



FAIR WORK  
COMMISSION

21 October 2013

Mr Luke Messer  
General Manager, Finance  
NSW Farmers' (Industrial) Association  
PO Box 459  
ST LEONARDS NSW 1590

Dear Mr Messer

**Re: Lodgement of Financial Statements and Accounts - NSW Farmers' (Industrial) Association - for year ended 31 December 2012 (FR2012/585)**

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 26 July 2013.

I have filed the documents. There is no further action required in respect of the report.

You will be aware that new Reporting Guidelines were issued on 26 June 2013 and will apply to the next financial report. I attach a copy for your convenient reference. I have clarified some particular disclosure requirements in the table attached.

Please do not hesitate to contact me on (02) 6723 7237 if you have any queries about the financial reporting requirements at any time.

Yours sincerely

Stephen Kellett  
Senior Adviser, Regulatory Compliance Branch

## Table of particular disclosures

Provision	What it says	Explanation/Clarification
Regulation 159(b)	<p>“The following information is prescribed: The number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time and part-time employees measured <u>on a full-time equivalent basis</u>”</p>	<p>This means that where the number of employees includes part-time employees they must be calculated and expressed as a full-time equivalent.</p> <p>This year, the total number of employees was simply reported as 3. It was not possible to ascertain what this figure represented in full-time equivalent terms.</p>
Regulation 159(c)	<p>“the name of each person who has been a member of the committee of management.....and the period for which he or she held such a position”</p>	<p>I note this information was set out in a supplementary letter dated 24 July 2013. This information should be incorporated in the Operating report which is provided to members.</p>
<p><i>General Note</i></p> <p>The new Reporting Guidelines set out a number of specific items for disclosure and make it a requirement to avoid doubt by making specific statements in relation to specifically prescribed items even where they have not occurred in any reporting period. [see paragraphs 14,16,18,20,22,24,26,33,38 ]</p>		



## Industrial Association

24 July 2013

The General Manager  
Fair Work Australia  
Level 8, Terrace Towers  
80 William Street  
SYDNEY  
NSW 2011



Dear Sir/Madam,

**Re: Lodgment of Financial Statements and Accounts – NSW Farmers' (Industrial) Association**

Please find enclosed the financial statements for NSW Farmers' (Industrial) Association for the year ended 31<sup>st</sup> December 2012.

Please note that approval for an extension of time to hold the general meeting of members to 31<sup>st</sup> July 2013 was granted in your letter dated 6<sup>th</sup> March 2013. This general meeting was held on Wednesday 17<sup>th</sup> July 2013.

If you have any queries, please do not hesitate to contact me on the below number

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Luke Messer'.

Luke Messer  
General Manager Finance

**NSW Farmers' Association**

ABN 31 000 004 651 PO Box 459 St Leonards NSW 1590 Level 6 35 Chandos Street St Leonards NSW 2065  
Member Service Centre 1300 794 000 T02 9478 1000 F02 8282 4500 [www.nswfarmers.org.au](http://www.nswfarmers.org.au)



# Industrial Association

24 July 2013

The General Manager  
Fair Work Australia  
Level 8, Terrace Towers  
80 William Street  
SYDNEY  
NSW 2011

Dear Sir/Madam,

**Re: Lodgment of Financial Statements and Accounts – NSW Farmers' (Industrial) Association**

Members of the Committee of Management held office for the periods stated below

<b>Director</b>	<b>Date appointed</b>	<b>Date Resigned</b>
PJ Comensoli	30/07/09	19/07/12
SM Archer	30 /07/09	09/10/12
PB Carter	30/07/09	22/09/12
RJ Chamen	30/07/09	
PR Darley	30/07/09	
AF Simson	23/07/10	
D Clarke	21/07/11	
W Dunford	21/07/11	
M Horan	21/07/11	
H Dalton	19/07/12	
A Martin	19/10/12	
P Wilson	19/10/12	
M Brand	25/10/10	

If you have any queries, please do not hesitate to contact me on the below number

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Luke Messer', written over a horizontal line.

Luke Messer  
General Manager Finance

**NSW Farmers' Association**

ABN 31 000 004 651 PO Box 459 St Leonards NSW 1590 Level 6 35 Chandos Street St Leonards NSW 2065  
Member Service Centre 1300 794 000 T02 9478 1000 F02 8282 4500 [www.nswfarmers.org.au](http://www.nswfarmers.org.au)

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

<b>INDEX</b>	<b>Page</b>
Statement of Operations	1
Certificate of Secretary or Other Authorised Officer	3
Committee of Management Statement	4
Independent Auditor's Report	5
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Statement by Members of the Committee	33

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT OF OPERATIONS  
DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**Principal activities**

The principal activities of the organisation are the provision of Industrial Relations Services, management of investment funds and investment property and receipting of Membership subscription funds.

