



23 June 2023

Xavier Martin
President
NSW Farmers' (Industrial) Association

Sent via email: industrial@nswfarmers.org.au
CC: bhaves.narsey@au.gt.com

Dear Xavier Martin

**NSW Farmers' (Industrial) Association
Financial Report for the year ended 31 December 2022 – (FR2022/221)**

I acknowledge receipt of the financial report for the year ended 31 December 2022 for the NSW Farmers' (Industrial) Association (the reporting unit). The documents were lodged with the Fair Work Commission (the Commission) on 9 June 2023.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under sections 253, 265, 266 and 268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under section 268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 March 2023 may be subject to an advanced compliance review.

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

Documents must be lodged with Commission within 14 days after meeting of the committee of management

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the Commission within 14 days after the meeting of the committee of management referred to in section 266.

The designated officer's certificate indicates that this meeting occurred on 8 May 2023. If this date is correct, the documents should have been lodged with the Commission by 22 May 2023.

The full report was not lodged until 9 June 2023.

The reporting unit's Workplace Relations Director, Gracia Kusuma has confirmed on 23 June 2023 that the date of the committee of management meeting was 8 May 2023 and that the delay in lodgement was due to an oversight.

Please note that in future financial years if the reporting unit cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made *prior to* the expiry of the 14 day period.

Total Assets

I note that the total assets figure in the Statement of financial position for the 2022 financial year is incorrect. Please ensure in future years that the figures in the financial report are disclosed correctly.

Reporting Requirements

The Commission's website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the section 253 reporting guidelines and a model set of financial statements.

The Commission recommends that reporting units use these model financial statements to assist in complying with the RO Act, the section 253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact Kylie Ngo on 1300 341 665 or via email at regorgs@fwc.gov.au.

Yours sincerely

Fair Work Commission

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT

FOR THE YEAR ENDED 31 December 2022

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

ABN 49 058 101 237

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2022

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Independent Auditor's Report

To the Members of NSW Farmers' (Industrial) Association

Report on the audit of the financial report

Opinion

We have audited the financial report of NSW Farmers' (Industrial) Association (the "Association"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of NSW Farmers' (Industrial) Association as at 31 December 2022, and its financial performance and its cash flows for the year ended on that date in accordance with:

1. the Australian Accounting Standards; and
2. any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act").

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

Basis for opinion

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

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

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Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

Responsibilities of Committee of Management for the financial report

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

In preparing the financial report, the Committee of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

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

We declare that Bhavesh Narsey is an auditor registered under the RO Act.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B Narsey
Partner – Audit & Assurance

Sydney, 29 March 2023

Registration number AA2022/25

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Certificate by prescribed designated officer

Designated Officer's Certificate for the year ended 31 December 2022

I, Peter Wilson, being the Treasurer of the *NSW Farmers' (Industrial) Association* certify:

- that the documents lodged herewith are copies of the full report for the *NSW Farmers' (Industrial) Association* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 14 April 2023; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 8 May 2023 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Peter Wilson

Title of prescribed designated officer: Treasurer

Dated: 8 May 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Expenditure report

Report for the year ended 31 December 2022

The Committee of Management presents the expenditure report as required under subsection 255(2A) on NSW Farmers' (Industrial) Association (the "Association") for the financial year ended 31 December 2022.

Descriptive form

Categories of expenditures	2022 (\$)	2021 (\$)
Remuneration and other employment-related costs and expenses – employees	321,370	319,702
Advertising	-	-
Operating costs	2,849,409	2,354,055
Donations to political parties	-	-
Legal costs	34,356	21,062

Signature of prescribed designated officer:



Name of prescribed designated officer: Peter Wilson

Title of prescribed designated officer: Treasurer

Dated: 29 March 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

OPERATING REPORT

The Committee of Management (the "Committee") presents its financial report and notes of NSW Farmers' (Industrial) Association (the "Association") for the financial year ended 31 December 2022.

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

The principal activities of the Association are the provision of Industrial Relations Services, management of investment funds and investment property and receipting of membership subscription funds. This is consistent with the principal activities of the Association in 2022.

Review of operations and significant changes in financial plan

	2022	2021
	\$	\$
Net deficit for the year	4,700,637	92,416

A number of factors have affected the financial performance of the Association.

A management fee was received in current year of \$3,900 (2021: \$3,900) from NSW Farmers' Association to this Association. An interest charge of \$176,029 (2021: \$177,406) was also received from NSW Farmers' Association for interest on the loan to this Association, with interest charges commencing from the 2021 financial year. Additionally, a management fee payable to NSW Farmers' Association of \$2,195,846 (2021: \$1,665,133) was recognised in the current year. For further details, refer to Note 10.

