	2026	2025
	$	$
Delegates travel expenses/allowances – meetings and conferences	370,701	461,162
Conference and meeting expenses	262,869	243,463
Information technology support	96,174	69,835
Office expenses	67,384	67,007
Printing & photocopier	9,272	7,829
Subscriptions	79,861	24,895
Telecommunication	28,928	28,084
Total administration expense	**915,189**	**902,275**

8. Grants or donations

		2026	2025
		$	$
Grants:			
Total expensed that were $1,000 or less		-	-
Total expensed that exceeded $1,000		-	-
Donations:			
Total expensed that were $1,000 or less		-	-
Total expensed that exceeded $1,000	*21(b), (c)*	148,629	1,636,884
Total grants or donations		**148,629**	**1,636,884**

Notes to Financial Statements (continued)

9. Legal costs

	2026	2025
	$	$
Litigation	5,193,667	3,643,420
Other legal matters	1,228,876	965,000
Total legal costs	**6,422,543**	**4,608,420**

10. Cash and cash equivalents

	2026	2025
	$	$
Cash at bank	440,125	182,885
Cash management account	19,304	24,297
Short term deposits	2,571,227	3,768,314
Total cash and cash equivalents	**3,030,656**	**3,975,496**

During the year ended 30 June 2026, the Association recognised interest income of $66,592 (2025: $80,272) from cash and cash equivalents. Term deposits have stated interest rates of 4.62 percent to 4.72 percent (2025: 3.87 percent to 4.08 percent) and with original maturities of three months or less.

11. Trade and other receivables

	2026	2025
	$	$
Other receivables:		
Accrued interest income	9,143	16,019
Net GST receivable	189,222	221,029
Sundry debtors	88,822	125,408
Prepayments	209,442	172,680
Total trade and other receivables	**496,629**	**535,136**

Notes to Financial Statements (continued)

12. Other financial assets

	2026	2025
	$	$
Managed Funds	13,636,700	15,320,018
Accrued distribution income	894,656	1,476,852
Total other financial assets	**14,531,356**	**16,796,870**

During the year ended 30 June 2026, the Association recognised interest and distribution income of $1,003,571 (2025: $1,618,881) from other financial assets. A fair value increment of $430,915 (2025: $181,857) was recognised on Managed Funds at year end which has been recorded through profit and loss. Refer Note 23(b).

Measurement of fair value

Level 2 fair value – valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Managed funds	Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions. The managed funds were valued on the basis of a cum distribution price at year end.	Not applicable	Not applicable

The Association did not hold any financial assets with fair value measurements using significant unobservable inputs (level 3) at 30 June 2026 (2025: nil).

13. Other Expenses

	Note	2026	2025
		$	$
Consulting – Branch Staff Secondments and related expenses		487,263	443,908
Consulting – general		161,169	272,856
Consulting – media		257,743	256,255
Research projects		132,435	141,686
Motor vehicle running costs		11,979	14,731
Land & buildings expenses		23,747	10,093
Other		33,262	24,208
Total other expenses		**1,107,598**	**1,163,737**

Notes to Financial Statements (continued)

14. Property, plant and equipment

Cost	Buildings	Furniture, fittings and equipment	Motor Vehicles	Leasehold Improvements	Total
		$	$	$	$
Balance at 1 July 2025	**911,574**	**342,976**	**87,308**	**2,367,316**	**3,709,174**
Acquisitions	-	14,428	-	5,519	19,947
Disposals	-	(34,023)	-	-	(34,023)
Balance at 30 June 2026	**911,574**	**323,381**	**87,308**	**2,372,835**	**3,695,098**
Balance at 1 July 2024	-	**300,755**	**100,905**	**1,953,653**	**2,355,313**
Acquisitions	911,574	42,221	39,253	413,663	1,406,711
Disposals	-	-	(52,850)	-	(52,850)
Balance at 30 June 2025	**911,574**	**342,976**	**87,308**	**2,367,316**	**3,709,174**
Depreciation and impairment losses					
Balance at 1 July 2025	-	**198,044**	**42,845**	**1,110,029**	**1,350,918**
Depreciation expense for the year	13,313	39,745	11,116	182,503	246,677
Disposals	-	(34,023)	-	-	(34,023)
Balance at 30 June 2026	**13,313**	**203,766**	**53,961**	**1,292,532**	**1,563,572**
Balance at 1 July 2024	-	**161,751**	**59,750**	**945,470**	**1,166,971**
Depreciation expense for the year	-	36,293	11,076	164,559	211,928
Disposals	-	-	(27,981)	-	(27,981)
Balance at 30 June 2025	-	**198,044**	**42,845**	**1,110,029**	**1,350,918**
Carrying amounts					
At 30 June 2025	**911,574**	**144,932**	**44,463**	**1,257,287**	**2,358,256**
At 30 June 2026	**898,261**	**119,615**	**33,347**	**1,080,303**	**2,131,526**