**Review of operations**

The net loss for the year was:

	2012 \$	2011 \$
NSW Farmers' (Industrial) Association	(3,621,713)	(4,210,962)

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

The income from dividends was \$729,568 (2011: \$1,045,993). The fair value gain on financial assets was \$1,497,648 (2011: loss of \$967,365) which was reflective of movement in local and international equity and bond markets.

The returns of the Investment Managers were generally in line with the benchmarks relating to their portfolio allocations. The management of the investment portfolio is continually reviewed by the Board.

A significant difference in operating expenditure was the decrease in management fees to \$3,942,982 (2011: \$5,028,456) paid by the Association to NSW Farmers' Association.

In line with its asset diversification policy, the Association has developed the 35 Chandos St, St Leonards property and took possession on the 7th December 2012. The result of the financial year has been significantly impacted by a fair value loss relating to this investment property of \$2,658,745.

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 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. An independent valuation of the property at 35 Chandos street, St Leonards was undertaken as at 31 December 2012. The resultant impairment loss is in part a reflection of a softening market and in part a reflection of the current status of vacancies and assumed incentives that will be required to secure tenants. In effect the cost of not having the building fully tenanted from day one is reflected in the impairment charge and would be expected to reverse once tenants are secured.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT OF OPERATIONS  
DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

Additional information:

- a) Number of Members at 31 December 2012 – 5,495 (2011: 5,876);
- b) Number of employees at 31 December 2012 - 3 (2011: 4);
- c) Members can resign in accordance with Clause 13 of the Rules of the Association;
- d) The Association does not act as superannuation trustees; and
- e) The following are Members of the Committee: A Simson, P Darley, R Chamen, M Horan, D Clarke, W Dunford, H Dalton, A Martin, P Wilson and M Brand.

**Dated at Sydney this 5<sup>th</sup> day of June 2013**  
On behalf of the Executive Committee



AF Simson  
President



D Clarke  
Treasurer

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
CERTIFICATE OF SECRETARY OR OTHER AUTHORISED OFFICER  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

In accordance with s268 of the *Fair Work (Registered Organisations) Act 2009* ("the FW(RO) Act"), I, David Clarke, Treasurer of the NSW Farmers' (Industrial) Association certify:

- That the documents lodged herewith are copies of the full report, referred to in s268 of the FW(RO) Act; and
- That the full report will be available for Members from 17 July 2013 upon request at no charge to the Member or from the internet; and
- That the full report will be sent to all Members on or before 17 July 2013; and
- That the full report will be presented to a general meeting of Members of the reporting unit on the 17 July 2013 in accordance with section 266 of the FW(RO) Act.

For the Executive Committee:

Dated this 5<sup>th</sup> day of June 2013



D Clarke

Treasurer



**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
COMMITTEE OF MANAGEMENT STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

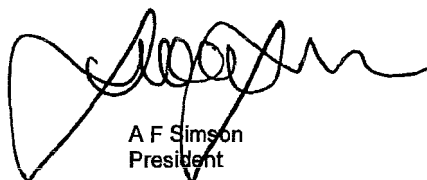
On 5 June 2013, the Executive Committee of the NSW Farmers' (Industrial) Association ("reporting unit") passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2012.

The Executive Committee declares in relation to the GPFR that in its opinion:


- (a) The financial statements and notes comply with Australian Accounting Standards and Interpretations;
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (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 their debts as and when they become due and payable;
- (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 *Fair Work (Registered Organisations) Act 2009* ("the FW(RO) Act") and the *Fair Work (Registered Organisations) Regulations 2009* ("the FW(RO) Regulations"); and
  - iv. No information has been sought in any request of a member of the reporting unit or a registrar duly made under section 272 of the FW(RO) Act during the period; and
  - v. No orders have been made for inspection of financial records made by the Commission under section 273 of the FW(RO) Act.
  - vi. That the Committee of Management Statement be signed by the President and Treasurer.

**Dated at Sydney this 5<sup>th</sup> day of June 2013**

On behalf of the Executive Committee



A F Simson  
President



D Clarke  
Treasurer

## **Independent Auditor's Report to the members of NSW Farmers' (Industrial) Association**

We have audited the accompanying financial report of NSW Farmers' (Industrial) Association ("the Association"), which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and statement by members of the Committee as set out on pages 7 to 33.