The unrealised fair value loss on investment assets was \$2,878,130 (2021: gain of \$1,071,416) and was reflective of movement in local and international equity and bond markets. The returns of the Investment Manager were generally in line with the benchmarks relating to their portfolio allocations. The management of the investment portfolio is continually reviewed by the Committee. See Note 11 for further information regarding financial risk management policies.

The valuation basis of investment properties is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction as at valuation date. Fair value is determined by the Committee by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Association, and to market based yields for comparable properties.

Right of members to resign

Members can resign in accordance with Clause 13 of the Rules of the Association.

Officers & employees who are superannuation fund trustee(s) or Director of a company that is a superannuation fund trustee

No officer or member of the Association holds a position as a trustee or Director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Number of members

Number of members as at 31 December 2022 was 4,122 (2021: 4,093).

Number of employees

Number of full-time employees who served for the complete financial year ended 31 December 2022 was 2 (2021: 3).

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

Director	Date appointed	Date resigned	Qualifications
P Wilson	21/07/2022		Farmer, BEc/LLB Dip Fin Man
I McColl	21/07/2022		Farmer
B Petrie	21/07/2022		Farmer
A Brown	21/07/2022		Farmer
H Carrigan	21/07/2022		Farmer
M Clapham	21/10/2021	21/07/2022	Farmer
S Kilby	21/10/2021		Farmer, B Econ, Dip Ed
C Stillard	21/10/2021		Farmer
P Comensoli	21/10/2021	21/07/2022	Farmer
W Martin	21/10/2021		Farmer FAICD
S Russo	25/07/2018	21/07/2022	Farmer
L Minogue	20/07/2016	21/07/2022	Farmer BAgEcon GAICD
R Reardon	20/07/2016		Farmer BAgEcon (Hons) GAICD
J Jackson	15/07/2015	21/07/2022	Farmer BVSc

Signature of designated officer:



Name and title of designated officer: William Martin, President

Dated: 29 March 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

COMMITTEE OF MANAGEMENT STATEMENT

For the year ended 31 December 2022

On 29 March 2023 the Committee of Management of NSW Farmers' (Industrial) Association (the "reporting unit") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2022:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the **RO Act**);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

Signature of designated officer:



Name and title of designated officer: William Martin, President

Dated: 29 March 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Revenue from contracts with customers			
Membership subscriptions		675,547	680,543
Project income		-	20,455
Management fee – NSW Farmers' Association		3,900	3,900
Total revenue from contracts with customers		679,447	704,898
Income for furthering objectives			
Grants and/or donations		-	-
Total income for furthering objectives		-	-
Other Income			
NFF House Unit Trust distribution		-	265,454
Revenue from recovery of wages activity		-	-
Investment income	2A	677,780	1,627,251
Rental income		-	-
Other income	2B	25,400	4,800
Gain on sale of investment		-	-
Total other income		703,180	1,897,505
Total income		1,382,627	2,602,403
Expenses			
Employee expenses	3A	(321,370)	(319,702)
Capitation fees and other expense to another reporting unit		-	-
Promotional expenses	3B	(20,000)	(20,000)
Investment expenses		(119,366)	(132,825)
Fair value unrealised losses from investments		(2,878,130)	-
Affiliation fees		-	-
Administration expenses	3C	(2,226,026)	(1,699,705)
Grants or donations		-	-
Depreciation and amortisation	3D	(365,746)	(365,746)
Finance costs	3E	(102,271)	(120,779)
Legal costs	3F	(34,355)	(21,062)
Other expenses		-	-
Audit fees	12	(16,000)	(15,000)
Total expenses		(6,083,264)	(2,694,819)
Deficit for the year		(4,700,637)	(92,416)
Other comprehensive income		-	-
Total comprehensive loss for the year		(4,700,637)	(92,416)

The above statement should be read in conjunction with the notes.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of financial position

As at 31 December 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4A	3,395,199	1,405,369
Trade and other receivables	4B	11,787	3,584
Other current assets	4C	750,000	-
Total current assets		4,156,986	1,408,953
Non-current assets			
Property, plant and equipment	5A	26,155	26,155
Right of use assets	5B	2,133,948	2,499,694
Investment property	5C	-	750,000
Other financial assets	5D	16,742,707	21,329,509
Other receivables	5E	31,473,897	33,782,963
Total non-current assets		50,376,707	58,388,321
Total assets		54,533,643	59,797,274
LIABILITIES			
Current liabilities			
Trade payables	6A	-	2,029
Other payables	6B	69,900	30,000
Other liabilities	6C	498,207	781,644
Lease liabilities	6D	351,956	317,379
Total current liabilities		920,063	1,131,052
Non-current liabilities			
Lease liabilities	6D	2,183,476	2,535,431
Total non-current liabilities		2,183,476	2,535,431
Total liabilities		3,103,539	3,666,483
Net assets		51,430,154	56,130,791
EQUITY			
Investment revaluation reserve	8	-	-
Retained earnings	8	51,430,154	56,130,791
Total equity		51,430,154	56,130,791