Notes to Financial Statements (continued)

15. Investment Property

(a) Reconciliation of carrying amount

	2026	2025
	$	$
Property		
Opening balance as at 1 July	27,000,000	28,000,000
Capital Improvements	158,652	-
Net loss from fair value adjustment	(1,658,652)	(1,000,000)
Closing balance as at 30 June	**25,500,000**	**27,000,000**

Investment property comprises a commercial property located at 53 Queen Street, Melbourne. The Association retains possession of levels 6 and 7 as its registered head office and leases the remaining floors to third parties. Each of the leases contains an initial non-cancellable period of a minimum of three years, with fixed percentage annual rent increases. Some lease incentives were paid towards tenancy fit-outs and are being amortised over the period of the leases on a straight line basis. No contingent rents are paid. Further information about these leases are contained in Note 20.

Rental income earned and received from the investment property during the year was $1,642,570 (2025: $1,697,373).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was $918,685 (2025: $904,527). During the year and as at year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Association does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(b) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Association's investment property at least every two years. In years where external, independent valuations are not obtained, these are substituted with Association management performing internal valuations utilising publicly available market data for properties with similar characteristics to the Association's investment property.

The fair value measurement for investment property of $25,500,000 was determined at 30 June 2026 by Xavier Ross, certified practising valuer of M3 Property P/L, a registered independent appraiser having an appropriate recognised professional qualification from Australian Property Institute and recent experience in the location and category of the property being valued. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4(o)).

The highest and best use of the investment property is not considered to be different from its current use.

Notes to Financial Statements (continued)

15. Investment Property (continued)

(b) Measurement of fair value (continued)

(ii) Level 3 fair value – valuation technique and significant unobservable inputs

The following shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Discounted cash flow approach

The discounted cash flow approach involves formulating a projection of net income over a specified horizon, typically ten years, and discounting this cash flow including the projected terminal value at the end of the projection period at an appropriate rate. The present value of this discounted cash flow represents the market value of the property.

Capitalisation of net income approach

The capitalisation approach involves estimating the potential sustainable gross market income of a property from which annual outgoings are deducted to derive the net market income. This net market income is then capitalised at an appropriate rate derived from analysis of comparable sales evidence.

Adjustments to the capitalised value are then made for items including profit rent/shortfall derived from passing rents which are above or below market, letting up allowance over vacant areas including foregone rental and outgoings over the assumed letting up period together with marketing expenses and leasing commissions, short term capital expenditure, outstanding lease incentives including rent free periods and committed Lessor contributions.

Direct comparison approach

The direct comparison approach involves applying a value rate to the selected unit of comparison which in this case is the value per square metre of net lettable area, with the adopted value rate derived from analysis of comparable sales evidence.

Significant unobservable inputs:

	2026	2025
Discount rate	7.50%	6.75%
Capitalisation rate	6.50%	6.00%

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- 2026: The discount rate and capitalisation rate were lower (higher).
- 2025: The discount rate and capitalisation rate were lower (higher).