### *Committee's Responsibility for the Financial Report*

The Committee of the Association is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the financial reporting requirements under Section 253 of the Fair Work (Registered Organisations) Act 2009 ("the Act") and the requirements imposed by Part 3 of Chapter 8 of the Act, and for such internal control as the Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the Committee also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

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

# Deloitte

## *Opinion*

In our opinion:

- (a) the financial report of NSW Farmers' (Industrial) Association presents fairly, in all material respects, the association's financial position as at 31 December 2012 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements under Section 253 of the Fair Work (Registered Organisations) Act 2009 ("the Act") and the requirements imposed by Part 3 of Chapter 8 of the Act; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 5 June 2013

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
Revenue	4	2,091,602	2,288,665
Market movement in investments at fair value through profit and loss		1,497,648	(967,365)
Recharged employee benefits expense		(242,931)	(363,990)
Promotional expenses		(30,000)	(17,785)
Management fee – NSW Farmers' Association		(3,942,982)	(5,028,456)
Depreciation and amortisation		(64)	(9,300)
Impairment loss on investment property		(2,658,745)	-
Investment expenses		(65,882)	(98,716)
Office and general expenses		(306,278)	(81,162)
<b>Loss for the year</b>	5	(3,657,632)	(4,278,109)
<b>Other comprehensive income</b>			
Revaluation of available-for-sale investment through investment revaluation reserve		35,919	67,147
<b>Total comprehensive loss for the year</b>		(3,621,713)	(4,210,962)

Notes to the Financial Statements are included on pages 11 to 33

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	16(a)	3,361,625	8,343,115
Trade and other receivables	6	4,985,586	6,003,174
Other assets	7	123,350	26,360
<b>TOTAL CURRENT ASSETS</b>		<b>8,470,561</b>	<b>14,372,649</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	17,507,284	18,386,924
Property, plant and equipment	9	101,283	26,155
Investment property	10	8,820,126	5,743,591
Other assets	7	488,071	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>26,916,764</b>	<b>24,156,670</b>
<b>TOTAL ASSETS</b>		<b>35,387,325</b>	<b>38,529,319</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	633,086	68,938
Other liabilities	12	659,441	749,857
Provisions	13	-	8,255
Borrowings	14	1,305,075	1,290,797
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,597,602</b>	<b>2,117,847</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	-	36
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>36</b>
<b>TOTAL LIABILITIES</b>		<b>2,597,602</b>	<b>2,117,883</b>
<b>NET ASSETS</b>		<b>32,789,723</b>	<b>36,411,436</b>
<b>MEMBERS' FUNDS</b>			
Retained earnings		32,286,080	35,943,712
Reserves		503,643	467,724
<b>TOTAL MEMBERS' FUNDS</b>		<b>32,789,723</b>	<b>36,411,436</b>

Notes to the Financial Statements are included on pages 11 to 33

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 January 2011	40,221,821	400,577	40,622,398
Loss for the year	(4,278,109)	-	(4,278,109)
Other comprehensive income	-	67,147	67,147
<b>Total comprehensive loss for the year</b>	<b>(4,278,109)</b>	<b>67,147</b>	<b>(4,210,962)</b>
<b>Balance at 31 December 2011</b>	<b>35,943,712</b>	<b>467,724</b>	<b>36,411,436</b>
Balance at 1 January 2012	35,943,712	467,724	36,411,436
Loss for the year	(3,657,632)	-	(3,657,632)
Other comprehensive income	-	35,919	35,919
<b>Total comprehensive loss for the year</b>	<b>(3,657,632)</b>	<b>35,919</b>	<b>(3,621,713)</b>
<b>Balance at 31 December 2012</b>	<b>32,286,080</b>	<b>503,643</b>	<b>32,789,723</b>

Notes to the Financial Statements are included on pages 11 to 32

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Inflows:			
Member subscriptions		804,019	894,156
Interest income		19,268	132,968
Other income		7,179	193,657
		<u>830,466</u>	<u>1,220,781</u>
Outflows:			
Suppliers and employees		<u>(1,468,076)</u>	<u>(529,374)</u>
<b>NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES</b>	16(b)	<u>(637,610)</u>	<u>691,407</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for investment property		(5,163,399)	(5,752,891)
Payment for plant and equipment		(75,192)	-
Net withdrawals from investment portfolio		<u>3,598,211</u>	<u>8,770,861</u>
<b>NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES</b>		<u>(1,640,380)</u>	<u>3,017,970</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net loan to a related party		<u>(2,703,500)</u>	<u>(1,214,601)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>(2,703,500)</u>	<u>(1,214,601)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>		(4,981,490)	2,494,776
Cash and cash equivalents at the beginning of the year		<u>8,343,115</u>	<u>5,848,339</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	16(a)	<u>3,361,625</u>	<u>8,343,115</u>

Notes to the Financial Statements are included on pages 11 to 32

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**1. General information**

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

The Association's principal place of business and registered office is as follows:

NSW Farmers' (Industrial) Association  
Level 6  
35-37 Chandos Street  
St Leonard's NSW 2065

The Association's principal activity is provision of services to Members and representing their interest.

**2. Significant accounting policies**

**Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations and the requirements under Section 253 of the FW (RO) Act.

The financial statements cover NSW Farmers' (Industrial) Association as an individual 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 statements were authorised for issue by the Executive Committee on 5 June 2013.

**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. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

**Adoption of new and revised Accounting Standards**

In the current year, the Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. No new and revised standards and interpretations that have been adopted in the current period have affected the amounts reported in these financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Association's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.