The above statement should be read in conjunction with the notes.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of changes in equity

For the year ended 31 December 2022

	Notes	Retained earnings \$	Investment revaluation reserve \$	Total equity \$
Balance as at 1 January 2022		55,486,470	736,737	56,223,207
Deficit for the year		(92,416)	-	(92,416)
Other comprehensive income		-	-	-
Transfers		736,737	(736,737)	-
Closing balance as at 31 December 2022		56,130,791	-	56,130,791
Balance as at 1 January 2022		56,130,791	-	56,130,791
Deficit for the year		(4,700,637)	-	(4,700,637)
Other comprehensive income		-	-	-
Closing balance as at 31 December 2022	8	51,430,154	-	51,430,154

The above statement should be read in conjunction with the notes.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of cash flows

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
OPERATING ACTIVITIES			
Receipts from member subscriptions		730,026	768,817
Receipts from projects funds received		-	324,143
Interest received and other income		122,841	123,442
Other cash received		-	7,716
Payments to suppliers and employees		(730,153)	(461,533)
Interest payments and other finance costs		(102,271)	(120,779)
Net cash provided by operating activities	9A	20,443	641,806
INVESTING ACTIVITIES			
Dividend and trust distributions received		-	284,343
Net withdrawal from (re-investment in) investment portfolio		2,173,545	43,969
(Advances loaned to)/ repayment by related party		113,220	(345,445)
Net cash used in investing activities		2,286,765	(17,133)
FINANCING ACTIVITIES			
Repayment of lease liabilities (principal component)	6D	(317,378)	(282,731)
Repayment of borrowings		-	-
Net cash used in financing activities		(317,378)	(282,731)
Net increase / (decrease) in cash held		1,989,830	341,942
Cash & cash equivalents at the beginning of the financial year		1,405,369	1,063,427
Cash & cash equivalents at the end of the financial year	4A	3,395,199	1,405,369

The above statement should be read in conjunction with the notes.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note to the financial statements

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NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies

1.1 General information and statement of compliance

The financial report is a general purpose financial report (tier 1 reporting requirements) which has been prepared in accordance with the requirements of the Australian Accounting Standards and Interpretations and the requirements under Section 253 of the Fair Work (Registered Organisations) Act 2009.

The financial statements cover NSW Farmers' (Industrial) Association (the "Association") as an individual entity incorporated and domiciled in Australia. For the purposes of preparing the financial statements, the Association is a not-for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the Association comply with International Financial Reporting Standards ("IFRS").

The financial report for the year ended 31 December 2022 was approved and authorised for issue by the Executive Committee on 29 March 2023.

1.2 Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial statements of the Association are presented in its functional currency being the currency of the primary economic environment in which the entity operates. The results and financial position of the Association is expressed in Australian dollars, which is the functional currency and the presentation currency for the financial statements.

1.3 Critical accounting judgements and key sources of estimation uncertainty

The Executive Committee of the Association evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Actual results may differ from these estimates. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates and critical judgments include estimation of fair values of investment properties and classification of investments as "financial assets at fair value through profit or loss".

Significant accounting judgments, estimates and assumptions

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transaction and other events is reported.

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies (continued)

1.4 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

1.5 Revenue and other income

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Revenue from the rendering of a service

Generally the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability as follows:

Membership subscription revenue

Where the consideration from membership subscriptions consists of a recurring fixed amounts over the term of the subscription contract and the check member receives and consumes the benefits of the services as the Association provides them then revenue is recognised on a straight line basis over the term of the contract.

Project revenue

For project revenue, generally, the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Income recognition policy for income streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Association at significantly below its fair value. Once the asset has been recognised, the Association recognises any related liability amounts (e.g. provisions, financial liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies (continued)

1.6 Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Association transfers the related goods or services. Contract liabilities include revenue from projects and subscriptions. Contract liabilities are recognised as revenue when the Association performs under the contract (i.e. transfers control of the related goods or services to the customer).

1.7 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits, together with other short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of the acquisition.