Notes to Financial Statements (continued)

16. Trade and Other payables

	Note	2026	2025
		$	$
Payables to other reporting units			
SDA New South Wales Branch		1,947	-
SDA Queensland Branch		1,855	-
SDA Tasmania Branch		-	1,639
SDA Victoria Branch		7,000	-
Total payables to other reporting units	*21*	**10,802**	**1,639**
Payables to other related parties			
SDA South Australia (State Union)		40,903	-
ACTU		7,879	910
Total payables to other related party	*21*	**48,782**	**910**
Accrued legal costs – litigation		1,460,636	359,498
Accrued legal costs - other legal matters		94,030	26,454
Total accrued legal costs		**1,554,666**	**385,952**
PAYG withholding tax		51,892	45,829
Tenant security deposits		71,227	68,314
Other trade payables		122,968	216,177
Total trade and other payables		**1,860,337**	**718,821**
Total trade and other payables are expected to be settled in:			
No more than 12 months		1,860,337	718,821
More than 12 months		-	-
Total trade and other payables		**1,860,337**	**718,821**

Notes to Financial Statements (continued)

17. Employee Benefits

	2026	2025
	$	$
Current liability		
Office holders		
Liability for long service leave	264,423	239,551
Liability for annual leave	84,537	80,996
Separation and redundancies	-	-
Other	-	-
	348,960	320,547
Employees other than office holders		
Liability for long service leave	488,305	431,358
Liability for annual leave	577,972	525,094
Separation and redundancies	-	-
Other	-	-
	1,066,277	956,452
	1,415,237	**1,276,999**
Non-current liability		
Employees other than office holders		
Liability for long-service leave	20,870	19,134
	20,870	**19,134**

Notes to Financial Statements (continued)

18. Personnel Expenses

	2026	2025
	$	$
Holders of office:		
Wages and salaries	421,980	379,205
Superannuation (including expenses related to defined benefit)	50,481	45,379
Leave and other entitlements	28,413	73,122
Separation and redundancies	-	-
Other employee expenses	43,212	62,141
Total employee expenses - holders of office	**544,086**	**559,847**
Employees other than office holders:		
Wages and salaries	2,151,219	1,877,975
Superannuation (including expenses related to defined benefit)	251,676	224,027
Leave and other entitlements	111,561	(67,873)
Separation and redundancies	-	-
Other employee expenses	168,609	150,066
Total employee expenses - employees other than office holders	**2,683,065**	**2,184,195**
Total employee expenses	**3,227,151**	**2,744,042**

Notes to Financial Statements (continued)

19. Cash Flow Reconciliation and Information

19a. Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:

	2026	2025
	$	$
Cash and cash equivalents as per:		
Statement of cash flow	3,030,656	3,975,496
Statement of financial position	3,030,656	3,975,496
Difference	-	-

Reconciliation of deficit to net cash from operating activities:

	2026	2025
	$	$
Deficit for the year	(6,232,648)	(5,271,377)
Adjustments for non-cash items		
Depreciation	246,677	211,928
Fair value movement in investment property	1,658,652	1,000,000
Fair value movement in other financial assets	(430,915)	(181,857)
Interest Income and distributions	(1,003,571)	(1,618,881)
Gain on disposal of assets	-	(8,182)
Changes in assets/liabilities		
Change in accrued interest	6,876	(15,930)
Change in prepayments	(36,762)	72,181
Change in sundry debtors	68,393	(20,410)
Change in contract liability	(24,433)	143,455
Change in trade and other payables	1,141,516	(196,420)
Change in provisions and employee benefits	139,974	5,248
Net cash used by operating activities	**(4,466,241)**	**(5,880,245)**

Notes to Financial Statements (continued)

19. Cash Flow Reconciliation and Information (continued)

19b. Cash Flow Information

	2026	2025
	$	$
Cash inflows		
Cash receipts from other reporting units		
SDA Newcastle & Northern Branch	579,056	574,046
SDA Newcastle & Northern (State Union)	197,173	119,066
SDA New South Wales Branch	2,521,681	2,354,083
SDA Queensland Branch	1,526,141	1,424,988
SDA South Australian and Northern Territory Branch	1,261,650	1,095,733
SDA South Australia (State Union)	303,544	241,672
SDA Tasmania Branch	379,538	329,325
SDA Victoria Branch	2,113,735	1,979,513
SDA Western Australia Branch	1,317,724	1,094,663
Total cash inflows	**10,200,242**	**9,213,089**
Cash outflows		
Cash paid to other reporting units		
SDA Newcastle & Northern Branch	-	-
SDA Newcastle & Northern (State Union)	7,225	84,138
SDA New South Wales Branch	285,162	619,800
SDA Queensland Branch	139,090	244,890
SDA South Australian and Northern Territory Branch	-	-
SDA South Australia (State Union)	334,572	250,529
SDA Tasmania Branch	6,090	38,500
SDA Victoria Branch	217,586	185,177
SDA Western Australia Branch	3,563	-
SDA of Western Australia (State Union)	50,449	6,582
Total cash outflows	**1,043,737**	**1,429,616**