**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(a) Foreign currency**

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 of NSW Farmers' (Industrial) Association and the presentation currency for the financial statements.

**(b) Goods and services tax**

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

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

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 taxation authority is classified within operating cash flows.

**(c) Revenue**

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

Dividend and interest revenue

Dividend revenue from investments is recognised when the Association's right to receive payment has been established.

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

Membership subscription income

Subscription income is recognised on a straight line basis over the subscription term.

Project income

Project income is recognised over the periods necessary to match the income with the costs they are intended to compensate.

Distribution income

Distribution income is recognised when the right to receive the revenue has been established.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(c) Revenue (continued)**

Other income

Other income is recognised when the right to receive the revenue has been established.

Rent income

Revenue from operating leases is recognised in accordance with the Association's accounting policy outlined in note 2(m).

**(d) Unearned revenue**

Project funding and subscription receipts relating to periods beyond the current financial year end are deferred and are disclosed as unearned income in the statement of financial position.

**(e) Cash and cash equivalents**

Cash comprises demand deposits. Cash equivalents are 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.

**(f) Financial assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value net of transaction costs, except for those financial assets classified at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss', 'available-for-sale financial assets', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Association's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 17.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(f) Financial assets (continued)**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Association provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Loans and receivables are measured at amortised cost, using the effective interest method less impairment.

Available-for-sale financial assets

Available-for-sale financial assets held by the Association consist of Units in NFF Unit Trust. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve with the exemption of impairment losses, interest calculated using the effective method and foreign exchange gains and losses which are recognised directly in profit or loss. Fair value is determined in the manner described in Note 17.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit and loss when the Association's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(f) Financial assets (continued)**

Derecognition of financial assets

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

**(g) 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.

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:

Plant and Equipment 3-5 years

**(h) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at cost less accumulated depreciation. The carrying amount of these properties is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets are recognised in the profit or loss. The building component of investment property is depreciated over a 50 year useful life period.

**(i) 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.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(i) Impairment of long-lived assets (continued)**

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.

**(j) Employee benefits**

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

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

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

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

**(k) 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.

**(l) Financial instrument 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.

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.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(m) Leased assets**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Association as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Association as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives as lessor

In the event that lease incentives are paid to enter into operating leases, such incentives are recognised as an asset. The aggregate benefits of incentives are recognised as a reduction of rental income on a straight-line basis.

Lease incentives as lessee

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(n) Standards and Interpretations issued not yet effective**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	31 December 2015
• AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	31 December 2015
• AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	1 July 2012	31 December 2013
• AASB 7 'Financial Instruments: Disclosures'	1 July 2012	31 December 2013
• AASB 10 'Consolidated Financial Statements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	31 December 2013
• AASB 11 'Joint Arrangements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	31 December 2013
• AASB 12 'Disclosure of Interests in Other Entities', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	31 December 2013
• AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	31 December 2013
• AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	31 December 2013
• AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance'	1 July 2012	31 December 2013
• AASB 121 'The Effects of Changes in Foreign Exchange Rates'	1 July 2012	31 December 2013
• AASB 127 'Separate Financial Statements' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	31 December 2013

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. Significant accounting policies (continued)**

**(n) Standards and Interpretations issued not yet effective (continued)**

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
• AASB 128 <i>'Investments in Associates and Joint Ventures'</i> (2011), AASB 2011-7 <i>'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'</i>	1 January 2013	31 December 2013
• AASB 132 <i>'Financial Instruments: Presentation'</i>	1 July 2012	31 December 2013
• AASB 133 <i>'Earnings per Share'</i>	1 July 2012	31 December 2013
• AASB 134 <i>'Interim Financial Reporting'</i>	1 July 2012	31 December 2013
• AASB 2011-4 <i>'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'</i>	1 July 2013	31 December 2014
• AASB 2011-9 <i>'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'</i>	1 July 2012	31 December 2013
• AASB 2012-2 <i>'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'</i>	1 January 2013	31 December 2013

**3. Critical accounting estimates and judgments**

**(i) Critical accounting estimates and judgements**

The Executive Committee of the Association evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. 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 are discussed below.

**(ii) Key estimates – Impairment**

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. This may involve value in use calculations which incorporate a number of key estimates and assumptions.

**(iii) Key accounting judgments – Classification of Investments**

Investments in listed securities have been classified as "financial assets at fair value through profit or loss" on the basis that the investments are managed and their performance evaluated on a fair value basis in accordance with the Association's investment strategy, and information about the investments are provided internally on that basis to the Association's key management personnel. By categorising investments in listed securities as "financial assets at fair value through profit or loss", any movement in the fair value of the investments is recognised in the statement of comprehensive income. If they were not classified in this category, they would have been recognised as "available-for-sale" investments, and the movement in the fair value may have been recognised directly in equity until the investments are sold.