1.8 Financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies (continued)

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's cash and cash equivalents, trade and most other receivables fall into this category,

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. The Association has not elected to apply FVOCI to its major investment portfolio, which are carried at FVPL.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

Impairment of financial assets

For trade receivables that do not have a significant financing component, the Association applies a simplified approach in calculating ECLs. 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.

1.9 Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Costs include all expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies (continued)

The gain or loss on 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 profit or loss.

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

Property, plant and equipment: 3-5 years

1.10 Investment property

Investment properties are properties held to earn rentals and/or capital appreciation. Investment properties are measured initially at 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 profit or loss in the period in which they arise.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

1.11 Impairment of long-lived assets

At each reporting date, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies (continued)

1.13 Employee benefits

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

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

Defined contribution plans are expensed when employees have rendered service entitling them to contributions.

1.14 Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Financial instruments issued by the Association

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

1.16 Right-of-use assets – arising from leases

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1 Summary of Significant Accounting Policies (continued)

1.17 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1.18 Income taxes

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).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO); and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

1.19 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
- There is no unconditional right to defer the 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.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

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2022 2021
\$ \$

Note 2 Revenue and other income

Disaggregation of revenue from contracts with customers

A disaggregation of the Association's revenue by type of arrangement is provided on the face of the Statement of Profit or Loss and Other Comprehensive Income. The table below also sets out a disaggregation of revenue by type of customer:

Type of customer		
Members	675,547	680,543
Other reporting units	3,900	3,900
Government	-	20,455
Other parties	-	-
Total revenue from contracts with customers	679,447	704,898

Note 2A: Investment income

Interest from deposits with banks	118,941	123,442
Interest from loan to NSW Farmers' Association	176,029	177,406
Dividends	328,810	254,987
Fair value unrealised gain on investments held at fair value through profit and loss	-	1,071,416
Total investment income	677,780	1,627,251

Note 2B: Other income

Rental income	-	-
Sundry Income	25,400	4,800
Total other income	25,400	4,800

Note 3 Expenses

Note 3A: Employee expenses

Employees other than office holders:

Wages and salaries	289,500	290,619
Superannuation	27,895	27,661
Other employee expenses	3,975	1,422
Subtotal employee expenses other than holders of office	321,370	319,702

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
Holders of office:		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Total employee expenses	321,370	319,702

Refer also Note 7 – employee expenses represent staff related costs of persons who are employees of NSW Farmers' Association.

Note 3B: Promotional expenses

Scholarships granted	20,000	20,000
Donations	-	-
Prizes granted	-	-
Total promotional expenses	20,000	20,000

Note 3C: Administration expenses

Management fees paid to NSW Farmers' Association	2,195,846	1,665,133
Fees/allowances - meeting and conferences	560	-
Property expenses	1,162	2,510
Office expenses	-	-
Other expenses	28,458	32,062
Total administration expenses	2,226,026	1,699,705

Note 3D: Depreciation and amortisation

Depreciation		
Property, plant and equipment	-	-
Right-of-use assets	365,746	365,746
Total depreciation	365,746	365,746
Amortisation		
Total amortisation	-	-
Total depreciation and amortisation	365,746	365,746

Note 3E: Finance costs

Lease finance costs	102,271	120,779
Total finance costs	102,271	120,779

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
Note 3F: Legal costs		
Litigation	-	-
Other legal costs	34,355	21,062
Total legal costs	34,355	21,062

Note 4 Current assets

Note 4A: Cash and cash equivalents

Cash in bank	206,173	295,135
Term deposits	-	-
Cash held with investment manager	3,189,026	1,110,234
Total cash and cash equivalents	3,395,199	1,405,369

Note 4B: Trade and other receivables

Other receivables:

GST receivable	2,339	3,584
Other receivables	9,448	-
Total other receivables	11,787	3,584

Note 4C: Asset held for sale

Property	750,000	-
Total other current assets	750,000	-

The property, previously classified as a Non-current Investment Property is currently being marketed for sale, with the expected realisation to occur within six months from the reporting date this financial report.