Notes to Financial Statements (continued)

20. Contingent Liabilities, Assets and Commitments

Operating lease commitments—as lessor

The Association leases out its investment property (see note 15a) under operating leases. The future minimum lease income under non-cancellable leases are as follows:

	2026	2025
	$	$
Within one year	1,052,722	1,288,303
After one year but not more than five years	448,582	1,088,415
After five years	-	-
	1,501,304	**2,376,718**

Other Contingent liabilities, Assets and Commitments

In ordinary course of business, the Association undertakes union activities on behalf of its members which may involve legal costs. As at 30 June 2026, the Association has legal cost commitments in the range of $488,000 to $533,000 (2025: $1,478,000 to $1,568,000).

Furthermore, the Association has also initiated litigation on its members behalf during the year on legal matters relating to the underpayment of wages. The outcome of the litigation is yet to be reached, hence the extent of recovering legal costs incurred and the prospect of compensation in damages to the Association's members cannot be reliably determined at year end.

21. Related Party Disclosures

(a) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for all transactions at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2026, the association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2025: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) Branches

The Association recognised from its branches the following affiliation fees which have been disaggregated by location:

	Affiliation fees*	
	2026	2025
Revenue from contracts with	$	$
SDA Newcastle and Northern Branch	482,388	462,835
SDA New South Wales Branch	1,680,459	1,620,722
SDA Queensland Branch	962,140	993,784
SDA South Australian and Northern Territory Branch	880,192	854,749
SDA Tasmania Branch	221,767	212,087
SDA Victoria Branch	1,422,403	1,399,097
SDA Western Australia Branch	768,663	755,715
	6,418,012	**6,298,989**

*Affiliation fees are all sourced in Australia

Notes to Financial Statements (continued)

21. Related Party Disclosures

(b) Branches (continued)

Affiliation fees in the rules are calculated as a percentage of gross Branch membership income and paid annually in March for the financial year for accounting purposes. Effective from 24 November 2021, the Fair Work Commission ratified the National Council's amendments to the Association rules (Rule 32) to amend the financial year for accounting purposes to 1 January to 31 December.

The contract liability primarily relates to the advance consideration received from Branches for affiliation services relating to the service period 1 July 2026 to 31 December 2026 (2025: 1 July 2025 to 31 December 2025), for which revenue is recognised over time. This will be recognised as revenue as affiliation services are provided over the relevant service period.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was $3,221,222 (2025: $3,077,767).

	Contract Liability	
	2026	2025
	$	$
SDA Newcastle and Northern Branch	242,333	240,055
SDA New South Wales Branch	843,319	837,140
SDA Queensland Branch	469,522	492,618
SDA South Australian and Northern Territory Branch	439,599	440,592
SDA Tasmania Branch	107,301	114,466
SDA Victoria Branch	709,256	713,147
SDA Western Australia Branch	385,459	383,204
	3,196,789	**3,221,222**

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

(b) Branches (continued)

The Association received from its branches the following expense reimbursements:

2026	National Website/ IMIS Projects	Litigation Levy	Junior Rates Campaign	IT Fund	Election Donations	Other	TOTAL
	$	$	$	$	$	$	$
SDA Newcastle & Northern	-	105,362	-	41,749	-	-	**41,749**
SDA Newcastle (State Union)	54,418	366,660	11,424	-	-	8,044	**179,248**
SDA New South Wales	-	204,140	65,912	145,590	-	27,637	**605,799**
SDA Queensland	103,897	191,130	43,120	85,673	-	11,526	**448,356**
SDA South Australian and Northern Territory Branch	-		-	76,625	-	-	**267,755**
SDA South Aust (State Union)	235,962	46,653	15,904	-	-	24,083	**275,949**
SDA Tasmania	47,967	308,372	10,024	19,907	-	5,882	**130,433**
SDA Victoria	-	167,591	52,416	124,025	-	18,252	**503,065**
SDA Western Australia	164,353	-	21,504	66,644	-	6,922	**427,014**
	606,597	**1,389,908**	**220,304**	**560,213**	**-**	**102,346**	**2,879,368**

