



Fair Work
Commission

3 August 2023

Peter Wilson
Treasurer
NSW Farmers' (Industrial) Association

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

Dear Peter Wilson

**NSW Farmers' (Industrial) Association
Financial Report for the year ended 31 March 2023 – FR2023/9**

I acknowledge receipt of the financial report for the year ended 31 March 2023 for the NSW Farmers' (Industrial) Association (the reporting unit). The documents were lodged with the Fair Work Commission (the Commission) on 1 August 2023.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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 next year's financial report may be subject to an advanced compliance review.

If you have any queries regarding this letter, please contact me on (03) 8650 0183 or via email at ken.morgan@fwc.gov.au.

Yours sincerely

KEN MORGAN
Assistant Director, Financial Analysis
Registered Organisations Services Branch

Certificate by prescribed designated officer

Designated Officer's Certificate for the period ended 31 March 2023

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 23 June 2023; and
- that the full report was presented to a general meeting of members of the reporting unit on 19 July 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: 1 August 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION
ABN 49 058 101 237
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 March 2023

INDEX	Page
Independent Auditor's Report	3
Expenditure Report	6
Operating Report	7
Committee of Management Statement	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Officer Declaration Statement	38

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 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the period 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 March 2023, and its financial performance and its cash flows for the period 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.

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.

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, 22 June 2023

Registration number AA2022/25

NSW FARMERS' (INDUSTRIAL) ASSOCIATION
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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

Expenditure report

Report for the period ended 31 March 2023

The Committee of Management presents the expenditure report as required under subsection 255(2A) on NSW Farmers' (Industrial) Association (the "Association") for the 3-month financial period ended 31 March 2023.

Descriptive form

Categories of expenditures	3 months to 31 March 2023 (\$)	12 months to 31 December 2022 (\$)
Remuneration and other employment-related costs and expenses – employees	82,604	321,370
Advertising	-	-
Operating costs	852,206	2,849,409
Donations to political parties	-	-
Legal costs	1,427	34,356



Signature of prescribed designated officer:

Name of prescribed designated officer: Peter Wilson

Title of prescribed designated officer: Treasurer

Dated: 22 June 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

OPERATING REPORT

The Committee of Management (the "Committee") presents its financial report and notes of NSW Farmers' (Industrial) Association (the "Association") for the financial period ended 31 March 2023.

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

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 2023.

Review of operations and significant changes in financial plan

3 months to 31 March 2023 (\$)	12 months to 31 December 2022 (\$)
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Net deficit for the period	104,493	4,700,637
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A number of factors have affected the financial performance of the Association.

A management fee was received in current period of \$975 (2022: \$3,900) from NSW Farmers' Association to this Association. An interest charge of \$37,220 (2022: \$176,029) was also received from NSW Farmers' Association for interest on the loan to this Association, with interest charges commencing from the 2022 financial year. Additionally, a management fee expense payable to NSW Farmers' Association of \$694,695 (2022: \$2,195,846) was recognised in the current period. For further details, refer to Note 10.

The unrealised fair value gain on investment assets was \$458,097 (2022: loss of \$2,878,130) 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 PERIOD ENDED 31 MARCH 2023

Number of members

Number of members as at 31 March 2023 was 4,175 (2022: 4,122).

Number of employees

Number of full-time employees who served for the complete financial period ended 31 March 2023 was 3 (2022: 2).

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

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
S Kilby	21/10/2021		Farmer, B Econ, Dip Ed
C Stillard	21/10/2021		Farmer
W Martin	21/10/2021		Farmer FAICD
R Reardon	20/07/2016		Farmer BAgEcon (Hons) GAICD

Signature of designated officer: 

Name and title of designated officer: William Martin - President

Dated: 22 June 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

COMMITTEE OF MANAGEMENT STATEMENT

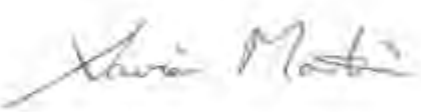
For the period ended 31 March 2023

On 21 June 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 period ended 31 March 2023:

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 period 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 period to which the GPFR relates and since the end of that period:
 - 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: 22 June 2023

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Statement of profit or loss and other comprehensive income