Note 5 Non-Current Assets

Note 5A: Property, Plant and Equipment

Property, plant and equipment:		
- at cost	101,348	101,348
- accumulated depreciation	(75,193)	(75,193)
Total property, plant and equipment	26,155	26,155

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and Equipment	Total
	\$	\$
Net book value 1 January 2021	26,155	26,155
Additions		
Impairments	-	-
Depreciation expense	-	-
Disposals	-	-
Net book value 31 December 2021	26,155	26,155
Net book value as of 31 December 2021 represented by:		
Gross book value	101,348	101,348
Accumulated depreciation and impairment	(75,193)	(75,193)
Net book value 31 December 2021	26,155	26,155

	Plant and Equipment	Total
	\$	\$
Net book value 1 January 2022	26,155	26,155
Additions		
Impairments	-	-
Depreciation expense	-	-
Disposals	-	-
Net book value 31 December 2022	26,155	26,155
Net book value as of 31 December 2022 represented by:		
Gross book value	101,348	101,348
Accumulated depreciation and impairment	(75,193)	(75,193)
Net book value 31 December 2022	26,155	26,155

Note 5B: Right-of-use assets

	2022	2021
	\$	\$
Right of use lease asset - building		
Gross book value	3,596,502	3,596,502
- accumulated depreciation	(1,462,554)	(1,096,808)
Total right-of-use assets	2,133,948	2,499,694

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 5B: Right-of-use assets (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<u>Building</u>	<u>Total</u>
	\$	\$
As at 1 January 2021	2,865,438	2,865,438
Additions	-	-
Depreciation expense	(365,744)	(365,744)
Impairment	-	-
Disposal	-	-
As at 1 January 2022	2,499,694	2,499,694
Additions	-	-
Depreciation expense	(365,746)	(365,746)
Impairment	-	-
As at 31 December 2022	2,133,948	2,133,948

Reconciliation of the Opening and Closing Balances of Right-of-use Assets

	2022	2021
	\$	\$
As at 1 January		
Gross book value	3,596,502	3,596,502
Accumulated depreciation and impairment	(1,096,808)	(731,064)
Net book value as at 1 January	2,499,694	2,134,376
Reassessment of lease period (additions)	-	-
Impairment	-	-
Depreciation expense	(365,746)	(365,746)
Other movement	-	-
Disposals	-	-
Net book value as at 31 December	2,133,948	2,499,694
Net book value as of 31 December represented by:		
Gross book value	3,596,502	3,596,502
Accumulated depreciation and impairment	(1,462,554)	(1,096,808)
Net book value as at 31 December	2,133,948	2,499,694

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

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	2022	2021
	\$	\$
Note 5C: Investment property		
Opening balance as at 1 January 2022	750,000	750,000
Reclassification as asset held for sale (refer Note 4C)	(750,000)	-
Additions	-	-
Net gain from fair value adjustment	-	-
Closing balance as at 31 December 2022	-	750,000

The Association has classified its property assets as Level 3 hierarchy assets due to their fair value being based on unobservable inputs as follows:

Class of property	Fair value hierarchy	Fair value 2022	Fair value 2021	Valuation technique	Key unobservable inputs	Input range		Relationship of unobservable input to fair value
						2022	2021	
Commercial	Level 3	-	-	Income capitalisation method	Market rent	-	-	The higher the passing and market rent per square metre, the higher the fair value.
					Capitalisation rate	-	-	The higher the capitalisation rate, the lower the fair value.
Residential (asset transferred as asset held for sale at 31 December 2022)	Level 3	750,000 (asset disclosed in Note 4C)	750,000	Market comparison method	Price per square metre	\$9,740	\$9,740	Higher the price per square metre, the higher the fair value.

A change in the income capitalisation rate of 0.25% would result in a fair value change (increase/decrease) of \$Nil (2021: \$Nil). There were no transfers between hierarchy levels during the year.

The valuation process adopted by the Committee includes engagement of suitably qualified independent, external valuers to conduct commercial property valuations on a periodic basis, but at least once every 3 years. During interim years, an internal valuation assessment is performed using external market data relating to capitalisation rates and internal rental data relating to the properties, and assessment of price per square metre.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
Note 5D Other financial assets		
Financial assets designated at fair value through profit or loss		
Debt instruments	8,684,992	4,770,906
Convertible securities	1,129,521	636,904
Equities	5,871,670	13,890,224
Alternative investments	631,858	1,190,007
Commodities	(5,297)	841,468
Forwards	429,963	-
	<u>16,742,707</u>	<u>21,329,509</u>
Financial assets designated at fair value through other comprehensive income (FVOCI)		
Investment in NFF House Trust – at fair value	-	-
Total other financial assets	<u>16,742,707</u>	<u>21,329,509</u>

Note 5E: Other Receivables

Receivables from other reporting unit – related party receivable

NSW Farmers' Association (i)	31,473,897	33,782,963
Total receivables from other reporting unit (net)	<u>31,473,897</u>	<u>33,782,963</u>
Less allowance for credit losses	-	-
Total allowance for expected credit losses	<u>-</u>	<u>-</u>
Receivables from other reporting unit	<u>31,473,897</u>	<u>33,782,963</u>

(i) On 5 March 2021 the Association entered into loan agreement regarding this receivable with a related party, NSW Farmers' Association, the terms of which agreement included that the loan is interest bearing, unsecured and for a period of ten years from the date of the loan agreement.