2025	National Website/ IMIS Projects	Litigation Levy	Junior Rates Campaign	IT Fund	Election Donations	Other	TOTAL
	$	$	$	$	$	$	$
SDA Newcastle & Northern	-	-	-	41,749	-	-	**41,749**
SDA Newcastle (State Union)	27,015	20,874	22,832	-	33,856	3,665	**108,242**
SDA New South Wales	-	72,795	90,774	145,590	142,178	14,459	**465,796**
SDA Queensland	57,214	42,836	50,523	85,672	65,835	8,128	**310,208**
SDA South Australian and Northern Territory Branch	24,341	38,312	-	76,625	-	-	**139,278**
SDA South Aust (State Union)	43,582	-	57,018	-	86,175	8586	**195,361**
SDA Tasmania	12,502	9,954	10,454	19,907	15,969	1,668	**70,454**
SDA Victoria	-	62,013	71,510	124,026	104,962	10,752	**373,263**
SDA Western Australia	39,743	33,322	33,139	66,644	51,025	4,867	**228,740**
	204,397	**280,106**	**336,250**	**560,213**	**500,000**	**52,125**	**1,933,091**

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

(b) Branches (continued)

The amounts paid or payable by the Association to its branches for expenses incurred on its behalf:

	2026	2025
	$	$
SDA Newcastle & Northern (State Union)		
Advertising	924	-
Consulting	1,050	-
Delegate travel expenses	1,584	3,806
Donations	-	80,000
Meeting expenses	2,409	-
SDA New South Wales Branch		
Administration expenses	418	-
Consulting – Branch Staff Secondments	223,769	207,310
Delegates travel expenses	7,451	6,946
Litigation costs	-	336
Meeting expenses	1,987	17,360
Property, plant & equipment	-	331,503
SDA Queensland Branch		
Consulting expenses	122,714	157,138
Delegates travel expenses	5,628	6,496
Donations	-	65,000
SDA South Australia (State Union)		
Administration expenses	24,390	-
Advertising	649	-
Consulting – Branch Staff Secondments	172,444	223,506
Delegates travel expenses	7,500	4,248
Litigation costs	138,829	-
Meeting expenses	1,654	-
SDA Tasmania Branch		
Other branch expenses	-	35,000
Delegates travel expenses	3,947	-
Meeting expenses	-	1,639

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

b) Branches (continued)

The amounts paid or payable by the Association to its branches for expenses incurred on its behalf:

SDA Victoria Branch		
Consulting – Branch Staff Secondments	68,151	-
Delegates travel expenses	6,019	1,813
Donations	-	50,000
Meeting expenses	2,114	-
Personnel expenses (reimbursement of Victorian payroll tax)	140,346	133,183
SDA of Western Australia (State Union)		
Delegates travel expenses	4,044	6,105
Meeting expenses	41,898	-
SDA Western Australia Branch		
Delegates travel expenses	3,320	-
Meeting expenses	41,898	-

The amounts owed to its branches at 30 June 2026 by the Association are included in payables to other reporting units in Note 16.

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

(c) Affiliates

The amounts paid or payable by the Association to its affiliates for expenses incurred:

	2026	2025
	$	$
ACTU		
Affiliation fees	1,400,328	1,371,576
Meeting expenses – attendance at conferences, forums & training	16,835	21,330
Union Network International (UNI)		
Affiliation fees	1,118,365	1,145,609
Donations – UNI-APRO Activities Fund	148,629	192,505
Consulting – general	19,517	19,473
ALP		
National Secretariat - Donations	-	100,000
National Secretariat - Conference and meeting expenses	750	-
ALP NSW Branch – Donations	-	480,000
WA Labor – Donations	-	155,000
ALP NT Branch – Donations	-	30,000
ALP SA Branch – Donations	-	100,000
Victorian Labor – Donations	-	24,379
ALP Queensland Branch – Donations	-	75,000
Tasmanian Labor – Donations	-	60,000
Holt FEA Campaign Account – Donations	-	200,000
NSW Labor – meeting expenses	1,900	-
UNIONS NSW		
Consulting – general	45,455	45,455
Other expenses	300	-
UNIONS Tasmania		
Donations	-	20,000

Affiliation fee expenses incurred by the Association related to the following affiliates:

	2026	2025
	$	$
Affiliation fees		
ACTU	1,400,328	1,371,576
Union Network International	1,118,365	1,145,609
	2,518,693	2,517,185

The amounts owed to its affiliates at 30 June 2026 by the Association are included in payables to other related parties in Note 16.