For the period ended 31 March 2023

	Notes	3 months to 31 March 2023 \$	12 months to 31 December 2022 \$
Revenue from contracts with customers			
Membership subscriptions		178,406	675,547
Project income		-	-
Management fee – NSW Farmers' Association		975	3,900
Total revenue from contracts with customers		179,381	679,447
Income for furthering objectives			
Grants and/or donations		-	-
Total income for furthering objectives		-	-
Other Income			
Revenue from recovery of wages activity		-	-
Investment income	2A	652,363	677,780
Rental income		-	-
Other income	2B	-	25,400
Gain on sale of investment		-	-
Total other income		652,363	703,180
Total income		831,744	1,382,627
Expenses			
Employee expenses	3A	(82,604)	(321,370)
Capitation fees and other expense to another reporting unit		-	-
Promotional expenses	3B	-	(20,000)
Investment expenses		(28,010)	(119,366)
Fair value unrealised losses from investments		-	(2,878,130)
Affiliation fees		-	-
Administration expenses	3C	(701,985)	(2,226,026)
Grants or donations		-	-
Depreciation and amortisation	3D	(91,436)	(365,746)
Finance costs	3E	(22,575)	(102,271)
Legal costs	3F	(1,427)	(34,355)
Other expenses		-	-
Audit fees	12	(8,200)	(16,000)
Total expenses		(936,237)	(6,083,264)
Deficit for the period		(104,493)	(4,700,637)
Other comprehensive income		-	-
Total comprehensive loss for the period		(104,493)	(4,700,637)

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

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Statement of financial position

As at 31 March 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	4A	2,012,735	3,395,199
Trade and other receivables	4B	3,084	11,787
Other current assets	4C	750,000	750,000
Total current assets		2,765,819	4,156,986
Non-current assets			
Property, plant and equipment	5A	26,155	26,155
Right of use assets	5B	2,042,512	2,133,948
Investment property	5C	-	-
Other financial assets	5D	18,691,948	16,742,707
Other receivables	5E	31,268,965	31,473,897
Total non-current assets		52,029,580	50,376,707
Total assets		54,795,399	54,533,693
LIABILITIES			
Current liabilities			
Trade payables	6A	-	-
Other payables	6B	21,354	69,900
Other liabilities	6C	998,763	498,207
Lease liabilities	6D	392,274	351,956
Total current liabilities		1,412,391	920,063
Non-current liabilities			
Lease liabilities	6D	2,057,347	2,183,476
Total non-current liabilities		2,057,347	2,183,476
Total liabilities		3,469,738	3,103,539
Net assets		51,325,661	51,430,154
EQUITY			
Retained earnings	8	51,325,661	51,430,154
Total equity		51,325,661	51,430,154

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

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Statement of changes in equity

For the period ended 31 March 2023

		Retained earnings	Total equity
	Notes	\$	\$
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		51,430,154	51,430,154
Balance as at 1 January 2023		51,430,154	51,430,154
Deficit for the period		(104,493)	(104,493)
Other comprehensive income		-	-
Closing balance as at 31 March 2023	8	51,325,661	51,325,661

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

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Statement of cash flows

For the period ended 31 March 2023

	Notes	3 months to 31 March 2023 \$	12 months to 31 December 2022 \$
OPERATING ACTIVITIES			
Receipts from member subscriptions		493,832	730,026
Receipts from projects funds received		211,673	-
Interest received and other income		18,077	122,841
Payments to suppliers and employees		(193,918)	(730,153)
Interest payments and other finance costs		(22,575)	(102,271)
Net cash provided by operating activities	9A	507,089	20,443
INVESTING ACTIVITIES			
Net withdrawal from (re-investment in) investment portfolio (Advances loaned to)/ repayment by related party		(1,313,980)	2,173,545
		(489,762)	113,220
Net cash used in investing activities		(1,803,742)	2,286,765
FINANCING ACTIVITIES			
Repayment of lease liabilities (principal component)	6D	(85,811)	(317,378)
Net cash used in financing activities		(85,811)	(317,378)
Net (decrease) / increase in cash held		(1,382,464)	1,989,830
Cash & cash equivalents at the beginning of the financial period		3,395,199	1,405,369
Cash & cash equivalents at the end of the financial period	4A	2,012,735	3,395,199