**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**4. REVENUE**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Dividend and trust distribution income	729,568	1,045,993
Subscription income	745,886	852,616
Interest income	407,900	132,968
Project income	-	59,546
NFF House Unit Trust distribution	52,522	48,172
Contributions – Special Purpose Fund	4,280	679
Principal Fund Investment Earnings – A S		
Burdekin Research Fund	9,446	15,588
Rental income	133,412	71,879
Sundry	8,588	61,224
	<u>2,091,602</u>	<u>2,288,665</u>

**5. LOSS FOR THE YEAR**

The loss for the year has been arrived at after (crediting)/charging the following:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Changes in fair value on financial assets designated at fair value through profit or loss	(1,497,648)	967,365
Consultancy fees – projects	-	13,725
Foreign currency exchange loss	-	7,048
Employee benefit expenses:		
Defined contribution plans	17,856	24,792
Salaries and wages	198,402	275,463
Impairment loss on investment property	2,658,745	-

**6. TRADE AND OTHER RECEIVABLES**

Accounts receivable from related entity:		
- NSW Farmers' Association	(i) 4,647,378	5,886,861
GST receivable	285,686	12,390
Accrued income	52,522	103,923
	<u>4,985,586</u>	<u>6,003,174</u>

(i) At the balance date, the related party receivable balance is repayable on demand, however the Directors have given an undertaking to NSW Farmers' Association that it will not call the loan for repayment if doing so would cause NSW Farmers' Association to be unable to repay its other debts as or when they fall due.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>2012</u> \$	<u>2011</u> \$
<b>7. OTHER ASSETS</b>		
<b>Current:</b>		
Prepayments	1,334	26,360
Lease incentive asset	122,016	-
	<u>123,350</u>	<u>26,360</u>
<b>Non-current:</b>		
Lease incentive asset	488,071	-
	<u>488,071</u>	<u>-</u>
<b>8. OTHER FINANCIAL ASSETS</b>		
Financial assets at fair value through profit or loss		
Financial assets in quoted securities – at fair value	16,718,640	17,634,200
Available-for-sale financial assets		
Investment in NFF House Trust – at fair value	788,644	752,724
	<u>17,507,284</u>	<u>18,386,924</u>

**9. PROPERTY, PLANT AND EQUIPMENT**

	Field Day Sheds	Artworks	Furniture & Fittings	Total
<b>2012</b>	\$	\$	\$	\$
<b>Gross carrying amount</b>				
Balance at the beginning of year	6,000	20,155	-	26,155
Additions	-	-	75,192	75,192
<b>Balance at the end of year</b>	<u>6,000</u>	<u>20,155</u>	<u>75,192</u>	<u>101,347</u>
<b>Accumulated depreciation</b>				
Balance at the beginning of year	-	-	-	-
Depreciation expense	-	-	64	64
<b>Balance at the end of year</b>	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
<b>Net book value</b>				
As at 31 December 2012	<u>6,000</u>	<u>20,155</u>	<u>75,128</u>	<u>101,283</u>

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Field Day Sheds \$	Artworks \$	Furniture & Fittings \$	Total \$
<b>2011</b>				
<b>Gross carrying amount</b>				
Balance at the beginning of year	6,000	20,155	-	26,155
Additions	-	-	-	-
<b>Balance at the end of year</b>	6,000	20,155	-	26,155
<b>Accumulated depreciation</b>				
Balance at the beginning of year	-	-	-	-
Depreciation expense	-	-	-	-
<b>Balance at the end of year</b>	-	-	-	-
<b>Net book value</b>				
As at 31 December 2011	6,000	20,155	-	26,155

**10. INVESTMENT PROPERTY**

	Land \$	Building \$	Work in progress \$	Total \$
<b>2012</b>				
<b>Gross carrying amount</b>				
Balance at the beginning of year	1,860,000	3,757,424	135,467	5,752,891
Additions	-	570,828	5,164,452	5,735,280
Transfers	-	5,299,919	(5,299,919)	-
<b>Balance at the end of year</b>	1,860,000	9,628,171	-	11,488,171
<b>Accumulated depreciation and impairment</b>				
Balance at the beginning of year	-	9,300	-	9,300
Depreciation expense	-	-	-	-
Impairment loss recognised in profit or loss (i)	-	2,658,745	-	2,658,745
<b>Balance at the end of year</b>	-	2,668,045	-	2,668,045
<b>Net book value</b>				
As at 31 December 2012	1,860,000	6,960,126	-	8,820,126

(i) Following the results of an external valuation of investment properties carried out as at year end, the Association has recognised an impairment loss of \$2,658,745.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**10. INVESTMENT PROPERTY (continued)**