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

(d) Other related parties

Key management personnel

The following were key management personnel of the Association during the financial year:

Name	Position
Mr Michael Donovan	Officer – National President
Mr Bernard Smith	Officer – National Vice President
Mr Gerard Dwyer	Officer – National Secretary-Treasurer
Ms Helen Cooney	Officer – National Assistant Secretary
Ms Chelsea Bishop	National Executive Member (from December 2025)
Mr David Bliss	National Executive Member
Ms Julie Davis	National Executive Member (from December 2025)
Mr Benjamin Harris	National Executive Member
Mr Josh Peak	National Executive Member
Mr Justin Power	National Executive Member
Ms Felicity Smithson	National Executive Member (from December 2025)
Mr Joel Tynan	National Executive Member

Key management personnel remuneration

The National Secretary-Treasurer and National Assistant Secretary are salaried employees of the Association with Superannuation Guarantee (SG) payments made for them to superannuation funds of their choice. The Association also provides motor vehicles and the National Secretary-Treasurer is provided accommodation when travelling to the registered National Office in Melbourne. The National President and Vice-President receive honoraria. As the National Executive Members are not paid by the Association, there are only 4 remunerated officer holders of the Association for the year.

The Association pays or reimburses travel, accommodation and meal allowances for the National Officers and the National Executive Members whilst attending National Council and/or National Executive meetings or performing other Association duties, and are disclosed in the Statement of surplus or deficit in Delegate expenses/allowances – meetings and conferences. The National Officers and National Executive Members are allowed to keep any frequent flyer points or rewards earned as a result of such travel, the value of which cannot be determined.

Key management personnel compensation to the National Officers comprised:

	2026	2025
	$	$
Short-term employee benefits	471,109	464,572
Post-employment benefits	62,160	54,972
Other long-term benefits	10,384	9,318
Separation benefits	-	-
	543,653	**528,862**

Note 17 discloses liabilities for annual leave and long service leave for office holders.

Notes to Financial Statements (continued)

21. Related Party Disclosures (continued)

(d) Other related parties (continued)

Key management personnel remuneration (continued)

Apart from the details disclosed in this note, there were no material transactions with officers or key management personnel and their close family members since the end of the previous financial year and there were no material contracts involving officers' interests existing at year-end.

Superannuation

The Association received director fees of $97,321 (2025: $98,886) from REST for the services performed by nominated office holders and employees employed by the Association. These director fees are included in Other Income in note 6.

22. Auditor's Remuneration

	2026	2025
	$	$
Audit services		
Auditors of the Association – *KPMG Australia*		
Audit of financial statements	45,401	43,572
	45,401	43,572
Other services		
Auditors of the Association – *KPMG Australia*		
Compilation of financial statements	8,464	8,124
Agreed-upon procedures	3,957	3,798
	12,421	11,922
Total auditors' remuneration	**57,822**	**55,494**

The auditor's remuneration amounting to $53,865 (2025: $51,695) for the audit and compilation of the financial statements and $3,957 (2025: $3,799) for agreed-upon procedures has been disclosed as audit fees and direct operating expenses of 53 Queen Street, respectively, in the Statement of Surplus or Deficit and Other Comprehensive Income.

Notes to Financial Statements (continued)

23. Financial Instruments

The Association has financial instruments that are cash or cash equivalents, trade receivables, trade and some other payables and interest-bearing loans that are carried at amortised cost.

a. Categories of Financial Instruments

Financial assets	*Note*	**2026**	**2025**
		$	**$**
Amortised cost:			
Cash and cash equivalents	*10*	3,030,656	3,975,496
Trade and other receivables (excluding prepayment)	*11*	287,187	362,456
Other financial assets	*12*	-	-
Total financial assets at amortised cost		**3,317,843**	**4,337,952**
Other financial assets – managed funds	*12*	14,531,356	16,796,870
Total financial assets at fair value through profit or loss		**14,531,356**	**16,796,870**
Carrying amount of financial assets		**17,849,199**	**21,134,822**