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

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Note to the financial statements

	Page No.	
Note 1	Summary of Significant Accounting Policies	15
Note 2	Revenue	22
Note 3	Expenses	22
Note 4	Current Assets	24
Note 5	Non-Current Assets	24
Note 6	Current Liabilities	28
Note 7	Provisions	30
Note 8	Equity	30
Note 9	Cash Flow	30
Note 10	Related Party Disclosures	31
Note 11	Financial Instruments	31
Note 12	Remuneration of Auditors	36
Note 13	Subsequent Events	37
Note 14	Commitments	37
Note 15	Contingent Assets and Contingent Liabilities	37
Note 16	General Information	37
Note 17	Section 272 <i>Fair Work (Registered Organisations) Act 2009</i>	37

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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. The financial report for the period ended 31 March 2023 was approved and authorised for issue by the Executive Committee on 22 June 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. When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

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.

Adoption of New Australian Accounting Standards and amendments

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

Future Australian Accounting Standards

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are expected to have a significant impact future financial on the Association.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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 PERIOD ENDED 31 MARCH 2023

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 PERIOD ENDED 31 MARCH 2023

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 PERIOD ENDED 31 MARCH 2023

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 periods. 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 PERIOD ENDED 31 MARCH 2023

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 PERIOD ENDED 31 MARCH 2023

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

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$

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	178,406	675,547
Other reporting units	975	3,900
Government	-	-
Other parties	-	-
Total revenue from contracts with customers	179,381	679,447

Note 2A: Investment income

Interest from deposits with banks	17,102	118,941
Interest from loan to NSW Farmers' Association	37,220	176,029
Dividends	139,944	328,810
Fair value unrealised gain on investments held at fair value through profit and loss	458,097	-

Total investment income	652,363	677,780
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Note 2B: Other income

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

Note 3 Expenses

Note 3A: Employee expenses

Employees other than office holders:

Wages and salaries	72,411	289,500
Superannuation	9,993	27,895
Other employee expenses	200	3,975
Subtotal employee expenses other than holders of office	82,604	321,370

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Holders of office:		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Total employee expenses	82,604	321,370

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

Note 3C: Administration expenses

Management fees paid to NSW Farmers' Association	694,695	2,195,846
Fees/allowances - meeting and conferences	-	560
Property expenses	-	1,162
Office expenses	-	-
Other expenses	7,290	28,458
Total administration expenses	701,985	2,226,026

Note 3D: Depreciation and amortisation

Depreciation		
Property, plant and equipment	-	-
Right-of-use assets	91,436	365,746
Total depreciation	91,436	365,746
Amortisation		
	-	-
Total amortisation	-	-
Total depreciation and amortisation	91,436	365,746

Note 3E: Finance costs

Lease finance costs	22,575	102,271
Total finance costs	22,575	102,271

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Note 3F: Legal costs		
Litigation	-	-
Other legal costs	1,427	34,355
Total legal costs	1,427	34,355

Note 4 Current assets

Note 4A: Cash and cash equivalents

Cash in bank	189,927	206,173
Term deposits	-	-
Cash held with investment manager	1,822,808	3,189,026
Total cash and cash equivalents	2,012,735	3,395,199

Note 4B: Trade and other receivables

Other receivables:

GST receivable	3,035	2,339
Other receivables	49	9,448
Total other receivables	3,084	11,787

Note 4C: Asset held for sale

Property	750,000	750,000
Total asset held for sale	750,000	750,000

Refer to Note 13. The property was sold on 18 April, 2023 at a contracted sale price of \$782,000.