2011	Land \$	Building \$	Work in progress \$	Total \$
<b>Gross carrying amount</b>				
Balance at the beginning of year	-	-	-	-
Additions	1,860,000	3,757,424	135,467	5,752,891
<b>Balance at the end of year</b>	<b>1,860,000</b>	<b>3,757,424</b>	<b>135,467</b>	<b>5,752,891</b>
<b>Accumulated depreciation, amortisation and impairment</b>				
Balance at the beginning of year	-	-	-	-
Depreciation expense	-	9,300	-	9,300
<b>Balance at the end of year</b>	<b>-</b>	<b>9,300</b>	<b>-</b>	<b>9,300</b>
<b>Net book value</b>				
As at 31 December 2011	1,860,000	3,748,124	135,467	5,743,591

	2012 \$	2011 \$
<b>11. TRADE AND OTHER PAYABLES</b>		
<b>Current:</b>		
<b>Unsecured liabilities</b>		
Trade payables (i)	34,750	57,022
Sundry creditors and accruals	598,336	11,916
	<u>633,086</u>	<u>68,938</u>

- i. The average credit period on purchases of certain goods is 30 days. No interest is charged on trade payables from the date of invoice. The Association has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2012 \$	2011 \$
<b>12. OTHER LIABILITIES</b>		
<b>Current:</b>		
Unearned income	623,906	682,036
Other liabilities	35,535	67,821
	<u>659,441</u>	<u>749,857</u>

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>2012</u>	<u>2011</u>
	\$	\$
<b>13. PROVISIONS</b>		
<b>Current:</b>		
Employee entitlements – annual leave	-	8,255
<b>Non-current:</b>		
Employee entitlements – long service leave	-	36
<b>14. BORROWINGS</b>		
<b>Current</b>		
Marginal Lending Facility	1,305,075	1,290,797

The marginal lending facility is utilised in connection with the investment portfolio and bears an annual interest of 2.75% at reporting date. Assets secured over the facility include quoted securities (Note 8) with a fair value of \$2,735,945 at balance date.

**15. RELATED PARTY TRANSACTIONS**

(a) Transactions with Key Management Personnel

- i. There are no employee benefits paid to any holders of office in the Association as the NSW Farmers' Association is the employer. A component of the management fee is charged to the Industrial Association for these services. A reasonable allocation of the amount of the management fee attributable to these services cannot be made.

(b) Transactions with other related parties:

- i. During the year, the entity paid management fees of \$3,942,982 (2011: \$5,028,456) to NSW Farmers' Association, a related entity.
- ii. The entity has provided loans to and received advances from NSW Farmers' Association, a related entity. These loans and advances are unsecured, interest free and repayable on demand. Refer Note 6 for balance outstanding at year end.
- iii. During the year, the Association entered into a five year lease agreement with NSW Farmers' Association for the rental of the premises at 35 Chandos Street, St Leonard's. The lease commenced on 17 December 2012. The rental income is \$277,400. The Association also granted fit-out as a lease incentive to NSW Farmers' Association which had a fair value of \$610,087.

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**16. NOTES TO THE STATEMENTS OF CASH FLOWS**

**(a) Reconciliation of cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and investments in money market investments, net of outstanding bank overdrafts. Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	942,678	2,043,115
Cash held with investment manager	2,418,947	-
At call deposits with financial institutions	-	6,300,000
	<u>3,361,625</u>	<u>8,343,115</u>

**(b) Reconciliation of loss for the year to net cash flows from operating activities**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(3,657,632)	(4,278,109)
Change in fair values of financial assets held at fair value through profit and loss	(1,497,648)	967,365
Dividend and interest income	(1,170,721)	(1,094,165)
Impairment loss on investment property	2,658,745	-
Investment management fee not paid in cash	-	91,668
Management fee to related entity	3,942,982	5,028,456
Foreign currency exchange loss	-	7,048
Depreciation	64	9,300
Changes in assets and liabilities		
Increase in trade receivables	(221,894)	(63,476)
Decrease / (Increase) in other current asset	25,027	(26,360)
Increase in deferred lease incentive	(610,087)	-
(Decrease) / Increase in provisions	(8,291)	611
Decrease in deferred income	(58,130)	-
(Decrease)/ Increase in trade and other payables	(40,025)	49,069
<b>Cash flows (used in) / provided by operating activities</b>	<u>(637,610)</u>	<u>691,407</u>

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**17. FINANCIAL INSTRUMENTS**

(a) 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.

(b) Categories of financial instruments

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	3,361,625	8,343,115
Loans and receivables	5,107,602	6,003,174
Available-for-sale financial assets	788,644	752,724
Financial assets designated as fair value through profit or loss	16,718,640	17,634,200
	<u>25,976,511</u>	<u>32,733,213</u>
<b>Financial liabilities</b>		
Trade and other payables	633,086	68,938
Marginal Lending Facility	1,305,075	1,290,797
	<u>1,938,161</u>	<u>1,359,735</u>

(c) Financial risk management objectives

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.

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.

(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.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**17. FINANCIAL INSTRUMENTS (continued)**

(d) Market risk (continued)

**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.

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 2012 would decrease/increase by \$16,808 (2011: decrease/increase by \$41,715). This is mainly attributable to the Association's exposure to interest rates on its variable rate deposits.