Financial liabilities	*Note*	**2026**	**2025**
		$	**$**
Other financial liabilities:			
Trade and other payables	*16*	1,860,337	718,821
Carrying amount of financial liabilities		**1,860,337**	**718,821**

b. Net Income and Expense from Financial Assets

	Note	**2026**	**2025**
		$	**$**
Financial assets at amortised cost			
Interest income – cash and cash equivalents		10	365
Interest income – cash and cash equivalents (term deposits)		66,582	79,907
Total income from financial assets at amortised cost		**66,592**	**80,272**
Interest income and distribution – other financial assets	*12*	1,003,571	1,618,881
Net gain on fair value – other financial assets	*12*	430,915	181,857
Total income from financial assets at fair value through profit or loss		**1,434,486**	**1,800,738**
Total income from financial assets		**1,501,078**	**1,881,010**

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

c. Credit Risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Association's receivables from customers and other financial assets.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements

	Note	**2026**	**2025**
Financial assets			**$**
Trade and other receivables (excluding prepayments)	*11*	287,187	362,456
Cash and cash equivalents	*10*	3,030,656	3,975,496
Other financial assets	*12*	14,531,356	16,796,870
Total		**17,849,199**	**21,134,822**

Receivables

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer or tenant. Credit evaluations are performed on all tenants of the investment property prior to the signing of a lease agreement and security deposits are required by way of bank guarantees or cash, to be held for the term of all leases. None of the Association's receivables are past due (2025: Nil) and based on historic default rates and the minimal credit risk, the Association believes no impairment allowance is necessary. None of the tenants were in arrears at the balance sheet date and there is no indication to management that any of the tenants present a significant credit risk. All receivables are with tenants in the Australian geographical region and therefore no impairment loss has been recognised at balance date (2025: no impairment loss).

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

c. Credit Risk (continued)

Cash and cash equivalents

The Association held cash and cash equivalents of $3,030,656 at 30 June 2026 (2025: $3,975,496), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are located in Australia, currently the CBA with a current long term credit rating of Aa2 (Moody's Investor Services).

Other financial assets

The other financial assets are managed funds issued by Franklin Templeton and bank bills and term deposits issued by the Commonwealth Bank of Australia and the Association believes no impairment allowance is necessary.

The Association's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2026 and 2025 is the carrying amounts as illustrated in Note 23c.

d. Liquidity Risk

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

The Association prepares budgets and cash flow forecasts, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 120 days, the maximum term of its primary financial assets being term deposits. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The carrying amount of the Association's financial liabilities is represented by trade and other payables (note 16). The carrying amounts approximate contractual cash flows and all are due in 3 months or less (2025: 3 months or less). The Association has adequate financial assets to meet these liabilities and assesses liquidity risk as minimal.

Contractual maturities for financial liabilities 2026

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables (Note 16)	-	1,860,337	-	-	-	1,860,337
Total	**-**	**1,860,337**	**-**	**-**	**-**	**1,860,337**

Contractual maturities for financial liabilities 2025

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables (Note 16)	-	718,821	-	-	-	718,821
Total	**-**	**718,821**	**-**	**-**	**-**	**718,821**

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

e. Market Risk

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

Currency risk

The Association has limited exposure to currency risks on International Fund transactions (international affiliation fees and donations) that are denominated in a currency other than the functional currency, being the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are Swiss Francs (CHF), Singapore dollars (SGD) and American dollars (USD). The Association uses at its discretion forward exchange contracts (typically 1-3 months) to hedge its currency risk, with maturity dates the same as the due dates of the International Fund transactions. At reporting date there were no forward exchange contracts in place.

Interest rate risk

The Association's interest rate risk arises from its investments in bank bills, term deposits and cash management accounts. Bank bills and term deposits are issued at fixed rates for terms of between 30 and 180 days. The Association maintains a number of different bank bills and term deposits maturing at regular intervals to smooth fluctuations in interest rates being offered. The majority of cash reserves are held in term deposits, with cash management bank accounts (with variable interest rates) used to provide liquidity funds at call.

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

Sensitivity analysis of the interest rate risk that the Association is exposed to for 2026

Given the recent increase in interest rates throughout Australia, a sensitivity analysis on the interest rate impact based on a movement of 300 basis points has been assessed on the Association's financial assets.