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 PERIOD ENDED 31 MARCH 2023

Note 5A: Property, Plant and Equipment (continued)

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

	Plant and Equipment	Total
	\$	\$
Net book value as at 1 January 2022	26,155	26,155
Additions		
Impairments	-	-
Depreciation expense	-	-
Disposals	-	-
Net book value as at 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 as at 31 December 2022	26,155	26,155

	Plant and Equipment	Total
	\$	\$
Net book value as at 1 January 2023	26,155	26,155
Additions		
Impairments	-	-
Depreciation expense	-	-
Disposals	-	-
Net book value as at 31 March 2023	26,155	26,155

Net book value as at 31 March 2023 represented by:

Gross book value	101,348	101,348
Accumulated depreciation and impairment	(75,193)	(75,193)
Net book value as at 31 March 2023	26,155	26,155

Note 5B: Right-of-use assets

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Right-of-use asset - building		
Gross book value	3,596,502	3,596,502
Accumulated depreciation	(1,553,990)	(1,462,554)
Total right-of-use assets	2,042,512	2,133,948

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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:

	Building	Total
	\$	\$
As at 1 January 2022	2,499,694	2,499,694
Additions	-	-
Depreciation expense	(365,746)	(365,746)
Impairment	-	-
As at 1 January 2023	2,133,948	2,133,948
Additions	-	-
Depreciation expense	(91,436)	(91,436)
Impairment	-	-
As at 31 March 2023	2,042,512	2,042,512

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

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
As at 1 January		
Gross book value	3,596,502	3,596,502
Accumulated depreciation and impairment	(1,462,554)	(1,096,808)
Net book value as at 1 January	2,133,948	2,499,694
Reassessment of lease period (additions)	-	-
Impairment	-	-
Depreciation expense	(91,436)	(365,746)
Other movement	-	-
Disposals	-	-
Net book value as at period end	2,042,512	2,133,948

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Note 5C: Investment property		
Opening balance as at 1 January 2023	-	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 March 2023	-	-

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 2023	Fair value 2022	Valuation technique	Key unobservable inputs	Input range		Relationship of unobservable input to fair value
						31 Mar 2023	31 Dec 2022	
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 March 2023)	Level 3	750,000 (asset disclosed in Note 4C)	750,000 (asset disclosed in Note 4C)	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 (2022: \$Nil). There were no transfers between hierarchy levels during the period.

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 PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Note 5D Other financial assets		
Financial assets designated at fair value through profit or loss		
Debt instruments	10,372,443	8,684,992
Convertible securities	1,130,279	1,129,521
Equities	6,170,425	5,871,670
Alternative investments	569,674	631,858
Commodities	473,833	429,963
Forwards	(24,706)	(5,297)
	18,691,948	16,742,707

Note 5E: Other receivables

Receivables from other reporting unit – related party receivable

NSW Farmers' Association (i)	31,268,965	31,473,897
Total receivables from other reporting unit (net)	31,268,965	31,473,897
Less allowance for credit losses	-	-
Total allowance for expected credit losses	-	-
Receivables from other reporting unit	31,268,965	31,473,897

(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	-	-
Total trade creditors	-	-
Payables to other reporting unit(s)		
Payables to other reporting unit(s)	-	-
Total payables to other reporting unit(s)	-	-
Total trade payables	-	-

Settlement is usually made within 30 days.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Note 6B: Other payables		
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs		
Litigation	-	-
Other legal costs	-	-
Other payables	21,354	69,900
Total other payables	21,354	69,900

Total other payables are expected to be settled in:

No more than 12 months	21,354	69,900
More than 12 months	-	-
Total other payables	21,354	69,900

Note 6C: Other liabilities

Unearned income	998,763	498,207
Total other liabilities	998,763	498,207

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	2,535,432	2,852,810
Additions	-	-
Accretion of interest	22,575	93,271
Payments (principal and interest components)	(108,386)	(410,649)
As at 31 December	2,449,621	2,535,432
Current	392,274	351,956
Non-current	2,057,347	2,183,476
	2,449,621	2,535,432

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	91,436	365,746
Interest expense on lease liabilities	22,575	102,271
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets	-	-
Variable lease payments	-	-
Total amount recognised in profit or loss	114,011	468,017

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$

Note 7 Employee Provisions

Employee provisions in relation to the 3 employees (2022: 3) recorded in NSW Farmers' Association's financial statements, hence the balance is nil as at 31 March 2023 (2022: Nil).