Note 6 Current Liabilities

Note 6A: Trade payables

Trade creditors and accruals	-	2,029
Total trade creditors	<u>-</u>	<u>2,029</u>
Payables to other reporting unit(s)		
Payables to other reporting unit(s)	-	-
Total payables to other reporting unit(s)	<u>-</u>	<u>-</u>
Total trade payables	<u>-</u>	<u>2,029</u>

Settlement is usually made within 30 days.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

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	2022	2021
	\$	\$
Note 6B: Other payables		
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs		
Litigation	-	-
Other legal costs	-	-
Other payables	69,900	30,000
Total other payables	69,900	30,000

Total other payables are expected to be settled in:

No more than 12 months	69,900	30,000
More than 12 months	-	-
Total other payables	69,900	30,000

Note 6C: Other liabilities

Unearned income	498,207	781,644
Total other liabilities	498,207	781,644

Note 6D: Lease Liabilities

NSW Farmers' (Industrial) Association as a lessee

Refer to Note 5B Right of Use Assets arising from leases to which the lease liabilities pertain.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

As at 1 January	2,852,810	3,135,540
Additions	-	-
Accretion of interest	93,271	120,779
Payments (principal and interest components)	(410,649)	(403,509)
As at 31 December	2,535,432	2,852,810
Current	351,956	317,379
Non-current	2,183,476	2,535,431
	2,535,432	2,852,810

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	365,746	365,746
Interest expense on lease liabilities	102,271	120,779
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets	-	-
Variable lease payments	-	-
Total amount recognised in profit or loss	468,017	486,525

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

2022 2021
\$ \$

Note 7 Employee Provisions

Employee provisions in relation to the 2 employees (2021: 3) are recorded in NSW Farmers' Association's financial statements, hence the balance is nil as at 31 December 2022 (2021: Nil).

Note 8 Equity

Note 8A: Retained earnings

Balance as at start of year	56,130,791	55,486,470
Deficit for the year	(4,700,637)	(92,416)
Transferred from investment revaluation	-	736,737
Balance as at end of year	51,430,154	56,130,791
Investment Revaluation reserve		
Balance as at start of year	-	736,737
Fair value movement of financial assets through OCI	-	-
Transferred to retained earnings	-	(736,737)
Balance as at end of year	-	-
Total Equity	51,430,154	56,130,791

Note 9 Cash Flow

Note 9A: Cash flow reconciliation

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled in the statement of Financial Position as follows:

Cash at bank	206,173	295,135
Term deposits	-	-
Cash held with investment manager	3,189,026	1,110,234
Total cash and cash equivalents	3,395,199	1,405,369

Reconciliation of deficit to net cash from operating activities:

Deficit for the year	(4,700,637)	(92,416)
Adjustments for non-cash items		
Depreciation/amortisation	365,746	365,746
Fair value movements in investment property	2,878,130	(1,071,416)
Dividend and distribution income on investments	(383,878)	(254,987)
Operating expenses and income that were not cash flows	2,114,851	1,355,101
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(8,154)	7,816
(Decrease)/increase in trade and other payables	(245,615)	331,962
Net cash from operating activities	20,443	641,806

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 10 Related Party Disclosures

Note 10A: Related party transactions for the reporting period

- (a) Transactions with Key Management Personnel
 - i. There are no employee benefits paid to any holders of office in the Association.
- (b) Transactions with other related parties:
 - i. During the year, the entity paid management fees of \$2,195,846 (2021: \$1,665,133) to NSW Farmers' Association, a related entity.
 - ii. An administration fee of \$3,900 (2021: \$3,900) was received from to NSW Farmers' Association.
 - iii. The entity has provided loans advances to NSW Farmers' Association, a related entity – Refer Note 5E. The loan at year end was unsecured, with a term of ten years to 2030. The loan receivable amount from NSW Farmers' Association at year ended 31 December 2022 was \$31,473,897 (2021: \$33,782,963). An interest fee was charged of \$176,029 (2021: \$177,706).
 - iv. In November 2018, the NSW Farmers' (Industrial) Association entered into a five year lease (with a five year option) with NSW Farmers' Association for the rental of the premises at 154 Pacific Highway, St Leonards. The annual rental is \$360,906 (2021: \$360,906). Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. The lease is disclosed at Note 5B and Note 6D.
 - v. Remuneration of key management personnel, including the Chief Executive, is borne by a related entity – NSW Farmers' Association. See Note 10B below.