	Risk variable	Change in risk variable %	Effect on Surplus and deficit $	Effect on Equity $
Financial assets				
Cash and cash equivalents	Interest rate	**300bp increase**	90,920	90,920
Other financial assets	Interest rate	**300bp increase**	435,941	435,941

Sensitivity analysis of the interest rate risk that the Association is exposed to for 2025

	Risk variable	Change in risk variable %	Effect on Surplus and deficit $	Effect on Equity $
Financial assets				
Cash and cash equivalents	Interest rate	**300bp increase**	119,265	119,265
Other financial assets	Interest rate	**300bp increase**	503,906	503,906

Notes to Financial Statements (continued)

23. Financial Instruments (continued)

f. Operational Risk

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Association's operations. The Association's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Association's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Association. This responsibility is supported by the development of overall Association standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

Capital management

The Association's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the union's activities. The National Executive monitors the return on capital and seeks to maintain a conservative position between higher returns and the advantages and security afforded by a sound capital position. There were no changes in the Association's approach to capital management during the year, and the Association is not subject to externally imposed capital requirements.

Notes to Financial Statements (continued)

24. Fair Value Measurement

a. Financial Assets and Liabilities

Management of the Association assessed that the fair values of cash, receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

b. Financial and non-financial assets and liabilities fair value hierarchy

The following table provides an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2026

Assets measured at fair value	**Date of valuation**	Level 1 $	Level 2 $	Level 3 $
Investment property	30 June 2026	-	-	25,500,000
Other financial assets – managed funds	30 June 2026	-	14,531,356	-
Total assets measured at fair value		**-**	**14,531,356**	**25,500,000**

Fair value hierarchy – 30 June 2025

Assets measured at fair value	**Date of valuation**	Level 1 $	Level 2 $	Level 3 $
Investment property	30 June 2025	-	-	27,000,000
Other financial assets – managed funds	30 June 2025	-	16,796,870	-
Total assets measured at fair value		**-**	**16,796,870**	**27,000,000**

Refer to note 12 and note 15(b) for further detail over fair value measurement of other financial assets and the investment property respectively.

Notes to Financial Statements (continued)

25. 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 General Manager:

1. A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

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

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

Independent Auditor's Report

To the members of Shop, Distributive and Allied Employees Association

Opinion

We have audited the ***Financial Report***, of the Shop, Distributive and Allied Employees Association (the Association).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Association as at 30 June 2026, and of its financial performance and its cash flows for the year then ended, in accordance with:

(i) the Australian Accounting Standards

(ii) any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

We declare that the Committee of Management's use of the going concern basis of accounting in the preparation of the Association's financial report is appropriate.

The ***Financial Report*** comprises**:**

i. Statement of financial position as at 30 June 2026

ii. Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended

iii. Notes, including material accounting policies

iv. Other explanatory information including the Committee of Management Statement, Officer Declaration Statement and the Expenditure Report required under Subsection 255(2A).

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 these requirements.

We confirm that the independence declaration required by the ACNC Act 2012, which has been given to the Committee of members of the Association on 2 October 2026, would be in the same terms if given to the Committee of members as at the time of this Auditor's Report.

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Other information

Other Information is financial and non-financial information in the Association's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Committee of management is 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 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 members are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. 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:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. 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 this Financial Report.

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

We also:

i. 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.

ii. 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 registered Association's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

iv. Conclude on the appropriateness of the Committee of Management 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 registered 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 registered Association to cease to continue as a going concern.

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

We declare that we are an auditor registered under the RO Act.

KPMG

KPMG

Antoni Cinanni

Partner

Melbourne

6 October 2026

Registration number (as registered under the RO Act): <AA2017/167>

Lead Auditor's Independence Declaration to the Members Of Shop, Distributive and Allied Employees Association

I declare that, to the best of my knowledge and belief, in relation to the audit of Shop, Distributive and Allied Employees Association for the financial year ended 30 June 2026 there have been:

i. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Antoni Cinanni

Partner

Tower Two, Collins Square,

727 Collins Street, Melbourne

2 October 2026

Registered Auditor – Fair Work (Registered Organisations) Act 2009, #AA2017/167

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