Note 8 Equity

Note 8A: Retained earnings

Balance as at start of period	51,430,154	56,130,791
Deficit for the period	(104,493)	(4,700,637)
Transferred from investment revaluation	-	-
Balance as at end of period	51,325,661	51,430,154

Note 9 Cash Flow

Note 9A: Cash flow reconciliation

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

Cash at bank	189,927	206,173
Term deposits	-	-
Cash held with investment manager	1,822,808	3,189,026
Total cash and cash equivalents	2,012,735	3,395,199

Reconciliation of deficit to net cash from operating activities:

Deficit for the period	(104,493)	(4,700,637)
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Adjustments for non-cash items

Depreciation/amortisation	91,436	365,746
Fair value movements in investment property	-	2,878,130
Fair value gain on financial assets	(458,097)	-
Dividend and distribution income on investments	(139,944)	(383,878)
Operating expenses and income that were not cash flows	657,474	2,114,851

Changes in assets/liabilities

(Increase)/decrease in net receivables	8,703	(8,154)
(Decrease)/increase in trade and other payables	452,010	(245,615)
Net cash from operating activities	507,089	20,443

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 period, the entity paid management fees of \$694,695 (2022: \$2,195,846) to NSW Farmers' Association, a related entity.
 - ii. An administration fee of \$975 (2022: \$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 period end was unsecured, with a term of ten years to 2030. The loan receivable amount from NSW Farmers' Association at period ended 31 March 2023 was \$31,268,965 (2022: \$31,473,897). An interest fee was charged of \$37,220 (2022: \$176,029).
 - 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 rental amount for the financial period to 31 March 2023 is \$106,959 (2022: \$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

	3 months to 31 March 2023	12 months to 31 December 2022
	\$	\$
Financial assets		
Cash and cash equivalents	2,012,735	3,395,199
Loans and receivables	31,268,965	31,473,897
Financial assets at fair value through other comprehensive income	-	-
Financial assets designated as fair value through profit or loss	18,691,948	16,742,707
Total financial assets	51,973,648	51,611,803
Financial liabilities		
Trade and other payables	21,354	69,900
Margin lending facility	-	-
Lease liabilities	2,449,621	2,681,683
Forward foreign exchange contracts	-	-
Total financial liabilities	2,470,975	2,751,583

(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 period.

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 period 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 period ended 31 March 2023 would decrease/increase by \$10,063 (2022: decrease/increase by \$16,976). 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.

Market price sensitivity

The Association is exposed to market 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 period 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 \$934,598 (2022: \$837,135).

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 5,615,823 AUD 8,353,652 (prior period USD 5,484,158 AUD 8,036,832).

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 period 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 \$397,793 (2022: \$285,405).

(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 \$
2023				
Financial liabilities				
Non-interest bearing	-	392,274	398,043	1,659,304
Variable interest rate instruments	-	-	-	-
		392,274	398,043	1,659,304
2022				
Financial liabilities				
Non-interest bearing	-	351,956	454,227	1,729,249
Variable interest rate instruments	-	-	-	-
		351,956	454,227	1,729,249

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 \$
2023				
Financial assets				
Non-interest bearing	-	18,691,948	-	-
Fixed interest rate instruments	0.5	31,268,965	-	-
Variable interest rate instruments	1.0	2,012,735	-	-
		51,973,648	-	-
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	-	-

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 March 2023			
	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	18,691,948	--	-	18,691,948
Financial assets at fair value through other comprehensive income				
Unquoted equities	-	-	-	-
Total	18,691,948	-	-	18,691,948

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

	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.

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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 March 2023 \$	31 December 2022 \$				
Financial assets at fair value through profit or loss – listed securities	18,691,948	16,742,707	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

	3 months to 31 March 2023 \$	12 months to 31 December 2022 \$
Financial assets at fair value through other comprehensive income		
Opening balance	-	-
Fair value gain	-	-
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	8,200	16,000
Other services	-	-
Total remuneration of auditors	8,200	16,000

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Note 13 Subsequent Events

On 18 April 2023, the Association settled the contract for the sale of the property disclosed at Note 4C. The sale price contracted was \$782,000.

Other than the above, there has not been any other matter or circumstance occurring subsequent to the end of the financial period 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 March 2023.

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:



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Name and title of designated officer: William Martin - President

Dated: 22 June 2023