Note 10B: Key management personnel remuneration for the reporting period

Remuneration of key management personnel, including the Chief Executive, is borne by a related entity – NSW Farmers' Association. Committee members receive no remuneration.

The Association meets the cost of or reimburses Committee members for travel and accommodation directly related to attendance at meetings associated with their role as Committee members. The President, Vice-President and Treasurer of the related entity NSW Farmers' Association (who are also Committee members of this entity), receive allowances for their specific additional duties of that entity and which are paid by that entity, and the President has the use of that related entity's property for accommodation regarding his duties.

Note 11 Financial Instruments

(a) Financial risk management objectives and policies

The Executive Committee has overall responsibility for the establishment and oversight of the Association's financial management framework. The Board of a related entity – NSW Farmers' Association has an established Finance and Audit Committee ("Finance Committee"), which is responsible for developing and monitoring the Association's financial management policies. The Committee provides regular reports to the Board of Directors on its activities.

The Association's 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 Finance Committee will oversee how Management monitors compliance with risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks.

Note 11 Financial Instruments (continued)

The main risk arising from the Association's financial instruments are price risk, foreign exchange risk, interest rate risk, credit risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Capital risk management

The Executive Committee's policy is to maintain a strong capital base so as to maintain members' confidence and to sustain future development of the Association. There were no changes in the Association's approach to capital management during the period.

The Association's capital structure comprises cash, short-term deposits, investments and other financial assets. The main purpose of these financial instruments is to raise finance for and fund the Association's operations. The Association has various other financial instruments such as trade debtors and creditors, which arise directly from its operations.

(c) Categories of financial instruments

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	3,395,199	1,405,369
Loans and receivables	31,473,897	33,786,547
Financial assets at fair value through other comprehensive income	-	-
Financial assets designated as fair value through profit or loss	16,742,707	21,329,509
Total financial assets	51,611,803	56,521,425
Financial liabilities		
Trade and other payables	69,900	32,029
Margin lending facility	-	-
Lease liabilities	2,681,683	2,852,810
Forward foreign exchange contracts	-	-
Total financial liabilities	2,751,583	2,884,839

(d) Market risk

Market risk is the risk that changes in market prices, foreign exchange rates, and interest rates, 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 monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

There has been no change to the Association's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

Interest rate risk management

The Association is exposed to interest rate risk as a consequence of its cash and deposits balances which attracts average variable interest rates as well as a margin lending facility exposed to variable interest rates.

Interest rate risk sensitivity analysis

The sensitivity analysis below have been determined based on the Association's exposure to interest rates for its financial assets and financial liabilities as at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

Note 11 Financial Instruments (continued)

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Association's profit for the year ended 31 December 2022 would decrease/increase by \$16,976 (2021: decrease/increase by \$7,026). This is mainly attributable to the Association's exposure to interest rates on its variable rate deposits and the balance of the loans and receivables.

Equity price sensitivity

The Association is exposed to equity price risk as a consequence of its fair value through profit and loss assets as set out in Note 5D.

The Association has taken steps to limit the risk by spreading the financial assets into different asset classes.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

A 5% increase or decrease is used when reporting market price risk internally to key management and represents management's assessment of the possible change in equity prices.

The sensitivity analysis below have been determined based upon the Association's exposure to market prices at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if market prices had been 5% higher or lower and all other variables were held constant, the Association's net profit would increase/decrease by approximately \$837,135 (2021: \$1,066,476).

Foreign exchange risk sensitivity

The Association is exposed to foreign exchange risk as a consequence of certain financial asset investments (equities, convertible securities, commodities, quoted securities, debt instruments, alternative investments and cash and equivalents, and forward foreign exchanges) being denominated in currencies other than the Australian dollar (AUD).

The main currency exposure risk is a US denominated currency holdings USD 4,091,064 AUD 5,993,499 (prior year USD 735,234 AUD 1,010,285).

The sensitivity below has been determined based on a 5% movement in the AUD/USD at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date if the AUD/USD currency rates had been 5% higher or lower and all other variables were held constant, the Association's net profit (reflected via market movement in investments at fair value) would increase/decrease by approximately \$285,405 (2021: \$36,843).

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association. The Association has adopted a policy of only dealing with creditworthy counterparties. The main receivables balance relates to a related party – NSW Farmers' Association.

The Association establishes an allowance for expected credit losses that represents its estimate of incurred losses in respect of trade and other receivables. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Association's maximum exposure to credit risk.

Note 11 Financial Instruments (continued)**(f) Liquidity risk management**

Liquidity risk is the risk the Association will not be able to meet its financial obligations as they fall due. 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.