**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 8.

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 \$835,932 (2011: \$881,710).



**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**17. FINANCIAL INSTRUMENTS (continued)**

(d) Market risk (continued)

**Foreign exchange risk sensitivity**

The Association is exposed to foreign exchange risk as a consequence of certain financial asset investments (quoted securities) being denominated in currencies other than the Australian dollar (AUD).

The main currency exposure is US dollars (USD) with US denominated equity investments totalling to USD 5,555,861 (AUD 5,345,284) at balance date. This exposure is partially hedged through a USD denominated margin lending facility in place at balance date totalling USD 1,356,488 (AUD 1,305,075).

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 rate 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 \$202,111 (2011: \$168,798).

(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 and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables generally consist of customers with substantial financial backing such as Governments or other farming institutions. Ongoing credit evaluation is performed on the financial condition of debtors and other receivable balances are monitored on an ongoing basis, with the result that the Association's exposure to bad debts is not significant.

The Association establishes an allowance for doubtful debts 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 without taking account of the value of any collateral or other security obtained.

(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.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**17. FINANCIAL INSTRUMENTS (continued)**

(f) Liquidity risk management (continued)

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 \$
<b>2012</b>				
<b>Financial liabilities</b>				
Non-interest bearing	-	633,086	-	-
Variable interest rate instruments	2.75	1,305,075	-	-
		1,938,161	-	-
<b>2011</b>				
<b>Financial liabilities</b>				
Non-interest bearing	-	68,938	-	-
Variable interest rate instruments	2.75	1,290,797	-	-
		1,359,735	-	-

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 \$
<b>2012</b>				
<b>Financial assets</b>				
Non-interest bearing	-	22,492,869	-	-
Variable interest rate instruments	3.22	3,361,625	-	-
		25,854,494	-	-
<b>2011</b>				
<b>Financial assets</b>				
Non-interest bearing	-	24,390,098	-	-
Variable interest rate instruments	5.49	8,343,115	-	-
		32,733,213	-	-

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**17. FINANCIAL INSTRUMENTS (continued)**

(g) Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 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).

	31/12/2012		
	Level 1	Level 2	Total
	\$	\$	\$
<b>Financial assets at fair value through profit or loss</b>			
Non-derivative financial assets designated as at fair value through profit or loss	16,718,640	-	16,718,640
<b>Available-for-sale financial assets</b>			
Unquoted equities	-	788,644	788,644
<b>Total</b>	16,718,640	788,644	17,507,284

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**17. FINANCIAL INSTRUMENTS (continued)**

(g) Fair value of financial instruments (continued)

Fair value measurements recognised in the statement of financial position (continued)

	31/12/2011		
	Level 1	Level 2	Total
	\$	\$	\$
<b>Financial assets at fair value through profit or loss</b>			
Non-derivative financial assets designated as at fair value through profit or loss	17,634,200	-	17,634,200
<b>Available-for-sale financial assets</b>			
Unquoted equities	-	752,724	752,724
<b>Total</b>	17,634,200	752,724	18,386,924

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

**18. KEY MANAGEMENT COMPENSATION**

Remuneration of key management personnel, including the Chief Executive, is borne by a related entity – NSW Farmers' Association. A reasonable allocation of the amount of the management fee attributable to management compensation cannot be made.

**19. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirement of clause 161(f) of the *Fair Work (Registered Organisations) Regulations 2010* ("the FW(RO) Regulations") the attention of Members is drawn to the provisions of sub-sections (1),(2) and (3) of section 272 of the *Fair Work (Registered Organisations) Act 2010*, which read as follows:

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**20. REMUNERATION OF AUDITORS**

	<u>2012</u> \$	<u>2011</u> \$
Audit and review of financial reports	<u>12,600</u>	<u>12,600</u>

The auditor of NSW Farmers' (Industrial) Association is Deloitte Touche Tohmatsu. No other services were provided during the year.

**21. SUBSEQUENT EVENTS**

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
STATEMENT BY MEMBERS OF THE COMMITTEE  
FOR THE YEAR ENDED 31 DECEMBER 2012**

The members of the Committee declare that:

1. The financial statements and notes for the financial year ended 31 December 2012 present a true and fair view of the financial position of NSW Farmers' (Industrial) Association at 31 December 2012 and its performance for the financial year ended on that date in accordance with the Australian Accounting Standards (AIFRS) and Interpretations and the requirements under Section 253 of the *Fair Work (Registered Organisations) Act 2010* ("the FW(RO) Act");
2. At the date of this statement, there are reasonable grounds to believe that NSW Farmers' (Industrial) Association will be able to pay its debts as and when they become due and payable; and
3. In the directors' opinion, the financial statements and notes thereto are in accordance with international Financial Reporting Standards issued by the International Accounting Standards Board.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

Dated this 5<sup>th</sup> day of June 2013



A F Simson  
President



D Clarke  
Treasurer



FAIR WORK  
COMMISSION

6 March 2013

Mr Luke Messer  
General Manager - Finance  
NSW Farmers' (Industrial) Association  
PO Box 459  
ST LEONARDS NSW 1590

Dear Mr Messer

**Application for Extension for Time to Provide Copies of Financial Reports under paragraph 265(5) - NSW Farmers' (Industrial) Association (FR2012/585)**

I refer to your letter dated 26 February 2013 requesting a one month extension of time under subsection 265(5) of the *Fair Work (Registered Organisations) Act 2009* (the Act) in which to present the full report of the organisation to a general meeting of members of the organisation.