The Association's overall objective is to maintain a balance between continuity of funding and flexibility through the use of its assets under investment management.

The Association manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

Liquidity and interest risk tables

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

	Weighted average effective interest rate %	Less than 1 year \$	1 - 2 years \$	Longer than 2 years \$
2022				
Financial liabilities				
Non-interest bearing	-	351,956	454,227	1,729,249
Variable interest rate instruments	-	-	-	-
		351,956	454,227	1,729,249
2021				
Financial liabilities				
Non-interest bearing	-	317,379	351,956	2,183,475
Variable interest rate instruments	-	-	-	-
		317,379	351,956	2,183,475

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

	Weighted average effective interest rate %	Less than 1 year \$	1 - 2 years \$	Longer than 2 years \$
2022				
Financial assets				
Non-interest bearing	-	16,742,707	-	-
Fixed interest rate instruments	0.5	31,473,897	-	-
Variable interest rate instruments	0.5	3,395,199	-	-
		51,611,803	-	-
2021				
Financial assets				
Non-interest bearing	-	21,329,509	-	-
Fixed interest rate instruments	0.5	33,786,547	-	-
Variable interest rate instruments	0.5	1,405,369	-	-
		56,521,425	-	-

Note 11 Financial Instruments (continued)**(g) Fair value of financial instruments**

This note provides information about how the Association determines the fair values of various financial assets and financial liabilities.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

	31 December 2022			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Non-derivative financial assets designated as at fair value through profit or loss	16,742,707	--	-	16,742,707
Financial assets at fair value through other comprehensive income				
Unquoted equities	-	-	-	-
Total	16,742,707	-	-	16,742,707

There were no transfers between Level 1 and 2 in the period.

	31 December 2021			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Non-derivative financial assets designated as at fair value through profit or loss	21,329,509	-	-	21,329,509
Financial assets at fair value through other comprehensive income				
Unquoted equities	-	-	-	-
Total	21,329,509	-	-	21,329,509

There were no transfers between Level 1 and 2 in the period.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

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Note 11 Financial Instruments (continued)

Fair value of the Association's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Association's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and inputs(s)	Significant un-observable input(s)	Relationship of un-observable inputs to fair value
	31 December 2022 \$	31 December 2021 \$				
Financial assets at fair value through profit or loss – listed securities	16,742,707	21,329,509	Level 1	Quoted bid prices in an active primary market	N/A	N/A
Financial assets at fair value through profit or loss – unlisted securities	-	-	Level 2	Quoted bid prices in a secondary market	N/A	N/A
Financial assets at fair value through other comprehensive income	-	-	Level 3	Proportionate net assets of investee company	Net assets of investee company	Higher the net assets, the higher the fair value

The Committee consider that the carrying amounts of all other financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements

	2022	2021
	\$	\$
Financial assets at fair value through other comprehensive income		
Opening balance	-	1,021,737
Fair value gain	-	-
Redemption/distribution of investment in NFF House Trust units	-	(1,021,737)
Closing balance	-	-
Total financial assets at fair value through other comprehensive income	-	-

Note 12 Remuneration of Auditors

Value of the services provided

Financial statement audit services	16,000	15,000
Other services	-	-
Total remuneration of auditors	16,000	15,000

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Note 13 Subsequent Events

Subsequent to year end the Association entered into a contract for the sale of the property disclosed at Note 4C. The sale price contracted is \$782,000 and the sale is expected to complete in the 2023 year.

Other than the above, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial periods.

Note 14 Commitments

Nil.

Note 15 Contingent Assets and Contingent Liabilities

Nil.

Note 16 General Information

NSW Farmers' (Industrial) Association is an association registered under the Commonwealth of Australia's Fair Work (Registered Organisations) Act 2009.

The Association's principal place of business and registered office is as follows:
Level 4, 154 Pacific Highway
St Leonards NSW 2065

Note 17 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

- 1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- 3) A reporting unit must comply with an application made under subsection (1).

OFFICER DECLARATION STATEMENT

I, William Martin, being the President of the NSW Farmers' (Industrial) Association (the "reporting unit"), declare that the following activities did not occur during the reporting period ending 31 December 2022.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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 capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay wages and salaries to holders of office
- pay superannuation to holders of office
- pay leave and other entitlements to holders of office
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay leave and other entitlements to employees (other than holders of office)
- pay separation and redundancy to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have an annual leave provision in respect of holders of office

OFFICER DECLARATION STATEMENT (continued)

- have a long service leave provision in respect of holders of office
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer:



Name and title of designated officer: William Martin, President

Dated: 29 March 2023