Subsection 266(1) of the Act provides that the organisation must cause the full report to be presented to a general meeting of members within the period of six months starting at the end of the financial year, or such longer period as is allowed by the General Manager under subsection 265(5). Subsection 265(5) provides that the General Manager may, upon application, extend the period during which the general meeting of members may be held by no more than one month.

Rule 31 of the organisation's rules provides that the financial year shall terminate on the 31st day of December. Accordingly, in the absence of an extension of time, the organisation is required to cause the full report to be presented to a general meeting of members by 30 June following. Given that the annual general meeting of the organisation is scheduled to be held on 17 July 2013, the organisation has requested an extension of time of one month.

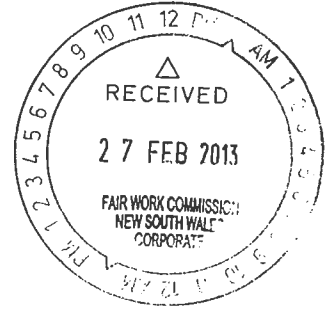
I allow an extension of time of one month until 31 July 2013 in which to cause the full report to be presented to a general meeting of members of the organisation.

Yours sincerely,

Ailsa Carruthers  
Delegate of the General Manager  
Fair Work Commission



Industrial  
Association



26 February 2013

The General Manager  
Fair Work Australia  
Level 8, Terrace Towers  
80 William Street  
SYDNEY  
NSW 2011

Dear Sir/Madam,

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION  
APPLICATION FOR EXTENSION OF TIME TO HOLD ANNUAL GENERAL MEETING s265(5)**

The NSW Farmers' (Industrial) Association (the 'Association') advises that the Financial Return pertaining to the year ended 31 December 2012 will be presented to the Annual General Meeting of the Association in accordance with Section 266(1) of the Fair Work (registered Organisation) Act 2009, (the "RO Act").

The Annual General Meeting of the Association is scheduled to be held on 17 July 2013. In order to minimize the inconvenience to Members of the Association, most of whom live outside Sydney, the Annual General Meeting has always been held in conjunction with the Annual Conference of the NSW Farmer' Association. As such the Association seeks an extension of one month under Section 265(5) in addition to the 6 month time limit prescribed under Section 265(5)(a).

The 2012 Financial reports will be distributed to Association Members 21 days prior to the Annual General Meeting in accordance with Section 265(5) and will consist of:

1. The accounts and statements in compliance with Section 253 of (the "RO Act");
2. An operating report in compliance with Section 254 of (the "RO Act"); and
3. A copy of our Auditors report on the NSW Farmers' (Industrial) Association ('Association') for the year ending 31 December 2012.

These documents will then be lodged with the Australian Industrial registry within 14 days of the acceptance of the Financial Report by the Annual General Meeting.

These will be accompanied by a Certificate signed by the Chief Executive/Secretary of the Association as required by Section 268(c) of the "RO Act".

Yours sincerely,

Luke Messer  
**GENERAL MANAGER FINANCE**

**NSW Farmers' Association**

ABN 31 000 004 651 PO Box 459 St Leonards NSW 1590 Level 6 35 Chandos Street St Leonards NSW 2065  
Member Service Centre 1300 794 000 T02 9478 1000 F02 8282 4500 [www.nswfarmers.org.au](http://www.nswfarmers.org.au)





FAIR WORK  
COMMISSION

18 January 2013

Mr Matthew Brand  
Chief Executive Officer  
NSW Farmers' (Industrial) Association  
Sent by email: [industrial@nswfarmers.com.au](mailto:industrial@nswfarmers.com.au)

Dear Mr Brand,

**Re: Lodgement of Financial Report - [FR2012/585]**  
**Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the NSW Farmers' (Industrial) Association (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au). If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

**It should be noted that s.268 is a civil penalty provision.** Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at [robert.pfeiffer@fwc.gov.au](mailto:robert.pfeiffer@fwc.gov.au).

Yours sincerely,

Robert Pfeiffer  
Senior Adviser  
Regulatory Compliance Branch

## TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).		
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> <li>the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>the Auditor's Report; and</li> <li>the Operating Report.</li> </ul>	/ /	(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,  or  (b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

\* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

# The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.